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DATE: March 4, 1999

HOUSE OF REPRESENTATIVES
COMMITTEE ON
COMMUNITY AFFAIRS
ANALYSIS

BILL #: HB 647

RELATING TO: Counties (Grant Program to Finance MSTU/MSBU Studies)

SPONSOR(S): Representative K. Smith

COMPANION BILL(S): SB 1188 (i)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:
(1) COMMUNITY AFFAIRS
(2) FINANCE AND TAXATION
(3) TRANSPORTATION AND ECONOMIC DEVELOPMENT APPROPRIATIONS
(4)
(5)

I. SUMMARY:

The bill authorizes the Department of Community Affairs (DCA) to establish a grant program to assist rural counties in financing studies regarding the establishment of municipal service taxing or benefit units. The bill also grants DCA rulemaking authority.

The bill may have an impact on the State General Revenue Fund if corresponding funds are appropriated in conjunction with the established grant program.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Despite the recent period of high economic growth in Florida, rural communities have not shared in the state's prosperity. The median household income in 32 of 34 of the smallest counties is considerably less than the state's median income, according to a study by the Center on Budget and Policy Priorities. Not a single small county enjoys a per capita personal income that exceeds the state average of $22,916.

Adding to these difficulties, recent public policy decisions have made it more difficult for these communities to maintain their residents' income levels or to generate revenues for education and critical government services.

For example, although the homestead exemption reduces local government funding statewide, P2000 and other conservation and protection programs have removed taxable land from the inventory of wealth-creating assets in rural communities. The constitutional amendment banning the use of certain types of nets for commercial fishing has cut incomes in coastal communities. Growth Management requirements have limited job creation opportunities. Although each of these programs involves a laudable public goal, their cumulative impact has meant less wealth and has limited the fiscal capacity of the affected communities.

Fiscal capacity may be defined as the financial resources available to local government, enabling it to both maintain existing infrastructure, to ensure an acceptable quality of life and to make investments in its future to ensure the continued existence of that quality. A community's allowable millage is capped by Florida's Constitution at 10 mills and is a mechanism used by the local government to generate revenue. But even if a community is at or near the maximum (15 rural counties have reached the 10 mill cap), if the value of the property being taxed is low or declining, the amount of revenue soon becomes inadequate.

The Legislative Committee on Intergovernmental Relations reports (May, 1998) the statewide average per capita taxable value for 398 reporting municipalities was $43,785. Of the 104 municipalities in the 34 smallest counties, 84 reported a per capita taxable value of less than ½ of the statewide average. Only six reported a value in excess of the statewide average - and all six of these could be considered "beach destination" communities. The picture is bleaker if county averages are examined. The statewide average per capita ad valorem tax levied by counties was $874.93. The average for the 34 smallest counties was $517.25.

In section 125.01, Florida Statutes, counties are authorized to establish Municipal Service Taxing and Benefit Units (MSTU/MSBU) within which may be provided fire protection; law enforcement; beach erosion control; recreation service and facilities; water; alternative water supplies, including, but not limited to, reclaimed water and water from aquifer storage and recovery and desalination systems; streets; sidewalks; street lighting; garbage and trash collection and disposal; waste and sewage collection and disposal; drainage; transportation; indigent health care services; mental health care services; and other essential facilities and municipal services from funds derived from service charges, special assessments, or taxes within the boundaries of the unit.

Some rural counties do not have adequate revenue to perform feasibility studies related to establishing MSTU/MSBUs for their citizens.

B. EFFECT OF PROPOSED CHANGES:

The bill authorizes the Department of Community Affairs (DCA), subject to a legislative appropriation, to establish a grant program to assist rural counties in financing studies regarding the establishment of municipal service taxing or benefit units. The bill also grants DCA rulemaking authority.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

The bill authorizes the Department of Community Affairs to make rules related to awarding grant monies made available as a result of this bill.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

The Department of Community Affairs will be required to administer the grant.

(3) any entitlement to a government service or benefit?

N/A

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

N/A

b. Does the bill require or authorize an increase in any fees?

N/A

c. Does the bill reduce total taxes, both rates and revenues?

N/A

d. Does the bill reduce total fees, both rates and revenues?

N/A

e. Does the bill authorize any fee or tax increase by any local government?

N/A

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

N/A

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

N/A

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

a. If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

b. Does the bill directly affect the legal rights and obligations between family members?

N/A

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

A new unspecified section of statute is created.

E. SECTION-BY-SECTION ANALYSIS:

SECTION 1: Authorizes the Department of Community Affairs (DCA), subject to legislative appropriations, to establish a grant program to assist rural counties in financing studies to determine the feasibility of establishing municipal service taxing/benefit units; provides definitions; grants DCA rulemaking authority.

SECTION 2: Provides this act takes effect upon becoming a law.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

The bill may have an impact on the State General Revenue Fund if corresponding funds are appropriated in conjunction with the established grant program.

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

N/A

2. Direct Private Sector Benefits:

N/A

3. Effects on Competition, Private Enterprise and Employment Markets:

N/A

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

The bill does not require counties or municipalities to spend funds or to take action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill does not reduce the authority that local governments have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

The bill does not reduce the percentage of state shared revenue with local governments.

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

The sponsor has requested a strike-everything amendment which creates the “Rural Economic Development Enhancement Act”; provides requirements for the future land use element of a local government comprehensive plan with respect to rural areas; authorizes the Office of Tourism, Trade and Economic Development (OTTED) to recommend to the Legislature additions or deletions from the list of standard industrial classifications used to determine an eligible business for purposes of the Rural Job Tax Credit Program; provides an appropriation to the Rural Community Development Revolving Loan Fund; revises provision relating to the tax refund program for qualified target industry businesses, authorizes the OTTED to reduce certain employment requirements for an expanding business in a rural community or enterprise zone under certain conditions; creates the rural Economic Development Initiative within OTTED and provides its duties and responsibilities; provides for an annual report; authorizes OTTED to accept and administer monies appropriated for grants to assist rural communities to develop and implement strategic economic development plans and provides for review of grant applications; clarifies rulemaking language; and adds a $1 million appropriation for Fiscal Year 1999-2000 to fund the MSTU/MSBU grant program.

VII. SIGNATURES:

COMMITTEE ON COMMUNITY AFFAIRS:

Prepared by:	Staff Director:
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