

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** CS/HB 1205 Charter County Transit System Surtax  
**SPONSOR(S):** Military & Local Affairs Policy Committee, Braynon  
**TIED BILLS:** **IDEN./SIM. BILLS:** CS/SB 2210

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	<b>REFERENCE</b>	<b>ACTION</b>	<b>ANALYST</b>	<b>STAFF DIRECTOR</b>
Orig. Comm.:	Military & Local Affairs Policy Committee	14 Y, 0 N, As CS	Nelson	Hoagland
1)	Economic Development & Community Affairs Policy Council		Nelson	Tinker
2)	Finance & Tax Council			
3)				
4)				
5)				

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**SUMMARY ANALYSIS**

The Charter County Transit System Surtax allows charter counties to levy a maximum one percent sales surtax to finance the development, construction and operation of fixed guideway, rapid transit systems. A charter county may deposit the surtax revenues into a trust fund, remit the revenues to an expressway or transportation authority, or apply them directly to permitted uses. The proceeds also may be distributed by interlocal agreement to municipalities or an expressway or transportation authority.

This bill requires a charter county that has entered into interlocal agreements for distribution of transit system surtax proceeds with one or more of its municipalities to revise these interlocal agreements no less than every five years to include municipalities created since the prior agreements were executed.

The bill has an effective date of July 1, 2009.

## HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives:

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### **Present Situation**

##### Discretionary Sales Surtaxes

Section 212.055, F.S., authorizes counties to impose seven<sup>1</sup> local discretionary sales surtaxes on all transactions occurring in the county subject to the state tax imposed on sales, use, services, rentals 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 the surtax. Additionally, the tax is not subject to a sales amount above \$5,000 on any item of tangible personal property or on long distance telephone service. This \$5,000 cap does not apply to the sale of any other service. The Florida Department of Revenue is responsible for administering, collecting and enforcing all sales taxes. Collections are returned to the county imposing the tax on a monthly basis.

##### Charter County Transit System Surtax

The Charter County Transit System Surtax was created to allow charter counties the ability to levy a maximum one percent sales surtax to finance the development, construction and operation of fixed guideway, rapid transit systems. This section of law has been amended several times since it was created, so that currently only counties with charters adopted prior to January 1, 1984, may seek to levy the surtax. The proposal to levy the surtax and create a trust fund for surtax proceeds must appear on a ballot and receive the approval of a majority of the county electorate. Further amendments to the statute have expanded the permitted use of the revenues to finance additional types of transportation infrastructure, to allow for the following permitted uses:

- development, operation, maintenance and expansion of bus or fixed guideway systems;
- development, construction, operation or maintenance of roads or bridges; and
- pledges to bonds issued for these purposes.

A charter county may deposit the surtax revenues into its trust fund, remit the revenues to an expressway or transportation authority, or apply them directly to permitted uses. The proceeds may

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<sup>1</sup>These surtaxes include the Charter County Transit System Surtax, Local Government Infrastructure Surtax, Small County Surtax, Indigent Care and Trauma Center Surtax, County Public Hospital Surtax, School Capital Outlay Surtax, and Voter-Approved Indigent Care Surtax.

also be distributed by interlocal agreement to municipalities or an expressway or transportation authority to be expended for authorized purposes.

Seven counties are eligible to levy the surtax:

- Broward,
- Duval,
- Hillsborough,
- Miami-Dade,
- Pinellas,
- Sarasota and
- Volusia.

Only two of these counties have levied the surtax: Duval (since 1989), and Miami-Dade (since 2003).

Duval and Miami-Dade Counties each levy a half-cent sales surtax. During fiscal year 2007-2008, Duval and Miami-Dade counties collected \$64.57 million and \$168.46 million, respectively.<sup>2</sup>

#### Miami-Dade County

On November 5, 2002, Miami-Dade County voters approved the half-cent sales surtax to be used for the expansion and enhancement of the county's transit and transportation network. The county agreed to dedicate 20 percent of the charter county transit system surtax proceeds to municipal governments, and entered into interlocal agreements with these entities. Since that time, the cities of Doral (2003), Miami Gardens (2003) and Cutler Bay have incorporated. The county has not executed similar interlocal agreements with these newly-formed cities.

#### **Effect of Proposed Changes**

This bill requires a county that has entered into interlocal agreements for distribution of charter county transit system surtax proceeds with one or more of its municipalities to revise such interlocal agreements no less than every five years in order to include any municipalities that have been created since the prior interlocal agreements were executed.

The bill has an effective date of July 1, 2009.

#### **B. SECTION DIRECTORY:**

Section 1: Amends s. 212.055, F.S.

Section 2: 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:**

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<sup>2</sup> Data provided by the Legislative Committee on Intergovernmental Relations.

1. Revenues:

The bill will allow newly-incorporated cities in counties that levy the surtax to participate in distribution of the proceeds where the county previously has agreed to such via an interlocal agreement with one or more of its municipalities. The sharing of these proceeds with additional municipalities may cause the funds received by other municipalities to be reduced.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

### III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to: require the counties or cities to spend funds or take an action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

**Other Comments**

Renegotiating intergovernmental agreements may be complicated by bonding efforts.

### IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGE

On May 26, 2009, the Military & Local Affairs Policy Committee approved its Proposed Committee Substitute to HB 1205. This analysis is drafted to the Committee Substitute.