

# 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: SB 114

SPONSOR: Senator Kirkpatrick and others

SUBJECT: Discretionary Sales Surtaxes

DATE: October 27, 1999                      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Cooper	Yeatman	CA	Favorable
2.	_____	_____	FR	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

**I. Summary:**

This bill would allow counties with a population of 75,000 or less on October 1, 2000, to levy the discretionary Small County Surtax.

This bill amends section 212.055, Florida Statutes.

**II. Present Situation:**

Section 212.055, F.S., authorizes counties to levy four local option discretionary sales surtaxes, at 0.5% or 1%, the combination of which cannot exceed 1 percent: the Local Government Infrastructure Surtax (67 counties eligible); the Indigent Care Surtax (5 counties eligible); the County Public Hospital Surtax (Miami-Dade county eligible); and the Small County Surtax (31 counties eligible). In addition to the 1% sales surtax, counties adopting a charter before June 1, 1976, may levy the Charter County Transit System Surtax (up to 1%, 5 counties eligible), and all counties may levy the School Capital Outlay Surtax (up to 0.5%).

Section 212.054, F.S., requires that these discretionary sales surtaxes apply to all transactions subject to the state tax imposed on sales, use, services, rentals, admissions, and other transactions. However, the sales amount is not subject to the surtax if the property or service is delivered within a county that does not impose a surtax, or to any sales amount above \$5,000 on any item of tangible personal property and on long distance telephone service. The Department of Revenue is responsible for administering, collecting, and enforcing the local discretionary sales surtaxes in accordance with the same procedures used for the state sales tax.

The Small County Surtax (s. 212.055(3), F.S.) may be levied by counties with a population of 50,000 or less on April 1, 1992. Thirty-one counties meet this qualification. If the surtax proceeds are to be

used for operating purposes, the tax may be imposed by an extraordinary vote of the county commission. If the surtax proceeds are to be used to service bonds, it must be approved by referendum. Surtax proceeds are distributed between the county and municipalities within the county either by interlocal agreement or pursuant to s. 218.62, F.S.

As of September 1999, 17 counties have imposed the Small County Surtax. In addition, 12 other counties that would otherwise qualify to levy the Small County Surtax levy the Local Government Infrastructure Surtax (all at the maximum 1%). Franklin and Gulf counties are the only “small counties” that do not levy either of these surtaxes.

Chapter 98-258, L.O.F., changed the population requirement from 50,000 or less to 75,000 or less for a county to be designated or considered a “small county” in ten chapters of the Florida Statutes. This allowed Columbia, Nassau, and Putnam counties to qualify for benefits, exemptions, or special considerations available to “small counties.” These benefits, exemptions, or special considerations relate to the Small County Technical Assistance Program; local government comprehensive plans; incorporation requirements; the Local Government Infrastructure Surtax; permit processing fees through the Department of Environmental Protection; supplemental funds from the Local Governments Half-Cent Sales Tax; distributions from the Emergency Management Assistance and Preparedness Trust Fund; transportation project funding; and solid waste management. However, the population threshold to qualify for the Small County Surtax was not changed.

### **III. Effect of Proposed Changes:**

This bill amends s. 212.055(3), F.S., to allow counties with a population of 75,000 or less on October 1, 2000, rather than just counties with a population of 50,000 or less on April 1, 1992, to levy the discretionary Small-County Surtax. This change would allow Putnam County to levy the Small County Surtax. (Columbia and Nassau counties currently levy the surtax.)

The bill would take effect October 1, 2000.

### **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:**

None.

**B. Private Sector Impact:**

If Putnam County elects to impose this surtax, purchases by individuals and businesses in that county would be subject to the surtax.

**C. Government Sector Impact:**

This would allow Putnam County to levy the Small County Surtax.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.