

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Maintain public security- The bill allows local government to expend the proceeds from the Local Government Infrastructure Surtax for private facilities to be utilized for the purposes of emergency public shelter needs; thus preserving the public's safety.

B. EFFECT OF PROPOSED CHANGES:

Present situation:

Local Government Infrastructure Surtax- Local governments are sanctioned to levy different types of local discretionary sales surtaxes pursuant to s. 212.055, F. S. The Local Government Infrastructure Surtax is one local tax that is utilized and may be levied at .5 percent or 1 percent. The proceeds of the tax may be expended within a county or municipalities within a county or by negotiated joint county agreement within another county to finance, plan, and construct infrastructure, to acquire land for public recreation or conservation or protection of natural resources, or to finance the closure of county-owned or municipality owned solid waste landfills.¹

As currently defined by the section, infrastructure means any fixed capital expenditure or fixed capital outlay associated with the construction, reconstruction, or improvement of public facilities which have a life expectancy of 5 or more years and any land acquisition, land improvement, design, and related engineering costs.²

The Department of Community Affairs Division of Emergency Management's 2005 Shelter Retrofit Report highlights the deficit of safe public emergency shelter space. While significant progress has reduced the deficit of spaces meeting the American Red Cross standard ARC 4496, the report projects a need of almost 1.3 million public shelter spaces in 2006. The department estimates Florida will have 816,778 spaces meeting the public standard by the 2006 hurricane season.³ According to the report, under current shelter retrofit and building programs, Florida is projected to meet its estimated emergency public shelter needs by 2011.

Proposed situation:

Section 1 amends 212.055, F. S., to define the term "infrastructure". Private facilities that undergo capital improvements and agree to allow local government to use the facilities as emergency public shelters or a staging area for emergency response equipment will be eligible to receive Local Government Infrastructure Surtax funds. The improvements are limited to building projects that meet public emergency shelter standards. The facility that receives these funds must comply with a contractual agreement to make the facility available as a public shelter for 10 years after completion of the improvement. This contractual obligation will transfer to any subsequent owners. These capital improvements may result in private buildings being better able to withstand hurricane force winds and other related threats to building safety.

¹ S.212.055 (d)(1.) F.S.

² S. 212.055(2) (a) F.S.

³ Department of Community Affairs Shelter Retrofit Report, September 1, 2005.

C. SECTION DIRECTORY:

Section 1. Defines the term "infrastructure" used on a temporary basis to provide emergency public shelters to local government agencies.

Section 2. Provides for an effective date of July 1, 2006.

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:

None

2. Expenditures:

Local governments will be given expanded authority to expend local surtax proceeds. Use of such funds would be intended to aid in reducing the current deficit of suitable emergency public shelters.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Private sector businesses that agree to allow their buildings to be used as needed, during a disaster, may seek Local Government Infrastructure Surtax funds to offset capital development costs. Local building owners may contract with local construction and engineering entities to perform these capitol improvements for a profit. Additionally, by broadening the term of "infrastructure" privately owned and publicly owned entities may be competing for the same pool of money for capital improvements. If a county decides that providing adequate shelter space is a priority, than the Local Government Infrastructure Surtax could be utilized for capital improvements on privately owned emergency shelters before those monies would be eligible for other public infrastructure projects.

D. FISCAL COMMENTS:

The bill has no fiscal impact.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable

2. Other:

None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

On March 22, 2006, the Domestic Security Committee adopted an amendment which removes the transient rentals tax exemption. The exemption would have allowed individuals who were displaced due to a hurricane or other catastrophic disaster and could present the appropriate proof to the landlord; to be exempt from the transient rentals tax. According to the Revenue Estimating Conference, this exemption would have created a 19 million local tax revenue deficit and an 18.2 million state tax revenue deficit for the state in 2006-2007. ⁴ The bill was reported favorably with committee substitute.

⁴ Revenue Estimating Conference, March 9th, 2006, p.125