

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/SB 2186

SPONSOR: Health, Aging, and Long-Term Care Committee and Senators Argenziano and Lawson

SUBJECT: Indigent Care Surtax

DATE: April 16, 2003

REVISED: 04/21/03

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Wilson</u>	<u>Wilson</u>	<u>HC</u>	<u>Favorable/CS</u>
2.	<u>Cooper</u>	<u>Yeatman</u>	<u>CP</u>	<u>Fav/1 amendment</u>
3.	<u></u>	<u></u>	<u>FT</u>	<u></u>
4.	<u></u>	<u></u>	<u>AP</u>	<u></u>
5.	<u></u>	<u></u>	<u></u>	<u></u>
6.	<u></u>	<u></u>	<u></u>	<u></u>

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, rather than 0.5 percent as authorized in current law, pursuant to an ordinance conditioned to take effect only upon approval by a majority vote of the electors of the county voting in a referendum. The bill expands the use of the tax in counties with fewer than 30,000 residents to include issuing bonds to finance, plan, construct, or reconstruct a public or not-for-profit hospital in the county and any land acquisition, land improvement, design, or engineering costs related to such hospital, if the governing body determines that a hospital in existence at the time of the issuance of the bonds would, more likely than not, otherwise cease to operate. The bill requires the clerk of the circuit court, as the ex officio custodian of the funds of the authorizing county, to disburse the funds to service bond indebtedness upon a directive from the authorizing county. The directive from the authorizing county may be irrevocably given at the time the bond indebtedness is incurred.

The bill amends s. 212.055, 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 for administering, collecting, and enforcing 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 proceeds 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%	7	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	9
Voter-Approved Indigent Care Surtax	0.5% or 1%	61	0

(Source: Legislative Committee on Intergovernmental Relations, 9/2002)

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.

According to the 2000 census (04/01/2000), the following 19 counties had a population below 30,000: Baker, Bradford, Calhoun, Dixie, Franklin, Gilchrist, Glades, Gulf, Hamilton, Hardee, Holmes, Jefferson, Lafayette, Liberty, Madison, Taylor, Union, Wakulla, and Washington Counties.

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, rather than 0.5 percent as authorized in current law, pursuant to an ordinance conditioned to take effect only upon approval by a majority vote of the electors of the county voting in a referendum. In addition to the uses of the indigent care surtax otherwise authorized in this section, counties with a population of fewer than 30,000 residents may use the tax proceeds to fund bonds to assist a public or not-for-profit hospital in the county. However, the county may not issue such bonds more frequently than 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.

The plan for a county with less than 30,000 residents, may provide that some or all of the surtax revenues and any interest earned 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.

The bill requires the clerk of court, upon the direction of the authorizing county, to disburse the tax proceeds, and any interest earned, to service any bond indebtedness authorized in this bill. Counties with less than 30,000 residents may 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. Provides that this act will take effect upon becoming a law.

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, rather than 0.5 percent as authorized in current law, 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 hospital and health care services for indigent and medically poor persons.

VI. Technical Deficiencies:

Page 2, lines 11 – 12 contain unnecessary new language relating to the referendum required to impose the tax. It should be deleted.

VII. Related Issues:

None.

VIII. Amendments:

#1 by Comprehensive Planning:
Technical amendment.

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