

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 2538

SPONSOR: Comprehensive Planning, Local and Military Affairs Committee and Senator Jones

SUBJECT: Affordable Housing

DATE: April 12, 1999 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Cooper</u>	<u>Yeatman</u>	<u>CA</u>	<u>Favorable/CS</u>
2.	_____	_____	<u>FP</u>	_____
3.	_____	_____	<u>RC</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

This bill allows Monroe County to use 30 percent of the proceeds from the local government infrastructure surtax for constructing affordable housing, and grants Monroe County an increase of 20 percent in the county’s guaranteed State Housing Initiative Partnership (SHIP) Program allocation, to be used for constructing affordable housing.

This bill substantially amends the following sections of the Florida Statutes: 212.055 and 420.9073.

II. Present Situation:

State Housing Initiatives Partnership Act

The SHIP Program channels a portion of documentary stamp tax revenues created by the Sadowski Act to counties and entitlement cities in Florida. Funding in fiscal year 1998-99 was \$90.9 million. The program’s purpose is to allow local governments to use SHIP funds to develop a housing program designed specifically for their communities. Counties and cities may use SHIP funds for emergency repairs, new construction, rehabilitation, down payment/closing costs, new construction impact fees, construction and gap financing, mortgage buy-downs, special needs housing, home ownership counseling, and property acquisition for housing to be produced within 12 months. SHIP funds may also be used to provide the required match for federal HOME Investment Partnership Program funds and other state and federal funds. The Florida Housing Finance Corporation uses independent contractors to provide technical assistance for counties and cities participating in SHIP.

Section 420.9073, F.S., provides a distribution formula for SHIP funds.

Local Government Infrastructure Surtax

Chapter 87-239, L.O.F., known as the “Local Government Infrastructure Commitment Act,” authorized county governments to levy a sales tax of up to 1 percent on all taxable transactions under ch. 212, F.S. In order for local governments to levy this sales tax, voter approval must be expressed in a referendum. Municipalities representing a majority of the county’s population may place the required referendum on the ballot through the adoption of uniform resolutions requesting the imposition of the tax. There is an exemption provided for the sales amount above \$5,000 on any item and long-distance telephone service.

Section 212.055(2), F.S., authorizes the levy of the tax at a rate of 0.5 percent or 1 percent. If the surtax was levied pursuant to a referendum held before July 1, 1993, the surtax may not be levied beyond the time established in the ordinance. If the ordinance did not limit the time period of the levy, the surtax may not be levied for more than 15 years.

Proceeds of the tax are distributed by the Department of Revenue to the county and municipalities within the county according to an interlocal agreement between the county and municipalities, which may include a school district, or by the formula established in s. 218.62, F.S., for distribution of the Half-Cent Sales Tax. Expenditure of the tax proceeds is limited to the following purposes:

- To finance, plan, and construct infrastructure;
- To acquire land for public recreation or conservation or protection of natural resources; and
- To finance the closure of local government owned solid waste land fills that are already closed or are required to be closed by order of the Department of Environmental Protection.

Counties and municipalities are prohibited from using the surtax proceeds to supplement user fees or to reduce existing ad valorem taxes.

Chapter 96-240, L.O.F., authorized Monroe County to use up to 10 percent of the tax proceeds for any public purpose under certain circumstances. In addition, this act also authorized any county in which 40 percent or more of the just value of real property is exempt or immune from ad valorem taxation to use the proceeds for the operation and maintenance of parks and recreation programs and facilities.

All counties are eligible to levy the Local Government Infrastructure Surtax, but only 29 counties imposed this surtax during fiscal year 1998-99.

III. Effect of Proposed Changes:

Section 1 creates paragraph (h) of s. 212.055(2), F.S., to allow any county that is designated as an area of critical state concern and that levies the tourist impact tax to use 30 percent of the proceeds from the local government infrastructure surtax for constructing affordable housing. This authority is repealed on July 1, 2004.

Section 2 creates subsection (4) of s. 420.9073, F.S., to allow any county that is designated as an area of critical state concern and that levies the tourist impact tax to receive an increase of 20

percent in the county's guaranteed SHIP Program allocation, to be used for constructing affordable housing.

Section 3 provides for an effective date of July 1, 1999.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

Monroe County currently levies the Local Discretionary Sales Surtax. They will receive an estimated \$17.7 million from the levy in FY 1998/99.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
