

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|--|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a “no” above, please explain:

1. This bill provides discretionary authority for the imposition and collection of a half cent surtax.
2. This bill provides additional taxing authority in certain small counties.

B. EFFECT OF PROPOSED CHANGES:

This bill authorizes the imposition and collection an additional half cent sales tax of the indigent care surtax in any county with a population of fewer than 30,000 residents. The nineteen Florida counties that meet this criterion are: Baker, Bradford, Calhoun, Dixie, Franklin, Gilchrist, Glades, Gulf, Hamilton, Hardee, Holmes, Jefferson, Lafayette, Liberty, Madison, Taylor, Union, Wakulla, and Washington.¹ The combined rate of all surtaxes for these small counties is 1.5 percent.

The bill provides that the surtax may be imposed and collected upon approval by a majority vote of the electors of the county voting in a referendum.

The bill provides that if the surtax is conditioned upon referendum approval, then the ballot language of s. 212.055(7)(b), F.S., shall be used.

The bill provides authority to pledge the surtax proceeds to service new or existing bond indebtedness incurred to finance, plan, construct, or reconstruct a public or not-for-profit hospital. Additionally, the bill authorizes the use of the surtax proceeds to acquire or improve land, or for the design or engineering costs related to such a hospital. Both of the foregoing authorities are conditioned upon a determination that the hospital existing at the time of bond issuance would, more likely than not, otherwise cease to operate.

The bill provides that by an extraordinary vote, the governing body of the county may provide that some or all of the surtax revenues and earned interest must be expended for the purpose of servicing the bond indebtedness.

The bill provides that such a county may utilize the bond issuance services of the State Board of Administration pursuant to the State Bond Act. Bond issuance is limited to no more than once per year.

The bill provides that any county meeting the requirements of this bill and that issues bonds, retains the bond authority throughout the life of the bonds, including any refinancing bonds, regardless of subsequent increases in population, and regardless of amendments to or repeal of s. 212.055(7)(c)2, F.S.

The bill authorizes the clerk of the circuit court of the affected county to disburse the funds, including any earned interest, to service any bond indebtedness authorized under s. 212.055(7)(e), F.S., upon

¹ 2000 Census Counts, Florida Counties, Office of Economic & Demographic Research, <http://www.state.fl.us/edr/Population/census2000.htm> , 3/17/03.

from the authorizing county. Such authorization may be irrevocably given at the time that the bond indebtedness is incurred.

The bill provides authority to impose local option sales surtaxes [including ss. 212.055(2) and (3), F.S., relating to the Local Government Infrastructure Surtax and the Small County Surtax, respectively] up to 1.5 percent where a publicly supported medical school is located in the county or the county has a population of fewer than 30,000 residents. These respective taxes must have voter approval.

C. SECTION DIRECTORY:

Section 1. Amends s. 212.055(7), F.S., to provide the authority to impose and collect an additional half cent for the Indigent Care Surtax in any county with a population of fewer than 30,000 residents; provides bond indebtedness; provides utilization of Division of Bond Finance to issue bonds; restricts bond issuance to once a year; continues authority of county under certain circumstances predicated on population growth; requires county clerk to disburse funds to service bond indebtedness by county irrevocable directive given at the time indebtedness is incurred; and provides authority to impose local option sales surtaxes up to 1.5 percent under certain circumstances.

Section 2. Provides an effective date of upon becoming law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The bill provides a discretionary authority to impose and collect a surtax in counties with a population of fewer than 30,000 residents. Currently, nineteen counties meet this criterion. According to the Impact Conference, the estimated total revenue for all potentially affected counties is \$8.9 million for FY 2003-2004, and \$9.5 million for FY 2004-2005.

2. Expenditures:

Unknown.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Counties imposing the surtax authorized in this bill will increase individuals' tax burden by one half cent on sales.

D. FISCAL COMMENTS:

See above.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require a city or county to expend funds or to take any action requiring the expenditure of funds.

The bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

This bill does not reduce the percentage of state tax shared with counties or municipalities.

2. Other:

The final sentence of s. 212.055(7)(c)2, F.S., provides that the bond financing terms of the bill will survive amendments to or repeal of the subparagraph. The acts of one legislature cannot bind subsequent legislatures.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Drafting Issues

There appear to be no technical drafting issues in the bill as amended.

Other Comments

The Madison County Board of County Commissioners support the amendment to the Indigent Care Surtax to provide the option for smaller counties to levy a local sales tax for the purpose of servicing bond indebtedness incurred for construction, renovation, land acquisition or land improvements for public or private not-for-profit hospitals. "We support the proposed amendment because we realize the difficulty of rural hospitals in obtaining capital for facility and equipment upgrades. We recognize rural hospitals as being the "healthcare safety-net" for the poor and elderly in their communities, as well as their significant value to their local economy."²

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

The Local Affair Subcommittee, at its meeting on March 20, 2003, recommended one amendment. Amendment No. 2 resolves technical drafting issues and removes language authorizing approval by unanimous vote of the governing body.

The Committee on Local Government & Veterans' Affairs, at its meeting on March 27, 2003, adopted one amendment as discussed above.

² Ronnie Moore, Chairman, Madison County Board of County Commissioners, letter to Sens. Argenziano and Lawson, and Rep. Kendrick, 1/13/03.