

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Lower Taxes – This bill would provide some counties with additional taxing authority.

B. EFFECT OF PROPOSED CHANGES:

This bill authorizes the imposition and collection of a 1.0 percent indigent care sales surtax in any county which levies 8 mills or more for county operational purposes and where one mill of taxation will raise \$1 million or less, and in so doing, expands the number of counties that may levy the discretionary sales taxes at a 1 percent rate pursuant to subsection (7) of s. 212.055, F.S.

The counties that meet the requirements of the bill include Gilchrist, Calhoun, Dixie, Glades, Hamilton, Holmes, Jefferson, Lafayette, Liberty, Madison, Suwannee, Union, Washington, Bradford, Wakulla, Baker, and Taylor. The bill provides that these surtaxes may be imposed and collected upon approval by a majority vote of the electors of the county voting in a referendum.

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. In addition, 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 states 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 states that such a county may use the bond issuance service 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 states that any county meeting the requirements of this bill that issues bonds, retains the bond authority throughout the life of the bonds, including any refinancing bonds, regardless of subsequent increases in taxable value.

The bill provides authority to the clerk of the circuit court, as the ex officio custodian of such funds to distribute the funds and any earned interest to service bond indebtedness pursuant to the irrevocable directive of the authorizing county given at the time of bond indebtedness.

C. SECTION DIRECTORY:

Section 1. Amends s. 212.055(7), F.S., by:

- Adding s. 212.055(7)(a)2., F.S., authorizing counties which levy 8 mills or more for county operational purposes and where one mill of taxation will raise \$1 million or less, to levy an indigent care surtax up to 1.0 percent;
- Adding s. 212.055(7)(c)2., F.S., providing the uses for the imposed surtax;
- Adding s. 212.055(7)(e)4., F.S., providing powers to the clerk of the circuit court; and

- Amending s. 212.055(f), F.S., providing an optional sales surtax cap of 1.5 percent for counties which levy 8 mills or more for county operational purposes and where one mill of taxation will raise \$1 million or less

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:

Indeterminate at this time. The bill does provide for the bond issuance services of the Division of Bond Finance, State Board of Administration. According to the Division, the bill will have a minimal impact on the operation of the Division.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Indeterminate. The bill provides discretionary authority to impose and collect a 1 percent surtax in counties which levy 8 mills or more for county operational purposes and where one mill of taxation will raise \$1 million or less. Currently, 17 counties meet this criterion. Based on the Revenue Estimating Conference's estimate of the original bill, if all seventeen eligible jurisdictions enact the levy, the statewide annualized impact would be \$9.1 million.

2. Expenditures:

Unknown.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Counties imposing the surtax authorized in this bill will increase individuals' tax burden.

D. FISCAL COMMENTS:

See above.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not require counties or municipalities to spend funds or to take any action requiring the expenditure of funds. This bill does not reduce the percentage of a state tax shared with counties or municipalities. This bill does not reduce the authority that municipalities have to raise revenue.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

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

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On March 29, 2005, the Committee on Finance and Tax adopted four amendments and passed the bill as a committee substitute. The purpose of these amendments was to change the qualification criteria for counties which may levy the 1 percent surtax for indigent care from counties with populations under 50,000 to counties in which one mil of taxation raises \$1 million dollars or less and where the county levied 8 mills or more in the previous tax year. The provisions of the original bill would have allowed 26 counties to levy this tax at the one percent rate. Under the committee substitute only 17 counties qualify under these provisions.