

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: CS/CS/SB 1374

SPONSOR: Health, Aging and Long-Term Care Committee, Comprehensive Planning, Local and Military Affairs Committee and Senator Mitchell

SUBJECT: Small Counties

DATE: March 6, 2002 REVISED: 3/7/02 _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Cooper	Yeatman	CA	Favorable/CS
2.	Liem	Wilson	HC	Favorable/CS
3.	Keating	Johansen	FT	Favorable
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill authorizes counties with a population of fewer than 30,000 residents to levy an indigent care surtax of up to 1 percent upon approval by a majority vote of the electors of the county voting in a referendum; expands the use of the tax to include issuing bonds to finance, plan, construct, or reconstruct a public or not-for-profit hospital in the county; and allows municipalities within small counties to use revenues from a local option fuel tax to fund infrastructure projects that are consistent with the comprehensive plan.

The bill amends ss. 212.055 and 336.025 of the Florida Statutes.

II. Present Situation:

Section 212.055, F.S., authorizes counties to impose 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 sales amount is not subject to the tax if the property or service is delivered within a county that does not impose a surtax. In addition, the tax is not subject to any sales amount above \$5,000 on any item of tangible personal property and on long distance telephone service. This \$5,000 cap does not apply to the sale of any other service. The Department of Revenue (DOR) is responsible to administer, collect, and enforce all sales taxes. Collections received by the department are returned monthly to the county imposing the tax.

The tax rates, duration levied, method of imposition, and proceed uses are individually specified in s. 212.055, F.S. TABLE 1 identifies the seven taxes, the rate limits, and the number of counties authorized to impose and the number imposing the tax. 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 maximum combined rate for counties authorized to levy the Charter County Transit System Surtax is 2.5 percent. The School Capital Outlay Surtax is capped at 0.5 percent, and is not included in these tax rate caps.

TABLE 1			
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%	5	1
Local Government Infrastructure Surtax	0.5% or 1%	67	28
Small County Surtax	0.5% or 1%	31	17
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	8
Voter-Approved Indigent Care Surtax	0.5% or 1%	61	0

(Source: Legislative Committee on Governmental Relations, 2/2002)

Voter-Approved Indigent Care Surtax

Chapter 2000-316, L.O.F., created s. 212.055(7), F.S., to authorize counties with less than 800,000 residents to impose, with referendum approval, the Voter-Approved Indigent Care Surtax. The rate of the levy is capped at 0.5 percent, or 1 percent if a publicly supported medical school is located in the county. Counties levying the tax must develop a plan, by ordinance, for providing health care services to “qualified” indigent or medically poor residents.

Tax proceeds must be used to fund health care services for indigent and medically poor persons, including, but not limited to, primary care, preventive care, and hospital care. Indigent persons are defined as persons certified as indigent by the authorizing county. Persons defined as medically poor are those who:

- have insufficient income, resources, and assets to provide the needed medical care without using resources required to meet basic needs for shelter, food, clothing, and personal expenses;
- are not eligible for any other state or federal program or having medical needs that are not covered by any such program; or
- have insufficient third-party insurance coverage.

Persons participating in innovative, cost-effective programs approved by the authorizing county are also included as “qualified” residents.

DOR is required to collect and remit the tax proceeds to the Clerk of Court, who must deposit the funds in an indigent health care trust fund, invest the deposits as prescribed in general law, and disburse the funds to qualified providers of health care services.

The maximum rate for any combination of the Infrastructure Surtax, the Small County Surtax, and the Voter-Approved Indigent Care Surtax, is one percent, or 1.5 percent in counties with a publicly supported medical school.

While sixty-one counties are authorized to levy the Voter-Approved Indigent Care Surtax, to date no county has done so.

Local Option Fuel Tax

Pursuant to s. 206.41(1)(e), F.S., counties may levy a 1 cent to 11 cents tax on each net gallon of motor fuel sold within the county’s jurisdiction. Section 206.87(1)(c), F.S., levies 6 cents per net gallon of diesel fuel sold within the county’s jurisdiction. The first 6 cents of local option motor fuel tax may be imposed by a majority vote of the board of county commissioners or a county referendum. The additional 1-5 cents tax on motor fuel may be levied either by an extraordinary vote of the membership of the county’s governing body or by voter approval in a countywide referendum. Counties are not required to share the revenue received from the local option fuel tax with municipalities, however, a number of counties share the revenues pursuant to negotiated interlocal agreements. Local option fuel taxes on diesel fuel are imposed at the maximum rate in all 67 counties.

Section 336.025(1)(a), F.S., authorizes the use of the revenues from the first 1-6 cents tax on motor fuel and the 6 cents tax on diesel fuel for transportation expenditures only, and paragraph (b) authorizes the use of revenues from the additional 5 cents tax on motor fuel for transportation expenditures to meet the requirements of the capital improvement element of the adopted local comprehensive plan. Sixty-three counties levy the first 6 cents of the local option motor fuel tax, with 3 counties levying 5 cents and 1 county levying 3 cents. Fifteen counties levy some portion of the additional 5 cents tax on motor fuel.

III. Effect of Proposed Changes:

Section 1. Amends s. 212.055(7), F.S., to authorize counties with a population of fewer than 30,000 residents to levy an indigent care surtax of up to one percent upon approval by a majority vote of the electors of the county voting in a referendum. In addition to the uses otherwise authorized in this section, such counties may use the tax proceeds to fund bonds to assist a public or not-for-profit hospital in the county. However, the county may issue such bonds only once per year. Any county that has a population of fewer than 30,000 residents at the time the bonds are issued retains the authority granted under this subsection throughout the term of the bonds, including the term of any refinancing bonds, even if the population of the county exceeds 30,000 or more residents. The county is authorized to use the services of the Division of Bond Finance of the State Board of Administration.

Subsection (c) is renumbered as subsection (d), and is amended to address the required plan for health care services. The plan for a county with less than 30,000 residents may provide that “some or all of the surtax revenues and any interest accrued thereon must be expended for the purpose of servicing bond indebtedness incurred to finance, plan, construct, or reconstruct a public or not-for-profit hospital in the county and for any land acquisition, land improvement, design, or engineering costs related thereto” if the commission determines that a currently existing public or not-for-profit hospital would otherwise cease to operate without committing these revenues for these purposes. However, the plan must be approved by an extraordinary vote of the county commission.

Subsections (d) and (e) are renumbered as subsections (e) and (f), and subsection (f) is amended to require the clerk of court, upon the direction of the county, to disburse the tax proceeds, and any interest accrued, to service any bond indebtedness authorized in this bill.

Subsection (f) is renumbered as subsection (g), and is amended to authorize counties with less than 30,000 residents to issue the combination of the Local Government Infrastructure Surtax, the Small County Surtax, and the Voter-Approved Indigent Care Surtax at a rate up to 1.5 percent.

Section 2. Amends s. 336.025, F.S., to add municipalities which are located within a county with a population of less than 50,000 on April 1, 1992, to the entities allowed to use the proceeds of a local option fuel tax for infrastructure projects, consistent with the local government’s comprehensive plan.

Section 3. Provides that this act will take effect October 1, 2002.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The provisions of this bill have no impact on municipalities and the counties under the requirements of Art. VII, s. 18 of the Florida Constitution..

B. Public Records/Open Meetings Issues:

The provisions of this bill have no impact on public records or open meetings issues under the requirements of Art. I, s. 24(a) and (b) of the Florida Constitution.

C. Trust Funds Restrictions :

The provisions of this bill have no impact on the trust fund restrictions under the requirements of Art. III, s. 19(f) of the Florida Constitution..

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

This bill authorizes counties with a population of fewer than 30,000 residents to levy an indigent care surtax of up to one percent upon approval by a majority vote of the electors of the county voting in a referendum. The following counties have less than 30,000 residents: Baker, Bradford, Calhoun, Dixie, Franklin, Gilchrist, Glades, Gulf, Hamilton, Hardee, Holmes, Jefferson, Lafayette, Liberty, Madison, Taylor, Union, Wakulla, and Washington.

B. Private Sector Impact:

If any county imposes this tax, consumers in that county will pay additional sales taxes on taxable purchases.

C. Government Sector Impact:

Imposition of this tax will provide qualified counties with additional resources to fund health care services for indigent and medically poor persons.

A municipality within a county with a population of 50,000 or less on April 1, 1992, will have the ability to use the proceeds from local option fuel taxes for infrastructure purposes, consistent with the local government's comprehensive plan, if such municipality has entered into an inter-local agreement with the county.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.