

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 Community Affairs

BILL: SB 1072

INTRODUCER: Senator Wright

SUBJECT: Redevelopment Trust Funds

DATE: January 9, 2020

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Paglialonga	Ryon	CA	Pre-meeting
2.			FT	
3.			RC	

I. Summary:

SB 1072 exempts hospital districts from making annual payments into the redevelopment trust fund of a community redevelopment agency (CRA) if the CRA revised its community redevelopment plan on or after July 1, 2016, to extend the expiration date of the CRA.

In 2016, the Legislature exempted hospital districts from making annual payments to CRAs created on or after July 1, 2016.

The bill will result in a reduction of tax increment financing (TIF) revenues for CRAs created before July 1, 2016, that currently receive TIF contributions from hospital districts and choose to extend the current expiration date of the agency.

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 generally considers slums and blighted areas to be locations with deteriorated structures causing economic distress or endangerment to life or property,² and also, areas having physical or economic conditions conducive to disease, infant mortality, juvenile delinquency, poverty, or crime.³

¹ Chapter 163, F.S., part III.

² Sections 163.355 and 163.360(1), F.S.

³ Section 163.340(7), F.S.

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

As of January 2, 2020, there are 223 CRAs in Florida, which is an approximate 30 percent increase over the past decade.⁵

Community Redevelopment Plans

A community redevelopment plan must be in place before a CRA can engage in operations.⁶ Community redevelopment plans must conform to the comprehensive plan for the county or municipality under the Community Planning Act.⁷ The plan should indicate land-use policies and strategies for redeveloping a blighted or slum area.⁸

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 the taxable real property contained in the boundaries of the CRA.⁹ The local governing body that created the CRA must hold a public hearing before the plan is approved.¹⁰

Time Certain for Completing Community Redevelopment Plans

Each community redevelopment plan must provide a time certain for completing all redevelopment financed by increment revenues.¹¹ The time certain must occur no later than 60 years after the date in which the plan was approved or adopted or no later than 30 years from when the plan was amended, whichever is lesser.¹² Alternatively, for any agency created after July 1, 2002, the time certain for completing all redevelopment financed by increment tax revenues must occur within 40 years after the fiscal year in which the plan is approved or adopted.¹³ Thus, taxing authorities are only required to make annual appropriations to CRAs for a period not to exceed 40 years or 60 years, relative to the date in which a CRA approves or adopts its redevelopment plan.

⁴ Section 163.355, F.S.

⁵ 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 January 2, 2020)

⁶ Section 163.360(1), F.S.

⁷ *Id.*

⁸ Section 163.360(2), F.S.

⁹ Section 163.360(5), F.S.

¹⁰ Section 163.360(6), F.S.

¹¹ Section 163.361(10), F.S.

¹² Section 163.387(2)(a), F.S.

¹³ *Id.*

Redevelopment Trust Fund

CRAAs are not permitted to levy or collect taxes. The local governing body of a CRA may establish a community redevelopment trust fund, which receives contributions from other governmental entities through tax increment financing (TIF). The amount of TIF available to a CRA 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 before the effective rate of the ordinance providing for the redevelopment trust fund.¹⁴

Each taxing authority must transfer TIF funds to the redevelopment trust fund of the CRA by January 1 of each year. If there are any outstanding loans, advances, or indebtedness after completion of a community redevelopment plan, the local governing body that created the CRA must continue transfers to the redevelopment trust fund until the debt has been paid.¹⁵

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.¹⁶ A CRA may choose to waive these penalties in whole or in part.

A CRA may spend funds deposited in its redevelopment trust fund according to an annual budget adopted by the board of commissioners of the CRA.¹⁷ A CRA created by a municipality must submit a copy of its budget (as well as any amendments) to the county within 10 days of adoption. CRA funds may only be used for:

- Administrative and overhead expenses necessary or incidental to the implementation of a community redevelopment plan adopted by the agency;
- Expenses of redevelopment planning, surveys, and financial analysis, including the reimbursement of the governing body or the CRA for such expenses incurred before the redevelopment plan was approved and adopted;
- Acquisition of real property in the redevelopment area;
- Clearance and preparation of any redevelopment area for redevelopment and relocation of site occupants within or outside the community redevelopment area as provided in s. 163.370, F.S.;
- Repayment of principal and interest or any redemption premium for loans, advances, bonds, bond anticipation notes, and any other form of indebtedness;
- All expenses incidental to or connected with the issuance, sale, redemption, retirement, or purchase of bonds, bond anticipation notes, or other form of indebtedness, including funding

¹⁴ Section 163.387(1)(a), F.S.

¹⁵ Section 163.387(3)(a), F.S.

¹⁶ Section 163.387(2)(b), F.S.

¹⁷ Section 163.387(6), F.S.

of any reserve, redemption, or other fund or account provided for in the ordinance or resolution authorizing such bonds, notes, or other form of indebtedness;

- Development of affordable housing within the community redevelopment area;
- Development of community policing innovations; and
- Expenses that are necessary to exercise the powers granted under s. 163.370, F.S., as delegated under s. 163.358, F.S.

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 to later reduce any indebtedness to which increment revenues are pledged; or
- Appropriated to a specific redevelopment project according to an approved community redevelopment plan; the project must be completed within 3 years from the date of such appropriation.¹⁸

Governmental Entities Exempt from Trust Fund Appropriations

The following taxing authorities are exempt from contributing to the CRA:¹⁹

- A special district that levies ad valorem taxes on taxable real property in more than one county.
- A special district for which the sole available source of revenue the district has the authority to levy is ad valorem taxes at the time the ordinance is adopted.
- A library district, except a library district in a jurisdiction where the community redevelopment agency had validated bonds as of April 30, 1984.
- A neighborhood improvement district created under the Safe Neighborhoods Act.
- A metropolitan transportation authority.
- A water management district created under s. 373.069, F.S.
- A special district specifically exempted by the local governing body that created the CRA, if the exemption is made following the requirements of s. 163.387(2)(d), F.S., which includes a public hearing, public notice, and an interlocal agreement.
- For a community redevelopment agency created on or after July 1, 2016, a hospital district that is a special district as defined in s. 189.012, F.S.

Hospital Districts

First created in the 1920s to provide indigent care for county residents, hospital districts now differ greatly in roles, powers, and governance.²⁰ There are currently 27 hospital districts in the

¹⁸ Section 163.387(7), F.S.

¹⁹ Section 163.387(2)(c), F.S.

²⁰ Florida TaxWatch, *Florida's Fragmented Hospital Taxing District System in Need of Reexamination*, Briefings (Feb. 2009), available at <http://www.floridataxwatch.org/resources/pdf/02242009HospitalDistricts.pdf> (last visited January 2, 2020).

state.²¹ As an independent special district, hospital districts may have both taxing and bonding authority.²² Revenues generated from the taxes and bonds issued by a hospital district are utilized to fund local hospitals and healthcare services.²³ Hospital districts are not required to appropriate funds to CRAs that are created on or after July 1, 2016.²⁴

The following chart contains the tax increment financing contribution as well as ad valorem tax revenue, for two hospital districts for the three most recent fiscal years:²⁵

Year	District	Ad Valorem Tax Revenue	TIF Contribution
2020	North Broward	\$139,272,000	\$4,664,000
2019	North Broward	\$136,892,000	\$4,470,000
2018	North Broward	\$147,736,000	\$4,577,000
2020	Halifax	\$6,471,854	\$345,329
2019	Halifax	\$6,020,474	\$321,252
2018	Halifax	\$5,886,194	\$440,982

III. Effect of Proposed Changes:

The bill amends s. 163.387, F.S., to provide an exemption for hospital districts from making payments into the redevelopment trust fund of a CRA if the CRA revised its community redevelopment plan on or after July 1, 2016, to extend the expiration date of the agency.

The bill takes effect on July 1, 2020.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

²¹ Department of Economic Opportunity, Official List of Special Districts Online, *available at* <https://dca.deo.myflorida.com/fhcd/sdip/OfficialListdeo/selectfunctions.cfm> (last visited January 2, 2020).

²² Section 189.031 (3)(b), F.S.

²³ See Marion County Hospital District, *About Us*, *available at* <https://mchdt.org/about-us/> (last visited January 2, 2020).

²⁴ Section 163.387(2)(c)7, F.S.

²⁵ See Broward Health, *FY2020 Final Budget*, *available at* <https://www.browardhealth.org/pages/board-calendar> (last visited January 8, 2020); *see also* Halifax Health District, *FY 2020 Budget* and *FY 2019 Budget*, *available at* <https://www.halifaxhealthdistrict.org/> (last visited January 8, 2020).

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 bill may have an indeterminate negative fiscal impact on community redevelopment agencies and an indeterminate positive fiscal impact on hospital districts.

Community redevelopment agencies extending their time certain after July 1, 2016, will not be able to rely on hospital districts for trust fund contributions.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 163.387 of the Florida Statutes.

IX. Additional Information:**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.