**Council Member Cumber Noticed Meeting - Local Option Gas Tax**

**Meeting Minutes**

**March 25, 2022**

**2:00 p.m.**

**Lynwood Roberts Room, 1st floor City Hall**

**Attendees**: Council Members LeAnna Cumber, Al Ferraro, Matt Carlucci, Joyce Morgan, Garrett Dennis, Randy DeFoor (arr. 2:11)

**Also**: Jeff Clements – Council Research Division; Kim Taylor and Phillip Peterson – Council Auditor’s office; Jason Teal and Paige Johnston – Office of General Counsel

**Meeting convened**: 2:08 p.m.

Council Member Cumber convened the meeting and the attendees introduced themselves for the record. Cumber distributed a document prepared by the Council Auditor’s Office that quantified the value of local option gas tax collections on a monthly basis and listed the projects to which gas tax revenues are pledged. She said $171M in federal American Recovery Plan funding will be coming to the City in May which could supplant these funds and produce no net impact from a suspension of the local option gas tax for a time. She suggested that the ARP funds immediately replace the gas tax so there is no loss of funding at any time, and then placing $60 or $70M from ARP into an interest-bearing trust fund for septic tank remediation that would continue to grow over time and be a resource for this project. Another $50-60M could be put into another trust fund to grow and fund the Emerald Trail construction after the first 4 years of that project (that are already funded) are completed.

CM Dennis said he was happy to withdraw his original bill in anticipation of the introduction of an even better bill that will result from the discussion starting today. The gas tax suspension will provide real financial relief to citizens. CM DeFoor said the price of gas is imposing a tremendous hardship on citizens and the Cumber proposal makes a great deal of sense. CM Cumber said that a one-year moratorium would help citizens save money on gas through the summer and the next Christmas season. CM Morgan suggested the need for input from the gasoline industry to explain what is causing the price spike now and what the prospects are for the future. What happens if prices fall sharply to a level below where they were a few months ago, what’s the purpose of the moratorium then? CM Cumber said that industry estimates are that prices will be even higher in the next year, But regardless of which way the prices go, the ARP funding will supplant the gas tax so the project budgets will be made whole. CM Dennis said his bill was originally intended to mirror the state’s moratorium, but that only ended up being one month, so the Cumber proposal is much better than that. CM Morgan said the most pressing current issue is the City’s problem with solid waste collection so that should be the highest priority for any available funding.

In response to a question from CM Morgan about what the federal ARP funds could be used for, Assistant Council Auditor Phillip Peterson listed the 4 categories of permissible uses: 1) revenue replacement (subject to a threshold calculation); 2) premium pay for public employees; 3) infrastructure, utilities and broadband expansion; and 4) compensating for negative impacts of COVID on the community. CM Ferraro said that there will be a tremendous demand for the $171M in ARP funds for all sorts of uses, but he believes the gas tax moratorium will provide the widest possible benefit to the most citizens of any potential use. In response to a question from CM Dennis, Mr. Peterson provided more detail on the value of the City’s portion of the various gas taxes (1 cent of the original 6 cents, 2.5 cents of the new 5 cents, 0.5 cent of the 9th cent). General Counsel Jason Teal answered questions about the process of petitioning the state for permission to suspend the gas tax for a time. CM Carlucci said that the City of Jacksonville has tremendous infrastructure needs and asked if projects have already been bid and awarded based on the availability of the gas tax revenue. CM DeFoor said that lots of citizens are struggling with low or fixed incomes and need every possible dollar of relief the City can provide; that’s more important than infrastructure projects in the current environment. The use of the ARP funds in a way that provides relief to everyone who buys gas is a great use of that assistance. CM Ferraro said that the City is bringing in a tremendous amount of revenue from many sources and doesn’t face the same problem as citizens struggling to make ends meet. He hopes this is the first of many similar steps to help low- and middle-income families. CM Dennis said the City Council is the policy body that needs to be determining expenditure priorities and allocating funds and not waiting until the ARP funds and the Mayor’s budget arrive to begin making decisions.

CM Carlucci said it’s important to weigh the benefits of lower gas prices to citizens against the benefits of infrastructure projects done in their neighborhoods. CMs Dennis and Cumber said that the beauty of this proposal is that the City is getting cash from the federal government to pay for projects now rather than relying on the potential future revenue of the gas tax. Nothing will get delayed or lost, just funded from another source. CM Cumber said that while the proposal will require permission from the governor to implement the moratorium, Governor DeSantis is a strong believer in tax relief and should be on board with the request. CM Morgan said it’s important that fiscal relief happen now and not next year.

Phillip Peterson said there will need to be a discussion with JTA about how a moratorium would work with their portion of the local option gas tax (2.5 cents of the new 5 cents, 0.5 cents of the 9th cent), whether their portion would be subject to the moratorium or not.

In response to a question from CM DeFoor, CM Cumber described the two ways the moratorium could be approved by the state – by act of the Legislature (which would require them to vote on it in a special session at this point) or by an executive act of the governor granting a waiver from the current moratorium notice requirements that would delay the start of the moratorium until January 2023. She said this proposal has the benefit of both providing immediate relief to citizens on the price of gas from the gas tax moratorium and as well as providing additional infusions of funds into the two most popular projects that helped to get the additional local option gas tax approved – Emerald Trail construction and septic tank remediation. CM Cumber said she would work with the General Counsel’s Office on creating a first draft of the ordinance for consideration.

Adjourn 3:05 p.m.