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 Appropriations	
BILL:	CS/CS/SB 1054
INTRODUCER:	Appropriations Committee; Community Affairs Committee; and Senator Lee
SUBJECT:	Community Redevelopment Agencies
DATE:	April 19, 2019 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Ryon	Yeatman	CA	**Fav/CS**
2.	McAuliffe	Hrdlicka	ATD	**Recommend: Favorable**
3.	McAuliffe	Kynoch	AP	**Fav/CS**

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/CS/SB 1054 makes numerous changes to ch. 163, F.S., relating to Community Redevelopment Agencies (CRAs).

The bill increases accountability and transparency for CRAs by:

- Requiring the commissioners of a CRA to undergo four hours of ethics training annually;
- Requiring each CRA to use the same procurement and purchasing processes as the county or municipality that created it;
- Expanding the annual reporting requirements for CRAs to include audit information and performance data and requiring the information and data to be published on the agency website;
- Providing that beginning October 1, 2019, moneys in the CRA redevelopment trust fund may only be expended pursuant to an annual budget adopted by the board of commissioners for the CRA and only for those purposes specified in current law, including overhead and administrative costs;
- Requiring a CRA created by a municipality to provide its proposed budget, and any amendments to the budget, to the board of county commissioners for the county in which the CRA is located 10 days after the adoption of such budget; and
- Requiring counties and municipalities to include CRA data in their annual financial reports.

The bill also provides a process for the Department of Economic Opportunity (DEO) to declare a CRA inactive if it has no revenue, expenditures, and debt for six consecutive fiscal years, and

provides for the termination of existing CRAs at the earlier of the expiration date stated in the CRA's charter as of October 1, 2019, or on September 30, 2039. The governing board of the creating local government entity may prevent the termination of a CRA by a majority vote. Finally, the bill authorizes the local governing body that created the CRA to adjust the level of tax increment financing available to the CRA.

The bill is expected to have a minimal fiscal impact on the state.

The bill is effective on October 1, 2019.

II. Present Situation:

The Community Redevelopment Act

The Community Redevelopment Act of 1969 authorizes a county or municipality to create a community redevelopment agency (CRA) as a means of redeveloping slums and blighted areas.[1] The act defines a "blighted area" as an area in which there are a substantial number of deteriorated structures causing economic distress or endangerment to life or property and two or more of the factors listed in s. 163.340(8), F.S., are present. However, an area may also be classified as blighted if one factor is present and all taxing authorities with jurisdiction over the area agree that the area is blighted by interlocal agreement or by passage of a resolution by the governing bodies.[2]

The act defines a "slum area" as "an area having physical or economic conditions conducive to disease, infant mortality, juvenile delinquency, poverty, or crime because there is a predominance of buildings or improvements" in poor states of repair with one of the following factors present:

- Inadequate provision for ventilation, light, air, sanitation, or open spaces;
- High density of population, compared to the population density of adjacent areas within the county or municipality, and overcrowding, as indicated by government-maintained statistics or other studies and the requirements of the Florida Building Code; or
- The existence of conditions that endanger life or property by fire or other causes.[3]

Creation of Community Redevelopment Agencies

Either a county or a municipal government may create a CRA. Before creating a CRA, a county or municipal government must adopt a resolution with a "finding of necessity." This resolution must make legislative findings "supported by data and analysis" that the area to be included in the CRA's jurisdiction is either blighted or a slum and that redevelopment of the area is necessary to promote "the public health, safety, morals, or welfare" of residents.[4]

A county or municipality may create a CRA upon the adoption of a finding of necessity and a finding that a CRA is necessary for carrying out the community redevelopment goals embodied

[1] Chapter 163, F.S., part III.
[2] Section 163.340(8), F.S.
[3] Section 163.340(7), F.S.
[4] Section 163.355, F.S.

by the act.[5] A CRA created by a county may only operate within the boundaries of a municipality when the municipality has concurred by resolution with the community redevelopment plan adopted by the county. A CRA created by a municipality may not include more than 80 percent of the municipality if it was created after July 1, 2006.[6]

The ability to create, expand, or modify a CRA is also determined by the county's status as a charter or non-charter county, as summarized below:

- If a CRA is created in a charter county after the adoption of the charter, the county possesses authority to create CRAs within the county, but may delegate authority to a municipality via interlocal agreement.[7]
- If a CRA is created in a municipality in a charter county before the adoption of the charter, the county does not have authority over CRA operations, including modification of the redevelopment plan or expansion of CRA boundaries.[8]
- If a CRA is created in a municipality in a non-charter county, the county does not have authority over CRA operations, including modification of the redevelopment plan or expansion of CRA boundaries.[9]

As of March 20, 2019, there are 227 CRAs in Florida, which is a 30 percent increase over the past decade.[10]

Community Redevelopment Agency Boards

The act allows the local governing body creating a CRA to choose between two structures for the agency governing board.

One option is to appoint a board of commissioners consisting of five to nine members serving four-year terms.[11] The local governing body may appoint any person as a commissioner who lives in or is engaged in business in the agency's area of operation.[12] The local governing body making the appointment selects the chair and vice chair of the commission.[13] Commissioners are not entitled to compensation for their services, but may receive reimbursement for expenses incurred in the discharge of their official duties.[14] Commissioners and employees of a CRA are subject to the code of ethics for public officers and employees under ch. 112, F.S.[15]

[5] Section 163.356(1), F.S.
[6] Section 163.340(10), F.S.
[7] Section 163.410, F.S.
[8] *Id.*
[9] Section 163.415, F.S.
[10] Compare of Dept. of Economic Opportunity, Special District Accountability Program, Official List of Special Districts Online, *available at*: http://specialdistrictreports.floridajobs.org/webreports/criteria.aspx (last visited March 29, 2019)
[11] Section 163.356(2), F.S.
[12] Section 163.356(3)(b), F.S. A person is "engaged in business" if he or she owns a business, performs services for compensation, or serves as an officer or director of a business that owns property or performs services in the agency's area of operation.
[13] Section 163.356(3)(c), F.S.
[14] Section 163.356(3)(a), F.S.
[15] Section 163.367(1), F.S.

The second option is for the local governing body to appoint itself as the agency board of commissioners.[16] If the local governing body consists of five members, the local governing body may appoint two additional members to four-year terms.[17] The additional members must meet the selection criteria for appointed board members under s. 163.356, F.S., or be representatives of another taxing authority within the agency's area of operation, subject to an interlocal agreement between the local governing body creating the CRA and the other taxing authority.[18]

As of March 20, 2019, the local governing body creating the CRA serves as the CRA board for 159 of the 227 active CRAs.[19]

Community Redevelopment Agency Operations

The CRA board of commissioners is responsible for exercising the powers of the agency.[20] A majority of the board's members are required for a quorum. An agency is authorized to employ an executive director, technical experts, legal counsel, and other agents and employees necessary to fulfill its duties.[21]

A CRA exercising its powers under the act must file an annual report to the local governing body that created it.[22] The report must contain a complete financial statement of the assets, liabilities, income, and operating expenses of the agency. The CRA must publish a notice in a newspaper of general circulation in the community that the report has been filed and is available for inspection during business hours in the office of the clerk of the city or county commission and the office of the CRA.[23]

Community Redevelopment Plans

A community redevelopment plan must be in place before a CRA can engage in operations.[24] Each community redevelopment plan must provide a time certain for completing all redevelopment financed by increment revenues. The time certain must occur no later than 30 years after the fiscal year in which the plan is approved, adopted, or amended pursuant to s. 163.361(1), F.S. However, for any agency created after July 1, 2002, the time certain for completing all redevelopment financed by increment revenues must occur within 40 years after the fiscal year in which the plan is approved or adopted.[25]

The county, municipality, the CRA itself, or members of the public may submit a plan and the CRA then chooses which plan it will use as its community redevelopment plan. Next, the CRA

[16] Section 163.357(1)(a), F.S.
[17] Section 163.357(1)(c), F.S.
[18] Section 163.357(1)(c)-(d), F.S.
[19] Dept. of Economic Opportunity, Special District Accountability Program, Official List of Special Districts Online, *available at*: http://specialdistrictreports.floridajobs.org/webreports/criteria.aspx (last visited March 29, 2019).
[20] Section 163.356(3)(b), F.S.
[21] Section 163.356(3)(c), F.S.
[22] *Id.*
[23] *Id.*
[24] Section 163.360(1), F.S.
[25] Section 163.362(10), F.S.

must submit the plan to the local planning agency for review before the plan can be considered. The local planning agency must complete its review within 60 days.[26]

The CRA must submit the community redevelopment plan to the governing body that created the CRA as well as to each taxing authority that levies ad valorem taxes on taxable real property contained in the boundaries of the CRA.[27] The local governing body that created the CRA must hold a public hearing before the plan is approved.[28]

To approve the plan, the local governing body must make findings as specified in s. 163.360(7), F.S. The community redevelopment plan must also:

- Conform to the comprehensive plan for the county or municipality;
- Indicate land acquisition, demolition, and removal of structures; redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the community redevelopment area; zoning and planning changes, if any; land uses; maximum densities; and building requirements; and
- Provide for the development of affordable housing in the area, or state the reasons for not addressing in the plan the development of affordable housing.[29]

Redevelopment Trust Fund

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). The amount of TIF available to the agency in a given year is equal to 95 percent of the difference between:

- The amount of ad valorem taxes levied in the current year by each taxing authority, excluding any debt service millage, on taxable real property within the boundaries of the community redevelopment area; and
- The amount of ad valorem taxes that would have been produced by levying the current year's millage rate for each taxing authority, excluding any debt service millage, on taxable real property within the boundaries of the community redevelopment area at the total assessed value of the taxable real property prior to the effective rate of the ordinance providing for the redevelopment trust fund.[30]

A CRA created by a county defined in s. 125.011(1), F.S., (Miami-Dade County) on or after July 1, 1994, may set the amount of funding provided at less than 95 percent, with a floor of 50 percent.

Each taxing authority must transfer TIF funds to the redevelopment trust fund of the CRA by January 1 of each year. For CRAs created before July 1, 2002, each taxing authority must make an annual appropriation to the trust fund for the lesser of 60 years from when the community redevelopment plan was adopted or 30 years from when it was amended. For CRAs created on or after July 1, 2002, each taxing authority must make an annual appropriation to the trust fund for

[26] Section 163.360(4), F.S.
[27] Section 163.360(5), F.S.
[28] Section 163.360(6), F.S.
[29] Section 163.360(2), F.S.
[30] Section 163.387(1)(a), F.S.

40 years from when the community redevelopment plan was adopted.[31] If there are any outstanding loans, advances, or indebtedness at the conclusion of these time periods, the local governing body that created the CRA must continue transfers to the redevelopment trust fund until the debt has been paid.[32]

If a taxing authority does not transfer the TIF funds to the redevelopment trust fund, the taxing authority is required to pay a penalty of 5 percent of the TIF amount to the trust fund as well as 1 percent interest per month for the outstanding amount.[33] A CRA may choose to waive these penalties in whole or in part.

Any revenue bonds issued by the CRA are payable from revenues pledged to and received by the CRA and deposited into the redevelopment trust fund.[34] The lien created by the revenue bonds does not attach to the bonds until the revenues are deposited in the redevelopment trust fund and bondholders are not granted any right to require taxation in order to retire the bond. Revenue bonds issued by a CRA are not a liability of the state or any political subdivision of the state and this status must be made clear on the face of the bond.[35]

A CRA may spend funds deposited in its redevelopment trust fund for purposes, including, but not limited to those listed in s. 163.387(6), F.S., which include:

- Administrative and overhead expenses;
- Planning, surveys, and financial expenses;
- The acquisition of property;
- Clearance and preparation of the redevelopment area including relocation of residents;
- Repayment of principal and interest for loans and other indebtedness;
- Expenses related to the issuance, sale, purchase, and other bond related expenses; and
- The development of affordable housing.

If any funds remain in the redevelopment trust fund on the last day of the fiscal year, the funds must be:

- Returned to each taxing authority on a pro rata basis;
- Used to reduce the amount of any indebtedness to which increment revenues are pledged;
- Deposited into an escrow account for the purpose of later reducing any indebtedness to which increment revenues are pledged; or
- Appropriated to a specific redevelopment project pursuant to an approved community redevelopment plan; the project must be completed within 3 years from the date of such appropriation.[36]

Each CRA is required to provide for an annual audit of its redevelopment trust fund, conducted by an independent certified public accountant or firm.[37]

[31] Section 163.387(2)(a), F.S.
[32] Section 163.387(3)(a), F.S.
[33] Section 163.387(2)(b), F.S.
[34] Section 163.387(4), F.S.
[35] Section 163.387(5), F.S.
[36] Section 163.387(7), F.S.
[37] Section 163.387(8), F.S.

CRA Oversight and Accountability

Miami-Dade County Grand Jury Report

A Miami-Dade County grand jury issued a report in 2016 after "learning of several examples of mismanagement of large amounts of public dollars" by CRAs.[38] The report found that some CRA boards were "spending large amounts of taxpayer dollars on what appeared to be pet projects of elected officials" and "there is a significant danger of CRA funds being used as a slush fund for elected officials."[39] In the event funds were misused, the report found that the act lacked any accountability and enforcement measures.

The report noted that while county and municipal governments may not pledge ad valorem tax proceeds to finance bonds without voter approval, the board of a CRA can pledge TIF funds to finance bonds without any public input.[40]

The grand jury found that redevelopment trust fund money was often used "without the exercise of any process of due diligence, without justification and without recourse."[41] The report notes that the act does not provide guidelines for the proper use of CRA funds, resulting in questionable expenditures.[42] For example, one CRA highlighted in the report spent $300,000 of its $400,000 budget on administrative expenses. The report also found examples of the CRA funds being used to fund fairs, carnivals, and other community entertainment events.[43] Additionally, the report found that funds may have been misused as part of the CRA contracting process since there is no specified procurement process that CRAs must follow.[44]

While the act states affordable housing is one of the three primary purposes for the existence of CRAs, the report found that the provision of affordable housing by CRAs "appears to be the exception and not the rule."[45] The report stated that while CRAs cite prohibitive costs as a reason for not developing affordable housing, funds are often used for other purposes.[46] Some CRAs have requested that their boundaries be extended to include areas for low-income housing while not providing any affordable housing.[47] Some CRA board members have stated the agencies do not focus on affordable housing because it does not produce sufficient revenue.[48]

Another area of concern for the grand jury was a focus on removing blight by improving the appearance of commercial areas, but leaving slum conditions in place, particularly in the form of multi-family housing that is "unsafe, unsanitary, and overcrowded."[49] The grand jury points to

[38] Miami-Dade County Grand Jury, Final Report for Spring Term A.D. 2015, at 1, filed Feb. 3, 2016, *available at:* https://www.miamisao.com/publications/grand_jury/2000s/gj2015s.pdf (last visited March 29, 2019).
[39] *Id.* at 7.
[40] *Id.* at 9.
[41] *Id.* at 14.
[42] *Id.* at 15.
[43] *Id.* at 16.
[44] *Id.* at 17.
[45] *Id.* at 19.
[46] *Id.*
[47] *Id.*
[48] *Id.* at 20.
[49] *Id.* at 22.

news coverage of some apartment buildings with overflowing toilets and frequent losses of power due to the need for repairs. The report notes the contrast between these conditions and the use of some CRA proceeds to "fund ball stadiums, performing arts centers[,] and dog parks."[50]

The grand jury report also notes that while a finding of necessity is required for creating a CRA, there is no process for determining whether the mission of the CRA has been fulfilled.[51]

The report makes 29 recommendations for ensuring transparency and accountability in the operation of CRAs, including:

- Requiring all CRA boards to contain members of the community;
- Imposing a cap on annual CRA expenditures used for administrative costs;
- Requiring CRAs to adopt procurement guidelines that mirror those of the associated county or municipality;
- Requiring each CRA to submit its budget to the county commission with sufficient time for full consideration;
- Setting aside a percentage of TIF revenue for affordable housing; and
- Imposing ethics training requirements.[52]

Broward County Inspector General Reports

The Broward County Office of the Inspector General has conducted two investigations into CRA operations in the past five years: Hallandale Beach CRA in 2013[53] and Margate CRA in 2014.[54] The investigation into the Hallandale Beach CRA showed that the agency failed to create a trust fund and that the city commission failed to operate the CRA as an entity separate from the city.[55] The former executive director of the CRA stated the city had "free reign" to use funds from the CRA's account.[56] The report found over $2 million of questionable expenditures by the Hallandale Beach CRA between 2007 and 2012, including $125,000 in inappropriate loans and $152,494 spent on "civic promotions such as festivals and fireworks displays."[57] After some of these issues were brought to the attention of the city and the CRA, the CRA continued working on a funding plan that included spending $5,347,000 on two parks outside of the boundaries of the CRA. The report also found that the CRA paid "substantially more than its appraised value" to purchase a property owned by a church whose pastor was a city commissioner at the time.[58]

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[50] *Id.*
[51] *Id.* at 32.
[52] *Id.* at 34-36.
[53] Broward Office of the Inspector Gen., Final Report Re: Gross Mismanagement of Public Funds by the City of Hallandale Beach and the Hallandale Beach Community Redevelopment Agency, OIG 11-020, April 18, 2013, *available at:* http://www.broward.org/InspectorGeneral/Documents/20130418OIG11020FinalReport.pdf (last visited March 29, 2019).
[54] Broward Office of the Inspector Gen., Final Report Re: Misconduct by the Margate Community Redevelopment Agency in the Handling of Taxpayer Funds, OIG 13-015A, July 22, 2014, *available at:* http://www.broward.org/InspectorGeneral/Documents/OIG13015AMargateCRAFinalReport.pdf (last visited March 29, 2014).
[55] City of Hallandale Beach, supra note 54, at 1.
[56] *Id.* at 28.
[57] *Id.* at 1.
[58] *Id.* at 2.

The investigation of the Margate CRA showed a failure to properly allocate TIF funds received from the county and other taxing authorities.[59] While the CRA stated unused funds were not returned because they were allocated for a specific project, the investigation showed the agency had a pattern of intentionally retaining excess unallocated funds for later use.[60] This pattern of misuse had resulted in a debt to the county of approximately $2.7 million for Fiscal Years 2008-2012.[61]

Auditor General Report

The Auditor General is required to conduct a performance audit of the local government financial information reporting system every three years.[62] As part of the most recent performance audit, the Auditor General made five findings concerning CRAs:

- Current law could be enhanced to be more specific as to the types of expenditures that qualify.
- Current law could be enhanced to provide county taxing authorities more control over expenditures of CRAs created by municipalities to help ensure that CRA trust fund moneys are used appropriately.
- Current law could be revised to require all CRAs, including those created before October 1, 1984, to follow the statutory requirements governing the specific authorized uses of CRA trust fund moneys.
- Current law could be enhanced to allow CRAs to provide for reserves of unexpended CRA trust fund balances to be used during financial downturns.
- Current law could be enhanced to promote compliance with the audit requirement in s. 163.387(8), F.S., and to require such audits to include a determination of compliance with laws pertaining to expenditure of, and disposition of unused, CRA trust fund moneys.[63]

Ethics Training Requirements for Public Officials

Constitutional officers and all elected municipal officers must complete four hours of ethics training on an annual basis.[64] The required ethics training must include instruction on Art. II, s. 8 of the Florida Constitution, the Code of Ethics for Public Officers and Employees, and the public records and public meetings laws. This requirement may be met by attending a continuing legal education class or other continuing professional education class, seminar, or presentation if the required subjects are covered.

[59] Margate Community Redevelopment Agency, supra note 55, at 1.
[60] *Id.*
[61] *Id.* at 2.
[62] Section 11.45(2)(g), F.S.
[63] Florida Auditor Gen., Report No. 2015-037, p. 1, Oct. 2014, *available at:* https://flauditor.gov/pages/pdf_files/2015-037.pdf (last visited March 29, 2019).
[64] Section 112.3142, F.S. A "constitutional officer" is defined as the Governor, the Lieutenant Governor, the Attorney General, the Chief Financial Officer, the Commissioner of Agriculture, state attorneys, public defenders, sheriffs, tax collectors, property appraisers, supervisors of elections, clerks of the circuit court, county commissioners, district school board members, and superintendents of schools.

Inactive Special Districts

A "special district" is a unit of local government created for a particular purpose, with jurisdiction to operate within a limited geographic boundary. Whether dependent or independent, when a special district no longer fully functions or fails to meet its statutory responsibilities, the DEO must declare that district inactive by following a specified process.[65] The DEO must first document the factual basis for declaring the district inactive.

A special district may be declared inactive if it meets one of the following criteria:

- The registered agent of the district, the chair of the district governing body, or the governing body of the appropriate local general-purpose government:
  - Provides the DEO with written notice that the district has taken no action for 2 or more years;
  - Provides the DEO with written notice that the district has not had any members on its governing body or insufficient numbers to constitute a quorum for 2 or more years; or
  - Fails to respond to an inquiry by the DEO within 21 days.[66]
- Following statutory procedure,[67] the DEO determines the district failed to file specified reports,[68] including required financial reports.[69]
- For more than 1 year, no registered office or agent for the district was on file with the DEO.[70]
- The governing body of the district unanimously adopts a resolution declaring the district inactive and provides documentation of the resolution to the DEO.[71]

Once the DEO determines which criterion applies to inactivate the district, notice of the proposed declaration of inactive status is published by the DEO, the local general-purpose government for the area where the district is located, or the district itself.[72] After declaring certain special districts inactive, the DEO must send written notice of the declaration to the authorities that created the district. The property and assets of a special district declared inactive by the DEO are first used to pay any debts of the district and any remaining property or assets then escheat to the county or municipality in which the district was located. If the district's assets are insufficient to pay its outstanding debts, the local general-purpose government in which the district was located may assess and levy within the territory of the inactive district such taxes as necessary to pay the remaining debt.[73]

A district declared inactive may not collect taxes, fees, or assessments.[74] This prohibition continues until the declaration of invalid status is withdrawn or revoked by the DEO[75] or

[65] Section 189.062(1), F.S.
[66] Section 189.062(1)(a)1.-3., F.S.
[67] Section 189.067, F.S.
[68] Section 189.066, F.S.
[69] Section 189.062(1)(a)4., F.S. See, ss. 189.016(9), 218.32, 218.39, F.S.
[70] Section 189.062(1)(a)5., F.S.
[71] Section 189.062(1)(a)6., F.S.
[72] Publication must be in a newspaper of general circulation in the county or municipality where the district is located and a copy sent by certified mail to the district's registered agent or chair of the district's governing body, if any. Section 189.062(1)(b), F.S.
[73] Section 189.062(2), F.S.
[74] Section 189.062(5), F.S.
[75] Section 189.062(5)(a), F.S.

invalidated in an administrative proceeding[76] or civil action[77] timely brought by the governing body of the special district.[78] Failure of the special district to challenge (or prevail against) the declaration of inactive status enables the DEO to enforce the statute through a petition for enforcement in circuit court.[79]

Declaring a special district to be inactive does not dissolve the district or otherwise cease its legal existence. Subsequent action is required to repeal the legal authority creating the district, whether by the Legislature[80] or the entity that created the district.[81]

Annual Financial Reports for Local Government Entities

Counties, municipalities, and special districts must submit an annual financial report for the previous fiscal year to the Department of Financial Services (DFS).[82] The report must include component units of the local government entity submitting the report. If a local government entity is required to conduct an audit under s. 218.39, F.S., for the fiscal year, the annual financial report, as well as a copy of the audit report, must be submitted to DFS within 45 days of completion of the audit report, but no later than 9 months after the end of the fiscal year. If the local government entity is not required to conduct an audit under s. 218.39, F.S., for the fiscal year, the annual financial report is due no later than 9 months after the end of the fiscal year. Each local government must provide a link to the annual audit report on its website.

III. Effect of Proposed Changes:

Section 1 amends s. 112.3142, F.S., to require each commissioner of a CRA to complete four hours of ethics training each calendar year beginning January 1, 2020. This requirement may be satisfied by the completion of a continuing legal education class or other continuing education professional education class, seminar, or presentation if the required subject material is covered by such class.

Section 2 amends s. 163.356, F.S., to repeal the annual report requirements and reference the new CRA annual report requirements created in s. 163.371(1), F.S., by the bill.

Section 3 amends s. 163.367, F.S., to provide that commissioners of a CRA must comply with the ethics training requirements in s. 112.3142, F.S. The requirements include mandating that officers complete four hours of ethics training each calendar year.

[76] Section 189.062(5)(b)1., F.S. Administrative proceedings are conducted pursuant to s. 120.569, F.S.
[77] Section 189.062(5)(b)2., F.S. The action for declaratory and injunctive relief is brought under ch. 86, F.S.
[78] The special district must initiate the legal challenge within 30 days after the date the newspaper notice of the DEO's declaration of inactive status is published. Section 189.062(5)(b), F.S.
[79] Section 189.062(5)(c), F.S. The enforcement action is brought in the circuit court in and for Leon County.
[80] Sections 189.071(3), 189.072(3), F.S.
[81] Section 189.062(4), F.S. Unless otherwise provided by law or ordinance, dissolution of a special district transfers title to all district property to the local general-purpose government, which also must assume all debts of the dissolved district. Section 189.076(2), F.S.
[82] Section 218.32, F.S.

Section 4 amends s. 163.370, F.S., to require a CRA to procure all commodities and services under the same purchasing processes and requirements that apply to the county or municipality that created the agency.

Section 5 creates s. 163.371, F.S., to provide reporting requirements for CRAs. Specifically, the section requires each CRA to submit an annual report to the county or municipality that created the agency by March 31 of each year and to publish the report to the agency's website. The report must include the most recent complete audit report of the redevelopment trust fund and provide performance data for each community redevelopment plan authorized, administered, or overseen by the CRA. If a CRA's audit report is not complete by March 31, the CRA must publish the audit report on its website within 45 days of completion. The performance data report must include the following information as of December 31 of the year being reported:

- The total number of projects the CRA started and completed, and the estimated cost of each project;
- The total expenditures from the redevelopment trust fund;
- The original assessed real property values within the CRA's area of authority as of the day the agency was created;
- The total assessed real property values within the CRA's area of authority as of January 1 of the year being reported; and
- The total amount expended for affordable housing for low- and middle-income residents.

The report must also include a summary indicating if and to what extent the CRA has achieved the goals set out in its community redevelopment plan.

By January 1, 2020, each CRA must publish digital maps on its website depicting the geographic boundaries and the total acreage of the CRA. If any change is made to the boundaries or total acreage, the CRA must post the updated map files on its website within 60 days after the date such change takes effect.

Section 6 creates s. 163.3755, F.S., to provide for the termination of existing CRAs at the earlier of the expiration date stated in the CRA's charter as of October 1, 2019, or on September 30, 2039. However, the governing board of the creating local government entity may prevent the termination of a CRA by a majority vote. The bill does not provide a deadline by which such vote must occur.

If the governing board does not vote to continue a CRA with outstanding bond obligations as of October 1, 2019, and those bonds do not mature until after the termination date of the CRA or September 30, 2039, the bill provides that the CRA remains in existence until the bonds mature. A CRA in operation on or after September 30, 2039, may not extend the maturity date of its bonds. The bill requires a county or municipality operating an existing CRA to issue a new finding of necessity that is limited to meeting the remaining bond obligations of the CRA in a timely manner.

Section 7 creates s. 163.3756, F.S., relating to inactive CRAs. The section provides a legislative finding that a number of CRAs continue to exist despite reporting no revenues, no expenditures, and no outstanding debt in their annual reports.

The DEO must declare inactive any CRA reporting no revenues, expenditures, and debt for six consecutive fiscal years with the calculation beginning on October 1, 2016. The DEO must notify the CRA of the declaration of inactive status. If the CRA has no board members and no agent, the DEO must notify the governing board or commission of the county or municipality that created the CRA. The governing board of a CRA declared inactive by this procedure may seek to invalidate the declaration by initiating proceedings under s. 189.062(5), F.S., within 30 days after the date of receipt of the DEO notice.

A CRA declared inactive may only expend funds from its redevelopment trust fund as necessary to service outstanding bond debt. The CRA may not expend other funds without an ordinance of the governing body of the local government that created the CRA consenting to the expenditure of funds.

The bill provides that the provisions of s. 163.3756, F.S., are cumulative to the provisions of s. 189.062, F.S., which provides special procedures for inactive special districts. However, if the provisions in s.163.3756, F.S., conflict with s. 189.062, F.S., then s. 163.3756, F.S., prevails. Further, the bill provides that the provisions of s. 189.062(2) and (4), F.S., do not apply to a CRA that has been declared inactive under this section (levy of taxes to repay debt and repeal of laws enabling the special district).

The DEO must maintain on its website a separate list of CRAs declared inactive pursuant to s. 163.3756, F.S.

Section 8 amends s. 163.387, F.S., relating to the redevelopment trust fund.

Beginning October 1, 2019, moneys in the redevelopment trust fund may be expended only for undertakings of the CRA as described in the community redevelopment plan pursuant to an annual budget adopted by the board of commissioners of the CRA and for the purposes specifically authorized in current law, including administrative and overhead expenses.

The bill repeals a three-year time limitation on the rollover of redevelopment trust fund moneys appropriated to a specific redevelopment project pursuant to an approved community redevelopment plan, but requires retained moneys to either be used for the appropriated project or re-appropriated pursuant to the next annual budget of the CRA (if the project is amended, redesigned, or delayed).

A CRA created by a municipality must submit its annual budget to the board of county commissioners for the county in which the agency is located within 10 days after the adoption of the budget and submit amendments of its annual budget to the board of county commissioners within 10 days after the date the amended budget is adopted.

Except as provided in s. 163.387, F.S., the bill requires CRAs to comply with budgeting, auditing, and reporting requirements of s. 189.016, F.S.

Each CRA with revenues or a total of expenditures and expenses over $100,000, as reported on the trust fund financial statements, shall provide for a financial audit each fiscal year.

The bill expands the current reporting requirements for the audit report of the redevelopment trust fund to include:

- A complete financial statement identifying all assets, liabilities, income, and operating expenses of the CRA as of the end of fiscal year; and
- A finding by the auditor determining whether the CRA complied with the authorized expenditure purposes and the requirements concerning remaining funds at the conclusion of the fiscal year.

The bill requires the audit report for the CRA to be included with the annual financial report submitted by the county or municipality that created the CRA to the DFS, even if the CRA files a separate financial report under s. 218.32, F.S.

The bill also authorizes the local governing body that created the CRA to determine the amount of TIF available to the CRA. The local governing body may set the level of funding at any amount between 50 percent and 95 percent of the increment (as opposed to current law where only Miami-Dade County has this authority).

Section 9 amends s. 218.32, F.S., relating to annual financial reports. The section provides that the failure of a county or municipality to include in its annual report to the DFS the full audit required under s. 163.387(8), F.S., for each CRA created by that county or municipality constitutes a failure to report under s. 218.32, F.S.

By November 1 of each year, the DFS must provide the Special District Accountability Program of the DEO with a list of each CRA reporting no revenues, expenditures, or debt for the CRA's previous fiscal year.

Section 10 provides that the act takes effect on October 1, 2019.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The DEO is currently responsible for documenting and declaring special districts inactive and the DFS is responsible for accepting and reviewing annual financial reports from local governments and special districts. The new similar responsibilities regarding CRAs will likely have a minimal impact on the agencies' workloads.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 112.3142, 163.356, 163.367, 163.370, 163.387, and 218.32.

This bill creates the following sections of the Florida Statutes: 163.371, 163.3755, and 163.3756.

IX. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS/CS by Appropriations on April 18, 2019:
The committee substitute to require a CRA to procure all commodities and services under the same purchasing processes and requirements that apply to the county or municipality that created the agency.

CS by Community Affairs on March 26, 2019:
The committee substitute makes the following changes to the bill:

- Removes CRA lobbyist registration and reporting requirements;

- Removes provision specifically prohibiting a CRA from funding activities related to festivals and street parties and grants to certain entity types;
- Removes provision that adds four factors to the definition of "blighted area;"
- Restores current law to allow an area to be declared blighted with the presence of only one factor with agreement of all TIF taxing authorities;
- Removes the 18 percent cap on CRA administrative and overhead expenses;
- Removes reference to specific projects a CRA may fund;
- Increases the duration in which DEO must declare a CRA inactive from 3 years to 6 years;
- Directs a CRA to post its audit online within 45 days of completion if the audit is not available by the March 31 annual report deadline; and
- Changes the effective date to October 1, 2019.

B. Amendments:

None.