

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: SB 3110

SPONSOR: Senator Alexander

SUBJECT: Hardee Co. Economic Development Authority

DATE: April 16, 2004 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Keating</u>	<u>Johansen</u>	<u>FT</u>	<u>Fav/1 amendment</u>
2.	_____	_____	<u>AGG</u>	_____
3.	_____	_____	<u>AP</u>	_____
4.	_____	_____	<u>RC</u>	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The bill creates the Hardee County Economic Development Authority (authority) in accordance with s. 211.3103(3)(b)3., F.S. The purpose of the authority is to solicit, rank, and fund projects that provide economic development opportunities and infrastructure within the geographic boundaries of Hardee County and to otherwise maximize the use of federal, local, and private resources as provided by s. 211.3103(5), F.S. The bill provides for membership and powers of the authority. In addition, the bill provides that the rural area of critical economic concern distribution of the phosphate rock tax to Hardee County is to be distributed to the authority instead. The bill also provides procedures for application for grants-in-aid from the authority.

This bill creates a new section of law.

II. Present Situation:

Section 211.3103, F.S., provides for the levy of an excise tax upon every person engaged in the business of severing phosphate rock from the soils or waters of Florida for commercial use. During Special Session E, chapter 2003-423, Laws of Florida, amended s. 211.3103, F.S., to increase the tax rate paid for the severance of phosphate rock, change the distribution of the severance tax on phosphate rock, and provide for the use of funds distributed to counties that have been designated a rural area of critical economic concern. Beginning July 1, 2004, the tax rate shall be the base rate of \$1.62 per ton severed. Beginning July 1, 2005, and annually thereafter, the tax rate shall be the base rate times the base rate adjustment for the tax year. The base rate adjustment is calculated based on the change in the unadjusted annual producer price index for the prior calendar year in relation to the unadjusted annual producer price index for calendar year 1999. However, the tax rate shall not be less than \$1.56 per ton severed. Beginning

July 1, 2004, revenue collections from the excise tax on phosphate rock will be distributed as follows:

- First \$10 million to the Conservation and Recreation Lands Trust Fund (CARL). Of the remaining revenues:
 - 40.1% to the General Revenue Fund
 - 16.5% to the County where mined
 - 9.3% to the Phosphate Research Trust Fund
 - 10.7% to the Minerals Trust Fund
 - 10.4% to the Non-mandatory Land Reclamation Trust Fund (NMLRTF)
 - 13.0% to counties that have been designated a Rural Area of Critical Economic Concern

Estimated phosphate tax revenue collections for fiscal year 2004-05¹ are \$50.1 million. Estimated distributions of the \$50.1 million are as follows:

CARL	\$10.0 million
General Revenue Fund	\$16.1 million
Counties where mined	\$ 6.6 million
NMLRTF	\$ 4.2 million
Phosphate Research TF	\$ 3.7 million
Minerals TF	\$ 4.3 million
Rural Area of Critical Economic Concern	\$ 5.2 million

Payment to counties that have been designated a rural area of critical economic concern pursuant to s. 288.0656, F.S., shall be made to the counties by the Department of Revenue unless the Legislature, by special act, creates a local authority to promote and direct the economic development of the county. If such authority exists, payments shall be made to that authority.

Counties designated as a rural area of critical economic concern that mine phosphate are Hamilton County (designated April, 2003) and Hardee County (designated January, 2001). In fiscal year 2002-03, Hamilton County received \$299,432 and Hardee County received \$1,540,102 in phosphate excise tax revenues. The rural area of critical economic concern distribution began in fiscal year 2003-04.

Subsection (5) of section 211.3103, F.S., provides that funds distributed to counties that have been designated a rural area of critical economic concern, must be used for:

- Planning, preparing, and financing of infrastructure projects for job creation and capital investment, especially those related to industrial and commercial sites. Infrastructure investments may include certain specified public or public-private partnership facilities.
- Maximize the use of federal, local, and private resources, including, but not limited to, those available under the Small Cities Community Development Block Grant Program.

¹ March 12, 2004 General Revenue Estimating Conference

- Projects that improve inadequate infrastructure that has resulted in regulatory action that prohibits economic or community growth, if such projects are related to specific job creation or job retention opportunities.

Section 288.0656, F.S., created the Rural Economic Development Initiative, known as REDI, in the Office of Tourism, Trade and Economic Development of the Executive Office of the Governor. Subsection (7) authorizes the Governor to designate up to three rural areas of critical economic concern within the state. The three regions are:

- Calhoun, Franklin, Gadsden, Holmes, Jackson, Liberty, and Washington Counties;
- DeSoto, Glades, Hardee, Hendry, Highlands, and Okeechobee Counties, and the cities of Pahokee, Belle Glade, and South Bay, and the area around Immokalee included within the Round II Federal Rural Enterprise Community; and
- Baker, Bradford, Columbia, Dixie, Gilchrist, Hamilton, Jefferson, Lafayette, Levy, Madison, Putnam, Suwannee, Taylor and Union Counties.

Counties designated as a rural area of critical economic concern are provided the following benefits:

- Provides communities with support for economic development efforts and authorization for waivers of criteria, requirements, or similar provisions of any economic development initiatives authorized by statute.
- Legislation provides counties located in rural areas of critical economic concern with special consideration when dealing with state agencies or qualifying for certain programs.
- State agencies designing programs include the rural area of critical concern designation as a factor in future program decisions.

III. Effect of Proposed Changes:

Section 1 of the bill creates the Hardee County Economic Development Authority (authority) in accordance with s. 211.3103(3)(b)3., F.S. The purpose of the authority is to solicit, rank, and fund projects that provide economic development opportunities and infrastructure within the geographic boundaries of Hardee County and to otherwise maximize the use of federal, local, and private resources as provided by s. 211.3103(5), F.S., and for its administrative and other costs as provided by this act.

Section 2 of the bill provides the following definitions as used in this act:

- “Authority” means the Hardee County Economic Development Authority.
- “Clerk” means the clerk of the court servicing in the capacity of chief financial officer of the county.

- “Commission” means the Board of County Commissioners of Hardee County.
- “County” means Hardee County.

Section 3 of the bill provides that the authority shall consist of nine members serving staggered terms and selected in the following manner:

- The President of the Hardee County Farm Bureau or the president’s designee for an initial term of 3 years;
- The Secretary of the Florida Department of Community Affairs or the secretary’s designee for an initial term of 2 years;
- The chairman of Enterprise Florida or the chairman’s designee for an initial term of 2 years;
- The chairman of the Florida Phosphate Council or the chairman’s designee for an initial term of 3 years;
- The president of the Hardee County Chamber of Commerce or the president’s designee for an initial term of 3 years; and
- Four members appointed by the commission.

After completion of the initial term, each appointed member shall serve a term of 3 years. The members shall select a chair from their members for a period of 2 years and may elect such other officers as they designate in the written bylaws of the authority. Each member of the authority shall serve without compensation, except that members who reside outside the county may be reimbursed for travel and per diem expenses as provided by general law.

Section 4 of the bill provides powers of the authority. Specifically, the authority shall:

- Adopt rules in conformance with chapter 120, F.S., the Administrative Procedures Act.
- Meet not less frequently than once each quarter, beginning with the first quarter of calendar year 2005, and hold public hearings and other meetings.
- Establish procedures for the solicitation and awarding of grants.
- Direct the clerk to expend funds upon receipt of any voucher signed by not fewer than 2 members of the authority.
- Perform the duties required by this act and any rules adopted in accordance with this act.

The authority may:

- Appropriate funds that have been paid by the state, the first such payment to occur in calendar year 2006, to the clerk, in the distribution of the tax on severance of phosphate rock pursuant to s. 211.3103, F.S., for the administrative costs, including payroll costs and other expenses as provided by this act, of the authority and for economic development and infrastructure projects in the county.
- Conduct the business of the authority and receive funds on its behalf, including those transferred by the state and any others that may have been made by loan, gift, or agent.
- Sue and be sued.
- Approve or amend and approve time and costs sheets submitted by specified county employees for payment as well as travel and per diem expenses submitted by a member of the authority.
- Establish written bylaws for its internal governance.
- Enter into contracts, inter-local agreements, and other written documents necessary to conduct the business of the authority.
- Perform any other acts reasonable and necessary to implement and enforce the provisions of this act.

Section 5 of the bill authorizes the commission to direct the county manager to appoint one or more staff persons to assist the authority in conducting its business. In addition, the county attorney or his or her designee is directed to assist the authority.

Section 6 of the bill directs the clerk to deposit phosphate excise tax revenues and any funds received by the authority through loan, gift, or grant into a restricted, interest-bearing account for the sole use of the authority. The clerk shall provide a quarterly statement of account to the chair and shall disburse funds only upon receipt of a voucher, signed by the chair and at least one other member as provided in the bylaws, authorizing the disbursement. The clerk may charge the authority any statutory fees available to the clerk's office for the administration of the account on behalf of the authority.

Section 7 of the bill provides procedures for application for grants-in-aid from the authority. Upon receipt of completed applications, the authority shall review and evaluate each application for completeness and eligibility. The bill also provides criteria by which the authority shall evaluate each grant. The authority shall develop priority listing of all projects applications and grant funds shall be awarded in accordance with the final priority listing of the applications. All grant awards that have been approved shall be formalized through a grant award agreement.

Section 8 of the bill provides for severability.

Section 9 of the bill provides for an effect date upon becoming a law.

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:**

The rural area of critical economic concern distribution of the severance tax on phosphate rock to Hardee County is estimated to be \$5.0 million in fiscal year 2003-04. In fiscal years 2004-05 and 2005-06, the total rural area of critical economic concern distribution is estimated to be \$5.2 million, which is to be shared between Hardee County and Hamilton County. Beginning in January, 2006, this distribution will be made to the Hardee County Economic Development Authority instead to the Board of County Commissioners of Hardee County.

B. Private Sector Impact:

Persons awarded grants-in-aid from the Hardee Economic Development Authority will benefit both their own businesses and the community by providing economic development and infrastructure projects designated by the authority as important to Hardee County.

C. Government Sector Impact:

The bill provides that effective January 1, 2006, the rural area of critical economic concern distribution of the severance excise tax on phosphate rock to the Board of County Commissioners of Hardee County shall be made to the Hardee County Economic Development Authority instead. As a result, the Board of County Commissioners of Hardee County will no longer have these revenues to include in their annual budget.

VI. Technical Deficiencies:

The bill requires a technical amendment to change the word “fun” to “fund.”

VII. Related Issues:

None.

VIII. Amendments:

#1 by Finance and Taxation Committee:
Technical amendment.

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