



## FLAGLER BEACH CITY COMMISSION

Item No. 15

**Meeting Date:** July 27, 2023

**Issue:** Consider a request from Flagler County Board of County Commission Chair Greg Hanson for a letter of Support regarding the proposed ½ Cent Small County Discretionary Sales Tax

**From:** Flagler County Board of County Commissioners

**Organization:** ½ sales tax

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### **RECOMMENDATION:**

If in agreement, please direct Staff to send a letter of support to the County Administrator.

If no, direct staff to send an email informing the County of your opinion.

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### **BACKGROUND:**

Below is an email sent from Heidi Petito sent on July 18, 2023.

I am sending this email at the request of Chair Hansen, following consensus from the Board at this yesterday's workshop, seeking input from your municipality with regard to consideration of an additional ½ Cent Small County Discretionary Sales Tax. As you know, local governments rely heavily on local gas tax as a source of revenue for roadway maintenance activities. As our community continues to grow, and the cost of maintaining and constructing roads increase, these revenues simply cannot keep up.

Flagler County needs a long-term strategy and a dedicated local funding source that enhances County's roadways pavement management and performance by using an integrated, cost-effective set of practices that extend pavement life, improve safety and meet Flagler County citizens and motorist expectations. Yesterday, we conducted a budget workshop to discuss the current condition of our roadway system, identified shortfalls, and options for funding consideration. Two options for consideration were discussed, the use of a dedicated millage based on Ad Valorem, and the implementation of an additional ½ cent sales tax.

As you know, anything tied to Ad Valorem (property tax) has residents paying additional costs with little to no control. On the contrary, ½ cent sales tax is based on purchases made, in which the consumer controls. Additionally, based on research conducted by the Flagler County School Board, the ½ cent sales tax is paid by everyone who purchases items in Flagler County, including both residents and visitors. It is estimated that almost 40% of the funds collected will be paid by non-residents, with 100% remaining in Flagler County. Think of it as costing a dime for every \$20 purchase (not including sales tax-exempt items such as groceries and prescription drugs). The ½ cent sales tax will cost a family of four with a median income of \$56,000 less than \$6 per month.

Furthermore, according to the Office of Economic and Demographic Research, the single county (in Florida) not currently levying this surtax at the maximum rate is Flagler County. By not levying, this allows an estimated \$9.7 million to go unrealized. Here is an estimated breakdown of how those dollars would be dispersed within our community; \$4.4M – Flagler County, \$4.8M – Palm Coast, \$264K – Flagler Beach and \$180K – Bunnell.

In order for this item to be considered and subsequently passed by the Board of County Commissioners, a super majority would need to approve this item. We would like to hear from you, and are seeking your input on this consideration. If you could, at your earliest convenience, let us know your thoughts on the consideration of an additional ½ cent sales tax to be used for public infrastructure. I sincerely appreciate