



Volusia County Infrastructure Funding Half-Cent Sales Tax Referendum

All 16 Volusia cities have supported a resolution requesting Volusia County to put a referendum on the November 6 ballot for a half-cent sales tax to be used to repair local roads, reduce traffic congestion, reduce local flooding, improve water quality and for other infrastructure needs. Volusia County is growing which is why a dedicated local funding source is needed to secure state and federal grants to pay for new road construction and maintenance as well as other infrastructure projects. No sales tax revenue will go towards VOTRAN or SunRail; and County officials estimate that approximately 40% of all sales tax revenue would be paid by out of county visitors.

Background: Volusia County’s main source of transportation funding has been its 12-cent share of the state’s gas tax. This revenue stream has suffered declines since 2007, thus the County expects to have only \$8.8 million of gas tax revenue for road projects in the coming years (enough to cover one road extension). Cities, which also get a portion of the State’s gas tax, face similar shortfalls.

Next Steps:

Resolution: With each city having supported a resolution calling for a referendum, the County Council will make the final determination whether to place it on the November ballot. Cities who do not pass a resolution of support will still benefit from the proceeds of the surtax, if it is passed.

Referendum Placed on Ballot: Referendum language would read –
Half-Cent Local Government Surtax - to provide for projects exclusively in Volusia County, and other similar uses authorized under Florida law and to seek matching and state grants for these purposes; Shall Volusia county levy a half-cent sales tax with project expenditures subject to a citizens oversight committee to ensure that all dollars are spent in Volusia County?

The measure would allocate revenue to each city and the county using a formula based on state statute and population figures (see table below). The County, which oversees the most public infrastructure (including roads) would receive 48.8% of the revenue (an estimated \$21.9 million). Each city is being asked to agree that a citizens’ oversight committee should be established to annually review projects and ensure transparency.

| Ranking | City | Distribution Percentage | Amount of Funds |
|---------|----------------------|-------------------------|-----------------|
| 1 | Daytona Beach | 8.30% | \$3,716,126 |
| 2 | Daytona Beach Shores | 0.54% | \$247,074 |
| 3 | DeBary | 2.60% | \$1,165,525 |
| 4 | DeLand | 4.10% | \$1,830,569 |

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| 5 | Deltona | 11.40% | \$5,120,088 |
| 6 | Edgewater | 2.70% | \$1,226,272 |
| 7 | Holly Hill | 1.50% | \$680,878 |
| 8 | Lake Helen | 0.34% | \$153,392 |
| 9 | New Smyrna Beach | 3.20% | \$1,447,550 |
| 10 | Oak Hill | 0.25% | \$113,662 |
| 11 | Orange City | 1.50% | \$672,587 |
| 12 | Ormond Beach | 5.20% | \$2,324,026 |
| 13 | Pierson | 0.22% | \$97,540 |
| 14 | Ponce Inlet | 0.40% | \$176,309 |
| 15 | Port Orange | 7.60% | \$3,415,331 |
| 16 | South Daytona | 1.60% | \$727,518 |
| 17 | Volusia County | 48.80% | \$21,977,153 |
| Source - Fla Dept of Revenue's Office of Tax Research based FY 2017-18 | | | |

Local Viewpoints: Proponents say sales tax is a more fair revenue option than increasing property tax and 40% would be paid by visitors/tourists. Opponents say impact fees should be used to pay infrastructure costs and others do not like the 'population based' distribution formula.

Impact on the Business Community: Volusia County is growing at a significant rate and adequate infrastructure is necessary if this area is to recruit new employers to provide jobs for our citizens, and more so, that next generation.

Position:

The Daytona Regional Chamber will support the proposed half-cent sales tax referendum to be used to fund infrastructure projects throughout Volusia County, provided that –

- a clear and concise list of infrastructure projects based on the most critical needs in each city and the county (including the cost of each) is presented prior to the referendum.
- these infrastructure projects are to be completed within a designated timeframe and within budget and without “scope creep”.
- an oversight committee including stakeholders including representatives of each city, the County as well as the business community is enlisted to supervise the progress of infrastructure projects and their costs.
- the oversight committee shall meet quarterly in a public forum to hear from and comment to staff members involved with each project.
- a semi-annual update should be presented at the Elected Officials Roundtable meeting to update the public of progress from each project.
- a sunset provision is provided.