

City Council Work Session Memo

From: Paul Briseno, City Manager

Council Meeting: August 17, 2021

Subject: Brookings Fuel Prices

Person(s) Responsible: Paul Briseno, City Manager

Summary:

The City Council requested a future work session to discuss the price of fuel in Brookings.

Background:

Fuel sold within South Dakota is subject to motor fuel excise taxes. This tax is used to fund the maintenance and construction of state highways, bridges and other structures. The current rate for motor fuel is \$.30 per gallon. Ethyl, methyl and biodiesel/blends are charged at a lessor rate.

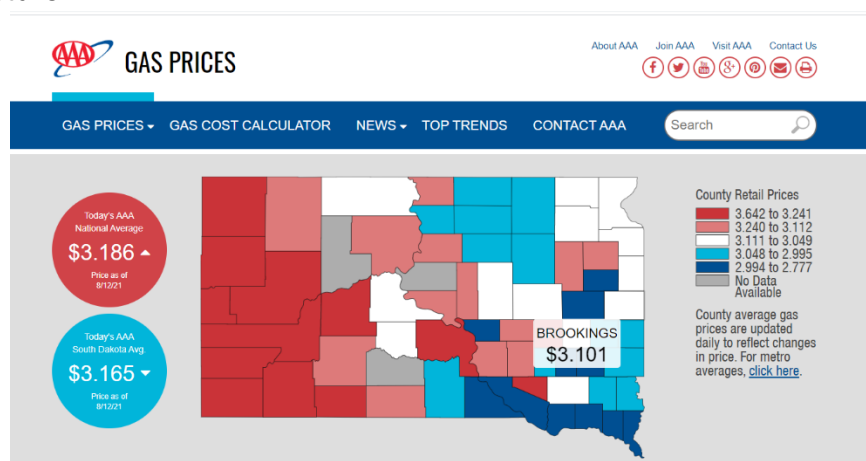
According to the South Dakota Department of revenue, fuel sold within the City of Brookings is **not** subject to the 2% local sales tax. There are only very seldom instances when sales tax is paid on gas purchases.

The city is responsible for maintenance of the 242 miles of street system. The streets division operational budget is \$2.4 million and street capital investment budget is \$1.9 million. This expense is primarily funded by the local 2% sales tax on goods sold. Once again this tax is not charged on fuel.

Item Details:

The states excise tax is not redistributed to the City of Brookings. The state utilizes this revenue for state infrastructure.

As of 8-12-2021 according to AAA the national gas price per gallon was \$3.186, South Dakota was \$3.165 and Brookings County average was \$3.101. Within the City of Brookings fuel was \$3.07 and Volga charged \$2.89 per gallon.



Staff is not aware of how the price per gallon of fuel is set. There is no known regulation that grants the City an ability to impact the price of fuel sold.

Legal Consideration:

None.