

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 Rules

BILL: CS/CS/CS/SB 1566

INTRODUCER: Rules Committee; Appropriations Committee on Agriculture, Environment, and General Government; Community Affairs Committee; and Senator DiCeglie

SUBJECT: Local Government Finances

DATE: March 4, 2026

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Shuler</u>	<u>Fleming</u>	<u>CA</u>	<u>Fav/CS</u>
2.	<u>Sanders</u>	<u>Betta</u>	<u>AEG</u>	<u>Fav/CS</u>
3.	<u>Shuler</u>	<u>Kruse</u>	<u>RC</u>	<u>Fav/CS</u>

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/CS/CS/SB 1566 provides that the act may be cited as the “Local Government Financial Transparency and Accountability Act.”

The bill requires county and municipal tentative, adopted tentative, and final budgets, be posted on their official websites in PDF or similar downloadable form. The bill revises timeframes for posting budget information and noticing public budget hearings. Counties and municipalities are also required to conduct a budget reduction strategy workshop and post quarterly employee compensation summaries and a budget development calendar.

The bill implements new requirements for local governments seeking to increase impact fee rates beyond the ordinary phase-in limitations due to extraordinary circumstances. Under the bill, the demonstrated-need study required to show extraordinary circumstances justifying an impact fee rate increase must specify the standards used to support the existence of such extraordinary circumstances and be accompanied by a declaration of the method and timeframe by which the impact fee increase will increase capacity.

The bill also prohibits a local government, including a school or special district, from increasing an impact fee rate utilizing the extraordinary circumstances provisions by more than 100 percent in a 4-year period.

The bill also provides for the expiry of certain interlocal agreements, and amends the requirements of the interlocal cooperation element of a comprehensive plan.

The bill has an indeterminate effect on local government revenues and expenditures. *See Section V., Fiscal Statement.*

The bill takes effect July 1, 2026.

II. Present Situation:

County Budget Systems and Information

Chapter 129, F.S., establishes a budget system that controls the finances of the boards of county commissioners of Florida counties. Pursuant to s. 129.01, F.S., each county is required to prepare, approve, adopt, and execute an annual budget each fiscal year. The budget must show for each fund, as required by law and sound financial practices, budgeted revenues and expenditures by organizational unit.¹ The level of detail for the budget must meet the level of detail requirements for annual financial reports submitted to the Department of Financial Services under s. 218.32, F.S.² The budget is approved by the Board of County Commissioners (Board) and must be balanced so that the total of the estimated receipts, including balances brought forward, equals the total of the appropriations and reserves.³ Notwithstanding other provisions of law, the budgets of all county officers must be in sufficient detail and contain such information as the board of county commissioners may require in furtherance of their powers and responsibilities.⁴

Preparation, Adoption, and Amendment of County Budgets

On or before June 1 of each year, the Sheriff, the Clerk of the Circuit Court and County Comptroller, the Tax Collector, and the Supervisor of Elections each submit to the Board a tentative budget for their respective offices for the ensuing fiscal year.⁵ Upon receipt of the tentative budgets and any revisions, the board prepares a summary of the adopted tentative budgets.⁶ Public hearings are held to explain tentative and final budgets and to entertain community requests and complaints prior to budget adoption.⁷ The tentative budget must be posted on the county's official website at least 2 days before a public hearing and remain on the website for at least 45 days.⁸ The final budget must be posted on the website within 30 days after adoption, and remain on the website for at least 2 years.⁹ The tentative budgets, adopted tentative budgets, and final budgets are filed in the Office of the County Auditor as a public record.¹⁰

¹ Section 129.01(1), F.S.

² *Id.*

³ Section 129.01(2), F.S.

⁴ Section 129.021, F.S.

⁵ Section 129.03(2), F.S. Section 195.087(1) F.S., outlines the budget process for property appraisers in the state.

⁶ Section 129.03(3)(b), F.S.

⁷ Section 129.03(3)(c), F.S., also outlines public hearing practices and subsequent budget website posting and public record requirements.

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

A board of county commissioners may amend a budget at any time within a fiscal year for that year's budget or within the first 60 days of a fiscal year for the budget for the prior fiscal year.¹¹ Except for certain amendments for specifically authorized purposes, the Board may adopt an amendment by resolution or ordinance following a public hearing.¹² The Board must provide notice at least 2 days, but not more than 5 days before the hearing and include each budgetary fund to be amended, the source of the funds, the use of the funds, and the total amount of each fund's appropriations.¹³ If adopted, the amendment must be posted on the website within 5 days after adoption and remain on the website for at least 2 years.¹⁴

Municipal Budget Requirements

The preparation, adoption, and website posting of municipal budgets follows a similar process to that of counties. Section 166.241(2), F.S., provides that each municipality must annually adopt a budget by ordinance or resolution unless the municipality has a charter that specifies another method for adoption. The funds available from taxation and other sources, including balances brought forward, must equal the total appropriations for expenditures and reserves.¹⁵ The tentative budget must be posted on the municipality's official website at least 2 days before a public hearing and remain on the website for at least 45 days.¹⁶ The final budget must be posted on the website within 30 days after adoption and remain on the website for at least 2 years.¹⁷

If the governing body of a municipality amends the budget, the adopted amendment must be posted on the official website of the municipality within 5 days after adoption and must remain on the website for at least 2 years.¹⁸

Local Government Impact Fees

In Florida, impact fees are imposed pursuant to local legislation and are generally charged as a condition for the issuance of a project's building permit. The principle behind the imposition of impact fees is to transfer to new users of a government-owned system a fair share of the costs the new use of the system involves.¹⁹ Impact fees have become an accepted method of paying for public improvements that must be constructed to serve new growth.²⁰ In order for an impact fee to be a constitutional user fee and not an unconstitutional tax, the fee must meet a dual rational nexus test, in that the local government must demonstrate the impact fee is proportional and reasonably connected to, or has a rational nexus with:

¹¹ Section 129.06(2), F.S.

¹² Section 129.06(2)(f), F.S.

¹³ *Id.*

¹⁴ *Id.*

¹⁵ Section 166.241(2), F.S.

¹⁶ Section 166.241(3), F.S.

¹⁷ *Id.* If the municipality does not operate an official website, the municipality must, within a reasonable period of time as established by the county or counties in which the municipality is located, transmit the tentative budget and final budget to the manager or administrator of such county or counties who shall post the budgets on the county's website. *Id.*

¹⁸ Section 166.241(9). Just as with the tentative and final budgets, a municipality without its own website must transmit amendments to the county or counties which posted the budget within a reasonable time. *Id.*

¹⁹ *Contractors & Builders Ass'n of Pinellas County v. City of Dunedin*, 329 So. 2d 314, 317-318 (Fla. 1976).

²⁰ *St. Johns County v. Ne. Florida Builders Ass'n, Inc.*, 583 So. 2d 635, 638 (Fla. 1991); s. 163.31801(2), F.S.

- The need for additional capital facilities and the increased impact generated by the new residential or commercial construction; and
- The expenditure of the funds collected and the benefits accruing to the new residential or nonresidential construction.²¹

Impact fee calculations vary from jurisdiction to jurisdiction and from fee to fee. Impact fees also vary extensively depending on local costs, capacity needs, resources, and the local government's determination to charge the full cost or only part of the cost of the infrastructure improvement through utilization of the impact fee.

Impact Fee Increases

Section 163.31801(6), F.S., provides limitations on impact fee increases imposed by a local government, school district, or special district. An impact fee may increase only pursuant to a plan for the imposition, collection, and use of the increased impact fees as follows:

- An impact fee increase of not more than 25 percent of the current rate must be implemented in two equal annual increments beginning with the date on which the increased fee is adopted.
- If the increase in rate is between 25 and 50 percent of the current rate, the increase must be implemented in four equal annual installments.
- No impact fee increase may exceed 50 percent of the current impact fee rate.
- An impact fee may not be increased more than once every four years.
- An impact fee may not be increased retroactively for a previous or current fiscal or calendar year.

A local government, school district, or special district may increase an impact fee rate beyond these phase-in limitations if a local government, school district, or special district:

- Completes, within the 12-month period before the adoption of the impact fee increase, a demonstrated-need study justifying the increase and expressly demonstrating the *extraordinary circumstances* necessitating the need to exceed the limitations;
- Holds at least two publicly noticed workshops dedicated to the extraordinary circumstances necessitating the need to exceed the limitations; and
- Approves the impact fee increase ordinance by unanimous vote of the governing body.

A local government may not increase impact fee rates beyond the basic phase-in limitations if they have not increased the impact fee within the preceding 5 years, excluding years in which they were prohibited from increases due to hurricane disaster regulations.

III. Effect of Proposed Changes:

Local Government Budget Procedures

The bill provides that the act may be cited as the “Local Government Financial Transparency and Accountability Act.”

²¹ See *St. Johns County* at 637. Codified at s. 163.31801(3)(f) and (g), F.S.

The bill requires a county or municipality to post tentative, adopted tentative, or final budgets to its official website in PDF or similar form that can be downloaded. The posted budgets must minimally include, for the proposed, current, and preceding 4 fiscal years:

- A budget overview and summary, including a narrative analysis that also utilizes graphical illustrations to highlight major points of emphasis and trends.
- An overall countywide summary of revenue and expenditures.
- A summary of revenue and expenditures by fund.
- A summary of expenses by department and division.
- A summary of expenses by program or function.
- A summary of expenses related to debt obligations.
- A summary of expenses related to capital projects.
- An organizational chart or staffing summary.
- A summary and analysis of county reserves and fund balances..

The bill revises the length of time for which each county and municipality must post certain budget information on its official website. Specifically, the bill would require:

- Tentative budgets to be posted 5 days (rather than 2 days under current law) before the public hearing to adopt the budget;
- Proposed budget amendments to be posted 5 days (rather than 2 days) before the public hearing to adopt the amendment; and
- Final budgets and adopted budget amendments to be posted for 5 years (rather than 2 years under current law) following adoption.

The bill requires counties and municipalities to provide public notice of a hearing on a proposed budget amendment at least 5 days (rather than at least 2 days but no more than 5 days under current law) before the hearing.

At least 14 days before final budget adoption, counties and municipalities must hold a public workshop identifying strategies to potentially reduce the budget by 10 percent without compromising law enforcement, fire protection, or legal obligations. The county or municipality must post the exercise in PDF or similar form that can be downloaded, or a link to a recording of the workshop.

The bill deletes obsolete language related to an annual budget reporting requirement to the Office of Economic and Demographic Research.

Each county and municipality is required under the bill to post on its official website a quarterly compensation summary for all employees in a PDF or similar format.

Under the bill, by January 30 each year, counties and municipalities must publish a budget development calendar that lists budget-related events, including timeframes for:

- County and municipal agencies to submit proposed budget requests.
- Constitutional county officers to submit proposed budget requests.
- Property appraisers to submit valuations to the county or municipality.
- Holding budget workshops.
- Holding budget public hearings.

- Holding budget reduction exercises.

Municipalities that don't have their own official websites are allowed to transmit the calendar to the county for publication on its website. The calendar may not serve as the basis for challenging a county's or municipality's budget.

Impact Fees

The bill implements new requirements for local governments seeking to increase impact fee rates beyond the base phase-in limitations due to extraordinary circumstances based on a demonstrated-need study. The demonstrated-need study must utilize "plan-based methodology," defined by the bill as methodology using the most recent and localized data to project growth over a 10-year period, anticipate capacity impacts, and establish a working list of capital projects to be constructed in a defined time period to mitigate effects of projected growth on capacity.

In order to demonstrate "extraordinary circumstances" under the bill, the demonstrated-need study must specify the capacity standards used to support the existence of such extraordinary circumstances, and be accompanied by a declaration of the method and timeframe by which the impact fee increase will increase capacity. This analysis must use localized data reflecting difference in costs and modality of projects within the study area to project the anticipated growth or capacity impacts necessitating the impact fee increase.

The bill further prohibits local governments, including school districts and special districts, from:

- Utilizing data that is older than 4 years to demonstrate extraordinary circumstances, except as otherwise specifically provided;
- Including in the impact fee increase any deduction authorized by a previous or existing impact fee; or
- Increasing an impact fee rate utilizing the extraordinary circumstances provisions by more than 100 percent in a 4-year period.

The bill provides that a local government must respond to a request for a refund or credit due to impact fee overpayment within 30 days. Upon approval, the requester may elect either a refund or credit within 30 days, which must in turn be processed within 30 subsequent days. A request or response in this process may not be used as an admission against interest of either party in any subsequent action challenging the impact fee.

The bill also provides that an interlocal agreement between a county and municipality regarding the coordination of development and redevelopment fees for transportation capacity impacts which was entered into before October 1, 2024, may not extend beyond October 1, 2031.

The bill amends s. 163.3177(6), F.S., to require that a local government comprehensive plan's intergovernmental coordination element and associated agreements must include plans to provide mitigation funding to address extra-jurisdictional impacts of development.

The bill also amends s. 212.055, F.S., which conforms a statutory reference.

The effective date of the bill is July 1, 2026.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Article VII, section 18(a) of the Florida Constitution provides in part that a county or municipality may not be bound by a general law requiring a county or municipality to spend funds or take an action that requires the expenditure of funds unless certain specified exemptions or exceptions are met. The mandate requirement does not apply to laws having an insignificant impact,²² which for Fiscal Year 2026-2027²³ is forecast at approximately \$2.4 million or less.

The fiscal impact of the bill has not been determined; however, the bill may require municipalities and counties to incur additional costs related to posting budget information. If the impact exceeds the threshold for insignificant impact, the mandate requirements may apply.

If the bill does qualify as a mandate, in order to be binding upon cities and counties, the bill must contain a finding of important state interest, as provided in section 9 of the bill, and be approved by a two-thirds vote of the membership of each house.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

The bill provides that an interlocal agreement between a county and municipality regarding the coordination of development and redevelopment fees for transportation capacity impacts, which was entered into before October 1, 2024, may not extend beyond October 1, 2031. Interlocal agreements are contracts between local governments. To the extent this bill affects previously recorded declarations, the bill may unconstitutionally impair contracts, under s. 10, Art. I, Fla. Const., which provides in relevant part, “No... law impairing the obligation of contracts shall be passed.” This provision empowers the courts to strike laws that retroactively burden or alter contractual relations. Article I, s. 10

²² An insignificant fiscal impact is the amount not greater than the average statewide population for the applicable fiscal year multiplied by \$0.10. *See* FLA. SENATE COMMITTEE ON COMMUNITY AFFAIRS, *Interim Report 2012-115: Insignificant Impact*, (Sept. 2011), <http://www.flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-115ca.pdf> (last visited Feb. 18, 2026).

²³ Based on the Demographic Estimating Conference’s estimated population adopted on June 30, 2025, <https://edr.state.fl.us/Content/conferences/population/archives/250630demographic.pdf> (last visited Feb. 18, 2026).

of the United States Constitution provides in relevant part that “No state shall . . . pass any . . . law impairing the obligation of contracts.”

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The bill may have an indeterminate positive impact on persons who pay impact fees to the extent that local governments are prohibited from increasing impact fees beyond the limitations provided in the bill.

C. Government Sector Impact:

The bill has an indeterminate impact on local government revenues and expenditures. Counties and municipalities may incur costs related to the budget data posting and formatting requirements. Additionally, local governments are prohibited from increasing impact fees beyond the limitations provided in the bill.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends sections 129.03, 129.06, 163.3164, 163.3180, 163.31801, 166.241, and 212.055 of the Florida Statutes.

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/CS by Rules on March 3, 2026:

The committee substitute:

- Changes the relating-to clause to “an act relating to local government finances.”
- Revises the posting timeframe for tentative budgets and amendments to 5 days before the hearing.
- Requires local governments to post tentative, adopted tentative, and final budgets on their official websites in PDF or similar format and include data for: the proposed, current, and 4 preceding fiscal years.
- Revises the minimum items the posted budget must contain.

- Requires local governments to post a quarterly compensation summary for all employees in a PDF or similar format.
- Requires, by January 30 each year, local governments to publish a budget development calendar that outlines key milestones. At least 14 days before final budget adoption, local governments must hold a public workshop identifying strategies to potentially reduce the budget by 10 percent without compromising law enforcement, fire protection, or legal obligations.
- Adds provisions implementing requirements for local governments seeking to increase impact fee rates beyond the ordinary phase-in limitations due to extraordinary circumstances. The demonstrated-need study required to show extraordinary circumstances justifying an impact fee rate increase must specify the standards used to support the existence of such extraordinary circumstances and be accompanied by a declaration of the method and timeframe by which the impact fee increase will increase capacity.
- Prohibits a local government, including a school or special district, from increasing an impact fee rate utilizing the extraordinary circumstances provisions by more than 100 percent in a 4-year period; provides for refund and reasonable attorney fees and costs to a petitioner in an action challenging an impact fee imposed in violation of the statute; provides for the expiry of certain interlocal agreements; and amends the requirements of the interlocal cooperation element of a comprehensive plan.
- Adds a finding and declaration that the act fulfills an important state interest.

CS/CS by Appropriations on Agriculture, Environment, and General Government on February 25, 2026:

The committee substitute:

- Removes all provisions from the bill related to the use of county- or municipal-owned utility revenues; and
- Makes a technical revision to clarify that the proposed budget amendments must be posted on the county's or municipal's website within 7 days before adoption.

CS by Community Affairs on February 10, 2026:

The committee substitute:

- Adds provisions regulating the use and budgeting of revenues by county and municipal utilities, including:
 - Specifying Legislative intent that counties and municipalities provide services affordably, transparently, and reliably while protecting public health and natural resources.
 - Requiring counties and municipalities to reinvest utility service revenues into the utility for operational integrity.
 - Requiring the utility to budget forecast and strategize every 5 years for continuous maintenance and strategic improvements. The forecast must anticipate increased demand, technology costs, and disaster costs.
- Revises provisions related to county and municipal tentative and final budget procedures, including:
 - Reducing the advance posting requirement for tentative budgets to seven days before the hearing (rather than 14 days under the bill).

- Revising the items and manner of display for website budget data posting requirements.
- Deleting a requirement for a budget-cutting exercise.
- Deleting an obsolete and redundant requirement for submission of budget data to the Office of Economic and Demographic Research (EDR).
- Removes the section of the bill that would have prohibited local government expenditures on diversity, equity, and inclusion.

B. Amendments:

None.