

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|---|-----------------------------|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes? | Yes <input checked="" type="checkbox"/> | No <input 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:

Not applicable.

B. EFFECT OF PROPOSED CHANGES:

Background

Current law authorizes counties to impose one or more of seven local discretionary sales surtaxes (taxes) on all transactions occurring in the county subject to the state tax imposed on sales, use, services, rental, and admissions. The tax rates, duration levied, method of imposition, and use of the proceeds are set forth in the table entitled “Local Discretionary Sales Surtaxes.” The maximum combined rate for the Local Government Infrastructure Surtax, the Small County Surtax, the Indigent Care and Trauma Center Surtax, and the County Public Hospital Surtax, is 1 percent. In counties with a publicly supported medical school levying the Voter-Approved Indigent Care Surtax, the combined rate is 1.5 percent. The School Capital Outlay Surtax is capped at 0.5 percent, and is not included in these tax rate caps.

Local Discretionary Sales Surtaxes			
TAX	AUTHORIZED LEVY (%)	NUMBER OF COUNTIES AUTHORIZED TO LEVY TAX	NUMBER OF COUNTIES LEVYING TAX
Charter County Transit System Surtax	up to 1%	7	2
Local Government Infrastructure Surtax	0.5% or 1%	67	25
Small County Surtax	0.5% or 1%	31	20
Indigent Care & Trauma Center Surtax	up to 0.5%	5	1
County Public Hospital Surtax	0.5% (Miami-Dade County)	1	1
School Capital Outlay Surtax	up to 0.5%	67	13
Voter-Approved Indigent Care Surtax	0.5% or 1%	61	0

(Source: Legislative Committee on Intergovernmental Relations, 12/2003)

The Local Government Infrastructure Surtax may only be 0.5% or 1.0%. Enactment requires a majority vote of the county government and a local referendum. The referendum must describe the projects to be funded by the tax. Upon enactment, the tax is only authorized for 15 years. The Local Government Infrastructure Surtax proceeds may not be used for general operation and maintenance expenses, but may only be used to:

- Finance, plan and construct infrastructure.
- Acquire land for public recreation or conservation or protection of natural resources.
- Finance the closure of certain county or municipally owned solid waste landfills.
- Pay bond indebtedness related to prior infrastructure construction.
- Up to 15% may be used for economic development projects, if such use was disclosed in the referendum.
- There are limited other exceptions for specific counties.

Effect of Bill

This bill with CS provides that surtax proceeds may be used for operational expenses of infrastructure.

This bill with CS provides that only 50% of the Local Government Infrastructure Surtax need be used for the listed purposes. A local government receiving surtax proceeds may use up to 35% of the proceeds for property tax relief. A local government may also use up to 15% of the proceeds for general operational expenses provided that the percentage pledged to property tax relief is the same or a higher percentage. If a county uses the proceeds of the surtax for property tax relief, for the first year of the tax relief the county must reduce its ad valorem rate to a level at which the sum of the current ad valorem taxes (exclusive of the ad valorem taxes generated by new construction and additions), and the funds diverted from the surtax do not exceed the previous year's ad valorem tax collections.

This bill also removes the restriction that a local government may only issue bonds related to the surtax once a year.

C. SECTION DIRECTORY:

Section 1 amends s. 212.055(2), F.S., regarding the local government infrastructure surtax.

Section 2 provides an effective date of July 1, 2004.

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:

There is no local government revenue impact required by this bill, although local governments may redistribute the proceeds of a current revenue source.

2. Expenditures:

There is no local government expenditure impact required by this bill, although local governments may redistribute the proceeds of a pledged revenue source to pay current general expenditures.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to: require the counties or cities to spend funds or take an action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On March 23, 2004, the Committee on Local Government & Veterans' Affairs adopted two amendments as follows:

- Amendment 1 clarified language regarding the requirements for using surtax proceeds for property tax relief.
- Amendment 2 deleted the limit of one bond issue per year related to the surtax.