



# CITY OF MARCO ISLAND

To: City Council  
From: Casey Lucius, Ph.D., Interim City Manager  
Date: March 16, 2026  
Re: Revenue Options

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## Background:

On January 12, 2026, the City Council established six goals for 2026. The number one goal was to identify new sources of revenue. Throughout that discussion, six action items were identified:

1. Amend impact fee agreement with Collier County (in progress)
2. Letter to Collier County Commissioners regarding sales tax on 2026 ballot (completed)
3. **Summary of Department of Revenue Report and comparison of other municipalities' revenue (March 16, 2026)**
4. Present facts regarding toll bridge referencing state statutes and other toll bridges in FL (April - May, City Attorney)
5. Explore City operations of County parks and parking lots (June-July)
6. Identify areas for paid parking (August)

The Florida Legislature's Office of Economic and Demographic Research published a Local Government Financial Information Handbook. The version attached was published in May 2025. After going through this handbook and all the relevant revenue sources, I have focused on 3 possible revenues for Council to discuss and consider for future implementation.

### **1. Communications Services Tax**

- a. Currently the City Communications Services Tax (CST) is 2.1% and applies to telecommunications, video, home satellite, and related services include voice, data, audio, video, or other signals transmitted including via internet and telephone. The tax is imposed on the sales of communications services which in the State of Florida are billed to an address within the City. There is a State CST and a local CST. The CST for municipalities can be levied up to 5.1%. The City earns approximately \$350,000 from this tax. Increasing the tax to 5.1% would increase this revenue to approximately \$880,000. See pages 105 and 110 of the attached report.

## 2. Local Business Tax

- a. Municipal governments are eligible to levy a local business tax, by ordinance or resolution, for the privilege of engaging in or managing any business within the jurisdiction. Currently the City does not have a local business tax in place. Business owners receive a zoning certificate from the City and receive a business license from Collier County. Before imposing a business tax, the municipality must establish an equity study to recommend appropriate classifications and rate structures. Reference page 139 of the attached report.

## 3. Public Service Tax

- a. Municipalities may levy by ordinance a public service tax on the purchase of electricity, metered natural gas, liquefied petroleum gas, manufactured gas, and water service. These taxes can not exceed 10% and currently the City does not charge any public service tax. See page 235 of the attached report. Note this is separate from a franchise fee. Many municipalities collect both a public service tax and a franchise fee.

### Comparing Marco Island's revenue to other regional municipalities' revenue:

#### Estero:

- Communications Services Tax: \$869,000
- Electricity Franchise Fee: \$2,154,402

#### Bonita Springs:

- Communications Services Tax: \$1,273,242
- Electricity Franchise Fee: \$2,956,315

#### Sanibel:

- Communications Services Tax: \$494,517
- Electricity Franchise Fee: \$513,936
- Local Business Tax: \$264,144
- Parking facilities: \$4,279,151

#### Naples:

- Communications Services Tax: \$1,273,242
- Electricity Franchise Fee: \$1,112,242
- Electricity Service Tax: \$3,304,505
- Local Business Tax: \$251,518
- Parking facilities: \$2,713,442

#### Fort Myers Beach

- Communications Services Tax: \$536,426
- Electricity Service Tax: \$981,603
- Parking facilities: \$1,586,222

#### Marco Island:

- Communications Services Tax: \$346,488

- Electricity Franchise Fee: \$0
- Electricity Service Tax: \$0
- Local Business Tax: \$45,589
- Parking facilities: \$0

Source: Department of Revenue, Revenue Details Report for Fiscal Year Ended 2021, as of April 22, 2024

Next steps: Discuss whether Council is interested in pursuing any of the above revenue streams. Identify which new revenue the Council would like additional information on, and staff will return with actionable information and process. In addition to those State approved revenues, Council should provide direction on whether or not staff should research a toll on the Jolley Bridge and/or paid parking within City limits.

Additional revenue is subject to the spending cap, however, new revenue should be identified to make up for 1) a phase out of homestead property taxes, 2) a shortfall in capital infrastructure funding, or 3) to add to emergency reserves.