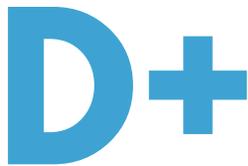




FUNDING INFRASTRUCTURE & THE HALF CENT SALES TAX

The 16 cities of Volusia and the County have come together to solve top concerns of the citizens which is providing better roads and cleaner water. While national policy-makers are wrestling with how to fund federal infrastructure, locally a half cent increase in sales tax is being proposed during a May 1st mail-in ballot Special Election to solve this locally.



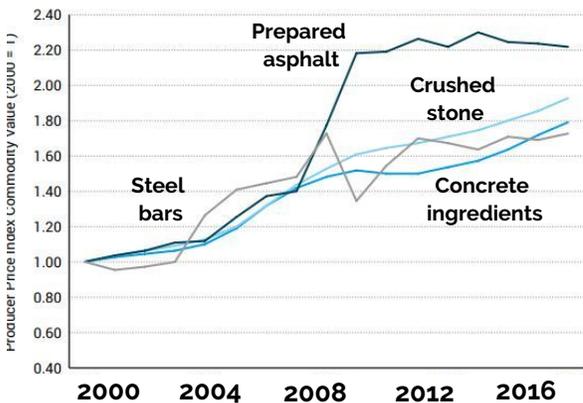
Report Card for America's Infrastructure

The need for increased revenue to fund roads and other infrastructure is not unique to Volusia County. This is a nationwide crisis reflected in the D+ grade given by the American Society of Civil Engineers in their Report Card for America's Infrastructure; grades are based on physical conditions and needed investments for improvement.

For cities and counties around the country, there is a basic unmet need for infrastructure revenue to be greater than expenses. On the revenue-side, the gas tax has received national attention for its long-time inability to have met future funding requirements.

The primary form of funding roads through a gas tax has not held its purchasing power over time. According to the Institute on Taxation and Economic Policy, "one reason is because efficiency has improved so drivers are now able to travel further distances on each tank of gas before they have to stop, refuel, and pay anything in gas taxes. Those extra miles being squeezed out of each tank of gas are essentially tax-free, relative to what drivers had been paying previously."

Cost of Road Construction Materials



Source: U.S. Bureau of Economic Analysis; prepared by PPI 2017

Are you shopping in Seminole, Brevard or Flagler Counties? Then you are already paying the half-cent tax... only it goes to fund those counties rather than Volusia.

Tax Rate Source: Florida Dept. of Revenue

On the expense-side, **the cost of materials to construct roads has been increasing due to a variety of factors including global conditions.** The cost of development has also seen an increase from additional engineering and consultant work necessary to meet federal and state requirements that protect the environment and water quality.



FREQUENTLY ASKED QUESTIONS AND STATEMENTS

What will the sales tax money be spent on?

Better roads and clean water projects. The County and all 16 cities have generated priority lists for funding which can be viewed at volusia.org (No funds will go towards Sunrail or transit).

I don't trust the money will be spent wisely.

Understood. It is difficult to monitor all spending in local government without attending the several budget hearings that are designed specifically for public input. Therefore, a Citizens Oversight Committee will be put together to ensure money is spent on the priority lists mentioned above. Additionally, the Florida Statute and County Ordinance have laws which are specific on how the money can be spent.

How much money will the sales tax generate?

Roughly \$45 million annually until the sales tax sunsets after 20 years (that's \$900 million dollars total). Unlike the current 6% sales tax paid to the state, 100% of whatever is generated by this half cent stays in Volusia County. The half-cent sales tax will return approximately \$86 per Volusia County resident to be used for better roads and cleaner water projects. Source: Florida Dept. of Revenue's Office of Tax Research

That doesn't seem enough to fund the more than \$1.5 billion dollar needs identified in the priority lists.

If the half cent sales tax gets passed, Volusia and its cities has a dedicated funding source that can be leveraged for additional matching funds from state and federal agencies that tend to look for local matches. Having local money to match state and federal grants makes Volusia more competitive for limited dollars.

Will my city get a portion of these funds?

Yes, all 16 cities in Volusia will share in 50% of the sales tax using a state-approved distribution formula using population. The other 50% remains with the County. See distribution estimates at volusia.org.

When will the sales tax begin collection?

Sales tax increase will not begin collection until January 1, 2020 in order to get Citizens Oversight Committee in place.

Is there a limit to how much can be taxed on large purchases?

Yes, per state statute, no more than an additional \$25 can be charged as tax applies to up to \$5,000. Current exempt items like groceries, prescription drugs., etc., will not be subject to the additional half-cent sale tax.

Tourists put a strain on our road and water systems, why don't we raise taxes associated with tourism?

Tourists are estimated to pay 35% of the overall estimated collection. Also, the State Legislature is specific as to what taxes can be used to fund what projects. The half cent sales tax is the viable option for infrastructure whereas taxes on hotel rooms (bed tax) cannot be spent on roads and water quality.



FREQUENTLY ASKED QUESTIONS AND STATEMENTS (CONTINUED)

Are there other counties who levy a similar tax?

Yes, 17.3 million (83%) of Florida's 20.8 million residents live in counties with a higher sales tax rate than Volusia County. Source: BEBR 2018 population totals

Is the County in a position to carry out these projects?

Prior to a sales tax referendum, the County was required by the state to be audited by an outside firm. According to this audit, "Public Works has sufficient policies and procedures in place, supported by appropriate documentation, reports, monitoring tools, and personnel to address the statutory criteria defined in s. 212.055(10) Florida Statutes." Audit can be found at volusia.org

Why do we need this sales tax when the County just raised impact fees?

Impact fees were raised to a maximum defensible-level per state statutes. Even then, preliminary estimates of net revenue (after credits, etc) from impact fees are at most \$3.6 million in one year, in Zone 4 (estimates based on a projection of 2017 building permit data). The current priority list of funding for Zone 4 needs is \$44.27 million for top projects, \$77.29 million for other transportation projects and \$2.75 million for water quality projects (potable water, sanitary sewer and stormwater sewer impact fees may be used for projects that are needed to address future growth to existing systems or the construction of new systems). Impact fees come with other restrictions including that they CANNOT be used for maintenance and CANNOT be used to address deficiencies.

Will other agencies take some of the tax generated as it is getting distributed to Volusia?

No, 100% of what is generated will be distributed back to Volusia and its 16 cities according to the distribution formula. The half-cent sales tax proceeds directly to the county and the individual cities, and they will not pass through another administrative agency, authority, etc.

What if we don't pass the tax?

This is a question for all Americans as infrastructure across the country is demanding additional revenue from somewhere. Locally, we have the power to address this issue head-on and ensure our area has better roads and clean water.

ADDITIONAL RESOURCES:

Actual ballot language

<http://www.volusiaelections.org/2019%20Updates/Special%20Mail%20Ballot%20Election.html>

Estimated Net Revenue for Impact Fees

<https://www.volusia.org/core/fileparse.php/6204/urlt/VC-Public-Information-Presentation-FINAL.pdf>

Limit on Purchases

http://floridarevenue.com/Forms_library/current/gt800019.pdf