

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 995 Local Government Infrastructure Surtax

SPONSOR(S): Mayfield

TIED BILLS: **IDEN./SIM. BILLS:** CS/SB 346

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Agriculture & Natural Resources Subcommittee	12 Y, 0 N	Moore, R.	Harrington
2) Finance & Tax Committee			
3) Local & Federal Affairs Committee			

SUMMARY ANALYSIS

A county may levy a discretionary sales surtax of 0.5 percent or 1 percent pursuant to ordinance enacted by a majority of the members of the county and approved by a majority of the electors of the county voting in a referendum on the surtax. If municipalities representing a majority of the county’s population adopt uniform resolutions establishing the rate of the surtax and calling for a referendum on the surtax, the levy of the surtax must be placed on the ballot and will take effect if approved by a majority of the electors of the county voting on the surtax.

Surtax proceeds and any accrued interest must be expended by the school district within the county and municipalities within the county, or, in the case of a negotiated joint county agreement, within another county to:

- Finance, plan, and construct infrastructure;
- Acquire land for public recreation, conservation, or protection of natural resources;
- Provide loans, grants, or rebates to residential or commercial property owners who make energy efficiency improvements to their residential or commercial property, if a local government ordinance authorizing such use is approved by referendum; or
- Finance the closure of county-owned or municipally owned solid waste landfills that have been closed or are required to be closed by order of the Department of Environmental Protection.

The bill allows proceeds and accrued interest from the local government infrastructure surtax to be used for funding capital projects to restore natural water bodies for public use, including tributaries, canals, stormwater conveyance systems, and channels that are directly connected to natural water bodies. The bill provides that the use is limited to dredging operations related to ecologically beneficial muck removal.

The bill may have a positive fiscal impact on local governments and does not appear to have an impact on the state.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Discretionary Sales Surtaxes

There are eight discretionary sales surtaxes that serve as potential revenue sources for county and municipal governments and school districts.¹ They are:

- The charter county and regional transportation system surtax;²
- The local government infrastructure surtax;³
- The small county surtax;⁴
- The indigent care and trauma center surtax;⁵
- The county public hospital surtax;⁶
- The school capital outlay surtax;⁷
- The voter-approved indigent care surtax;⁸ and
- The emergency fire rescue services and facilities surtax.⁹

The Local Government Infrastructure Surtax

A county may levy a discretionary sales surtax of 0.5 percent or 1 percent pursuant to ordinance enacted by a majority of the members of the county and approved by a majority of the electors of the county voting in a referendum on the surtax.¹⁰ If municipalities representing a majority of the county's population adopt uniform resolutions establishing the rate of the surtax and calling for a referendum on the surtax, the levy of the surtax must be placed on the ballot and will take effect if approved by a majority of the electors of the county voting on the surtax.¹¹

Surtax proceeds and any accrued interest must be expended by the school district within the county and municipalities within the county, or, in the case of a negotiated joint county agreement, within another county to:

- Finance, plan, and construct infrastructure;
- Acquire land for public recreation, conservation, or protection of natural resources;
- Provide loans, grants, or rebates to residential or commercial property owners who make energy efficiency improvements to their residential or commercial property, if a local government ordinance authorizing the use is approved by referendum; or
- Finance the closure of county-owned or municipally owned solid waste landfills that are closed or are required to be closed by order of the Department of Environmental Protection.¹²

A county may not levy a discretionary sales surtax under the local government infrastructure surtax, the small county surtax, the indigent care and trauma center surtax, and the county public hospital surtax in excess of a combined rate of 1 percent.¹³

¹ Section 212.055, F.S.

² Section 212.055(1), F.S.

³ Section 212.055(2), F.S.

⁴ Section 212.055(3), F.S.

⁵ Section 212.055(4), F.S.

⁶ Section 212.055(5), F.S.

⁷ Section 212.055(6), F.S.

⁸ Section 212.055(7), F.S.

⁹ Section 212.055(8), F.S.

¹⁰ Section 212.055(2)(a)1., F.S.

¹¹ *Id.*

¹² Section 212.055(2)(d), F.S.

¹³ Section 212.055(2)(h), F.S.

Effect of Proposed Changes

The bill amends s. 212.055(2), F.S., regarding the local government infrastructure surtax to provide that proceeds of the surtax and accrued interest may be used for funding capital projects to restore natural water bodies for public use, including tributaries, canals, stormwater conveyance systems, and channels that are directly connected to natural water bodies. The bill provides that the use is limited to dredging operations related to ecologically beneficial muck removal. The bill requires the use to be approved by referendum.

B. SECTION DIRECTORY:

Section 1. Amends s. 212.055(2), F.S., regarding local government infrastructure surtaxes.

Section 2. Reenacts s. 202.19, F.S., to incorporate the changes made to s. 212.055(2), F.S.

Section 3. Reenacts s. 202.20, F.S., to incorporate the changes made to s. 212.055(2), F.S.

Section 4. Reenacts s. 212.054, F.S., to incorporate the changes made to s. 212.055(2), F.S.

Section 5. Reenacts s. 212.0597, F.S., to incorporate the changes made to s. 212.055(2), F.S.

Section 6. Reenacts s. 212.20, F.S., to incorporate the changes made to s. 212.055(2), F.S.

Section 7. Reenacts s. 1013.736, F.S., to incorporate the changes made to s. 212.055(2), F.S.

Section 8. Provides an effective date.

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:

The bill may have a positive fiscal impact on local governments if the local government infrastructure surtax is approved by referendum for this use.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill does not directly impact the private sector, but if a county approves the tax by referendum, it will increase the tax rate on transactions within the county.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

None.