

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Committee on Fiscal Policy

BILL: SB 194

INTRODUCER: Senator Hukill

SUBJECT: Redevelopment Trust Fund

DATE: November 18, 2015

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Present</u>	<u>Yeatman</u>	<u>CA</u>	Favorable
2.	<u>Babin</u>	<u>Diez-Arguelles</u>	<u>FT</u>	Favorable
3.	<u>Hrdlicka</u>	<u>Hrdlicka</u>	<u>FP</u>	Pre-meeting

I. Summary:

SB 194 exempts hospital districts from making annual appropriations to the redevelopment trust fund of a community redevelopment agency created on or after July 1, 2016.

This bill has no fiscal impact to state funds.

II. Present Situation:

Community Redevelopment Act

The Community Redevelopment Act¹ authorizes a county or municipality to create community redevelopment agencies (CRAs) as a means of redeveloping slums and blighted areas. In accordance with a community redevelopment plan,² CRAs can:

- Enter into contracts;
- Disseminate information;
- Acquire property within a slum or blighted area by voluntary methods;
- Demolish and remove buildings and improvements;
- Construct improvements; and
- Dispose of property at fair value.³

Counties and municipalities are prohibited from exercising the authority provided by the Community Redevelopment Act until they adopt an ordinance that declares an area to be a slum or a blighted area.⁴

¹ Chapter 163, part III, F.S.

² Section 163.360, F.S.

³ Section 163.370, F.S.

⁴ Sections 163.355 and 163.360(1), F.S.

A “blighted area” generally includes an area in which there are a substantial number of deteriorated, or deteriorating structures; in which conditions, as indicated by government-maintained statistics or other studies, endanger life or property or are leading to economic distress; and in which other statutorily-defined criteria exist.⁵

The TIF Mechanism for Funding CRAs

CRAs are not permitted to levy or collect taxes; however, the local governing body is permitted to establish a community redevelopment trust fund that is funded through tax increment financing (TIF).⁶ The TIF mechanism requires taxing authorities within the CRA to annually appropriate an incremental amount of revenue to the redevelopment trust fund by January 1.⁷ This revenue is used to finance redevelopment projects in accordance with a redevelopment plan,⁸ which may include bonding.⁹ The incremental revenue amount is calculated annually as 95 percent of the difference between:

- The amount of ad valorem taxes levied by each taxing authority on taxable real property within the CRA; and
- The amount of ad valorem taxes that would have been produced on the assessed value of the real property within the CRA in the year prior to the creation of the CRA.¹⁰

Thus, as the CRA’s property values increase, the tax increment revenue increases and is available to pay for public infrastructure and redevelopment costs of the CRA.

TIF Limitations and Exemptions

For CRAs created before July 1, 2002, taxing districts typically contribute to the redevelopment trust fund for a period equal to the length of any indebtedness pledging the incremental revenues, but not exceeding 30 years, unless the community redevelopment plan is amended.¹¹ For CRAs created after July 1, 2002, taxing authorities make the annual appropriation for a period not to exceed 40 years after the fiscal year in which the community redevelopment plan is approved or adopted. The following taxing authorities are exempt from contributing to the CRA:¹²

- A special district that levies ad valorem taxes on taxable real property in more than one county.
- A special district for which the sole available source of revenue the district has the authority to levy is ad valorem taxes at the time the ordinance is adopted.
- A library district, except a library district in a jurisdiction where the community redevelopment agency had validated bonds as of April 30, 1984.
- A neighborhood improvement district created under the Safe Neighborhoods Act.
- A metropolitan transportation authority.

⁵ See s. 163.340(8), F.S.

⁶ Through tax increment financing, a baseline tax amount is chosen, and then in future years, any taxes generated above that baseline amount are transferred into the redevelopment trust fund. Section 163.387, F.S.

⁷ Section 163.387(2)(a), F.S.

⁸ Section 163.387(1)(a), F.S.

⁹ Sections 163.370(2)(f) and 163.385, F.S.

¹⁰ Section 163.387(1)(a), F.S.

¹¹ Section 163.387(2)(a), F.S.

¹² Section 163.387(2)(c), F.S.

- A water management district created under s. 373.069, F.S.
- A special district specifically exempted by the local governing body that created the CRA, if the exemption is made in accordance with the requirements of s. 163.387(2)(d), F.S., which include a public hearing, public notice, and an interlocal agreement.

Hospital Districts

First created in the 1920s to provide indigent care for county residents, hospital districts now differ greatly in roles, powers, and governance.¹³ There are currently six hospital districts created as dependent districts, and 22 created as independent special districts.¹⁴ Independent districts are generally created by special acts of the Legislature, whereas dependent districts are created by local governments with their governing bodies under the control of a county or municipal board. The North Sumter County Hospital District, created in 2004 by special act of the Legislature, is the most recently created hospital district.¹⁵

III. Effect of Proposed Changes:

Section 1 amends s. 163.387, F.S., to add hospital districts to the list of taxing authorities exempt from contributing to the redevelopment trust fund, but only for CRAs created after July 1, 2016. Hospital districts in CRAs created before July 1, 2016, will continue to contribute to the redevelopment trust fund.

Section 2 reenacts s. 259.042, F.S., to incorporate provisions related to tax increment financing for conservation lands to the changes made by Section 1 of the bill.

Section 3 provides an effective date of July 1, 2016.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The mandate restrictions do not apply because the bill does not require counties and municipalities to spend funds, reduce their ability to raise revenue, or reduce the percentage of a state tax shared with counties and municipalities.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

¹³ Florida TaxWatch, *Florida's Fragmented Hospital Taxing District System in Need of Reexamination*, Briefings (Feb. 2009), available at <http://www.floridataxwatch.org/resources/pdf/02242009HospitalDistricts.pdf> (last visited Nov. 13, 2015).

¹⁴ Department of Economic Opportunity, Official List of Special Districts Online, available at <https://dca.deo.myflorida.com/fhcd/sdip/OfficialListdeo/selectfunctions.cfm> (last visited Nov. 13, 2015).

¹⁵ Chapter 2004-451, L.O.F.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The Department of Revenue and the Department of Economic Opportunity determined that the bill had no impact on their operations.¹⁶

Community redevelopment areas created after July 1, 2016, will not be able to rely on hospital districts for appropriations to the redevelopment trust fund.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 163.387 of the Florida Statutes.

This bill reenacts section 259.042 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

¹⁶ Department of Revenue, *Senate Bill 194 Analysis* (Sept. 18, 2015) (on file with the Senate Fiscal Policy Committee); Department of Economic Opportunity, *Senate Bill 194 Analysis* (Oct. 15, 2015) (on file with the Senate Fiscal Policy Committee).