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DATE: April 26, 2000

HOUSE OF REPRESENTATIVES
AS FURTHER REVISED BY THE COMMITTEE ON
GENERAL GOVERNMENT APPROPRIATIONS
ANALYSIS

BILL #: HB 2253 **(PCB CA 00-05)**

RELATING TO: Revenue Sharing with Municipal Governments

SPONSOR(S): Committee on Community Affairs and Representatives Melvin, Gay & others

TIED BILL(S): None

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:
(1) COMMUNITY AFFAIRS (PRC) YEAS 8 NAYS 0
(2) FINANCE AND TAXATION (FRC) YEAS 13 NAYS 0
(3) GENERAL GOVERNMENT APPROPRIATIONS
(4)
(5)

I. SUMMARY:

This bill is based on a recommendation of the Florida Legislative Committee on Intergovernmental Relations. The bill restructures two state sources of revenue sharing with municipalities:

- The Municipal Revenue Sharing Program,
- The Municipal Financial Assistance Trust Fund.

The bill transfers the current revenue streams that fund these revenue sharing programs to the state's General Revenue Fund. In exchange, the state will transfer 1.70179 percent of the prior fiscal year's sales and use tax collections to the Revenue Sharing Trust Fund for Municipalities.

This bill changes the definition of guaranteed entitlement to specify that, beginning in FY 2000-2001, no eligible municipality shall receive less funds from the Revenue Sharing Trust Fund for Municipalities than 90 percent of the aggregate amount it received from the state in FY 1999-2000 under the current law provisions of the cigarette tax, municipal fuel tax, and state alternative fuel fee. This change has the effect of increasing the guaranteed entitlement, and thus bonding capacity, and provides a guaranteed entitlement for eligible municipalities incorporated after July 1, 1972. Available revenues in excess of the guaranteed amounts would be distributed to municipalities under the existing distribution formula.

The distribution percentage is set at 1.70179 percent to ensure that in FY 2000-2001, the amount available for the Municipal Revenue Sharing Program will be equal to the amount projected under the existing revenue streams for the Municipal Financial Assistance Trust Fund and the Municipal Revenue Sharing Trust Fund. Similarly, the new distribution formula holds state revenues harmless in FY 2000-2001.

The Revenue Estimating Conference has not yet addressed this bill. The Florida Legislative Committee on Intergovernmental Relations estimates that in FY 2000-01, the bill will have no net impact on state or municipal revenues. In FY 2001-02, the bill is estimated to have a net negative impact of ($8.5 million) on the General Revenue Fund, and a net positive impact of $8.5 million on the Municipal Revenue Sharing Trust Fund. Assuming current trends in sales and use tax collections in subsequent fiscal years, municipalities will share a portion of the growth of sales and use tax collections that would otherwise have been available to the state.

On April 18, 2000, the Committee on Finance and Taxation adopted a strike everything amendment. See VI below for details.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

1.	Less Government	Yes []	No []	N/A [X]
2.	Lower Taxes	Yes []	No []	N/A [X]
3.	Individual Freedom	Yes []	No []	N/A [X]
4.	Personal Responsibility	Yes []	No []	N/A [X]
5.	Family Empowerment	Yes []	No []	N/A [X]

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Background

Florida's Constitution reserves all authority to tax, except the authority to levy the ad valorem tax, for the state. In general law, the state may authorize other governmental entities to levy taxes or participate in revenue sharing programs. Historically, local governments have had to absorb many of the costs associated with a variety of state-required programs and regulations. To address the implications of those fiscal demands and fund local government operations generally, state government utilizes several mechanisms to provide financial resources to local governments. One of those mechanisms involves the sharing of funds from designated state revenues with local governments.

Municipal Financial Assistance Trust Fund

The Legislature created the Municipal Financial Assistance Trust Fund in 1971 to share a portion of state cigarette tax revenues with municipalities. Prior to the creation of the trust fund, municipalities had the authority to levy a tax on cigarettes. In creating the trust fund, the Legislature prohibited municipalities from levying a tax on cigarettes. Currently, 5.8 percent of net collections are deposited into the trust fund. The statutory authority for the distribution of net cigarette tax collections to the trust fund is s. 210.20, F.S. The administration of the trust fund is addressed by s. 200.132, F.S.

Municipal Revenue Sharing Act

The Florida Revenue Sharing Act of 1972 created the Revenue Sharing Trust Fund for Municipalities. Currently, the trust fund receives 32.4 percent of net cigarette tax collections, 12.5 percent of the state alternative fuel user decal fee collections, and the net collections from the one-cent municipal fuel tax.

An allocation formula serves as the basis for the distribution of these revenues to each municipality that meets the strict eligibility requirements. Funds derived from the one-cent municipal fuel tax may only be used by municipalities for transportation-related expenditures. In addition, there are some statutory limitations regarding funds that can be used as a pledge for indebtedness. Specifically, s. 218.25, F.S., specifies that no local municipality may bond any portion of its revenue sharing distribution in excess of its guaranteed entitlement. The guaranteed amount is a “hold harmless” provision that guarantees a minimum allotment in order to insure coverage of all bonding obligations for those municipalities that qualified for revenue sharing dollars prior to July 1, 1972. In addition, Miami/Dade County has a unique guaranteed entitlement, which specifies it may not receive less than the aggregate amount it received from the trust fund in the preceding fiscal year plus a percentage increase in an amount equal to the percentage increase of the trust fund for the preceding fiscal year. Municipalities incorporated after July 1, 1972, do not receive a guaranteed entitlement.

The statutory authorizations for the allocation of the three revenue sources are: s. 206.605, F.S., for the one-cent municipal fuel tax, s. 206.879, F.S., for the 12.5 percent of state alternative fuel user decal fees, and s. 210.20, F.S., for the 32.4 percent of net cigarette tax collections. The administration of the program itself is addressed in ss. 218.20 - 218.26, F.S.

LCIR Review of State Revenue Sharing with Local Governments

In June 1998, the Florida League of Cities sent a request to Senate President Toni Jennings asking for a comprehensive review and reform of those revenues comprising the state's Municipal Revenue Sharing Program. The issue had been raised by the Florida Urban Partnership of Mayors to underscore the relationship between the state's initiative against the tobacco industry and the continuing decline of municipal revenue sharing monies which are in large part derived from cigarette taxes. The Legislative Committee on Intergovernmental Relations (LCIR) was requested to conduct an interim project review of the issue during the 1998-99 interim.

LCIR conducted the interim project and published its final report, <u>State Revenue Sharing with Local Governments</u>, in May 1999. Although the report placed a special emphasis on local government revenue derived from cigarette taxes, it discussed other shared revenue sources as well.

<u>Summary of Findings</u>

LCIR estimated that actual distributions of the major state revenues shared with municipal governments increased 266 percent between fiscal years 1972-73 and 1996-97. When controlling for inflation and population growth in the incorporated area, state-shared revenue distributions to municipal governments decreased nearly 37 percent or 1.5 percent annually during the same period.

LCIR estimated that actual distributions from the Municipal Financial Assistance Trust Fund to municipal governments increased 14 percent between fiscal years 1972-73 and 1996-97. However, when controlling for inflation as well as population growth in the incorporated area, municipal distributions actually decreased 80 percent or, on average, 3.3 percent annually during that period. Similarly, actual distributions from the Municipal Revenue Sharing Program increased 39 percent between fiscal years 1972-73 and 1996-97. However, when controlling for inflation as well as population growth in the incorporated area, municipal distributions actually decreased 76 percent or, on average, 3.2 percent annually during that period.

Cigarette tax revenues are the sole source of funds for the Municipal Revenue Assistance Trust Fund, and represented 63 percent of total distributions under the Municipal Revenue Sharing Trust Fund in fiscal year 1996-97. The other primary revenue stream for the Municipal Revenue Sharing Trust Fund is the one-cent municipal fuel tax, which represented 37 percent of total distributions in fiscal year 1996-97. As discussed in detail in the following section, much of the decrease in real per capita dollars shared with municipalities is due to the reliance on cigarette tax revenues. However, fuel tax revenues shared with municipalities also have declined over the years when adjusted for inflation and population growth. Actual fuel tax distributions to municipalities increased by 86 percent between fiscal years 1972-73. However, during the same time period, fuel tax distributions decreased by 68 percent or, on average, 2.8 percent annually when controlling for inflation as well as population growth in the incorporated areas.

<u>Sharing of Cigarette Tax Revenues:</u>

Florida began taxing cigarettes in 1943. From the initial rate of 3 cents, the tax rate was increased to 5 cents in 1949, 8 cents in 1963, 15 cents in 1968, 17 cents in 1971, 21 cents in 1977, 24 cents in 1986, and the current rate of 33.9 cents in 1990.

Pursuant to s. 210.20(2), F.S., state cigarette tax distributions are made as follows: 5.8 percent to the Municipal Financial Assistance Trust Fund, 32.4 percent to the Revenue Sharing Trust Fund for Municipalities, 2.9 percent to the Revenue Sharing Trust Fund for Counties, and 29.3 percent to the Public Medical Assistance Trust Fund for a total of 70.4 percent.

Prior to depositing the balance of revenues into the General Revenue Fund, two additional distributions are made. First, net proceeds derived from the sale of cigarettes sold at retail on any property of the Inter-American Center Authority shall be paid to the Authority. Second, effective January 1, 1999, and continuing for ten years thereafter, 2.59 percent of net proceeds shall be paid to the H. Lee Moffitt Cancer Center and Research Institute's Board of Directors for the purpose of constructing, furnishing, and equipping a cancer research facility at the University of South Florida. Pursuant to the enacting legislation, the cigarette tax dollars pledged to this facility will be replaced annually by the Legislature from the tobacco litigation settlement proceeds.

<u>Cigarette Tax Collections and Distributions:</u>

According to the LCIR, actual cigarette tax collections increased 164 percent between fiscal years 1972-73 and 1996-97. However, cigarette tax distributions to municipal and county governments increased only 22 percent and 23 percent, respectively, during the same period.

In percentage terms, the state's funding of local governments via the cigarette tax has decreased significantly since 1972. In 1972, 14 cents of the 17 cents imposed by the state was allocated to local governments. In other words, 82 percent of net cigarette tax collections was shared with local governments. Currently, 41 percent of net cigarette tax collections is allocated to municipal and county governments in Florida.

Actual cigarette tax distributions to state trust funds increased 836 percent between fiscal years 1972-73 and 1996-97. During the same period, actual distributions from the

Municipal Financial Assistance Trust Fund and the Municipal Revenue Sharing Program which are derived in whole or large part from cigarette taxes increased only 14 percent and 39 percent, respectively. For the County Revenue Sharing Program which derives 4 percent of its total revenues from cigarette taxes, the situation was dramatically different. Actual distributions from the County Revenue Sharing Program increased 509 percent during that period.

Even after controlling for inflation and statewide population growth, the amounts allocated to state trust funds increased 34 percent or, on average, 1.4 percent annually between fiscal years 1972-73 and 1996-97. Conversely, the Municipal Financial Assistance Trust Fund distributions decreased 80 percent or, on average, 3.3 percent annually when controlling for inflation and population growth in the incorporated area. Likewise, Municipal Revenue Sharing Program distributions decreased 76 percent or, on average, 3.2 percent annually during that period. County Revenue Sharing Program distributions decreased 13 percent or, on average, 0.5 percent annually when controlling for inflation and statewide population growth.

<u>Historical Trends:</u>

In its interim project report, the LCIR staff documented five trends based on an examination of the data reviewed:

First, net cigarette tax collections have not kept pace with inflation and population growth. Per capita real dollar collections decreased, on average, 2.6 percent annually between fiscal years 1972-73 and 1996-97.

Second, since passage of the Revenue Sharing Act of 1972, municipal governments have been much more dependent on cigarette taxes than county governments.

Third, state revenue sharing distributions to municipal and county governments that are derived in whole or in part from cigarette taxes have not kept pace with inflation and population growth. Average annual growth rates for all three revenue sharing programs were negative between fiscal years 1972-73 and 1996-97.

Fourth, the state's funding of municipal and county governments, via the cigarette tax, decreased substantially during this period when compared to those distributions directed to state trust funds. Per capita real dollar distributions to state trust funds increased, on average, 1.4 percent annually. By comparison, the adjusted cigarette tax distributions to local governments decreased at an average annual rate exceeding 3 percent.

Fifth, revenue sharing distributions to municipal governments which are derived to a greater extent from cigarette taxes decreased at a greater rate than those distributions to county governments. When adjusted for inflation and population growth, county revenue sharing distributions decreased, on average, 0.5 percent annually while municipal revenue sharing distributions decreased, on average, 3.2 percent annually.

Although revenue sharing distributions to counties exhibited a decline in per capita real dollars, counties have fared better than municipalities due to the nature of the revenue base itself. County revenue sharing is based almost entirely on the intangibles tax - a value-based tax on stocks, bonds, and accounts receivable. Conversely, the declining trend in municipal revenue sharing distributions can be traced to the revenue base as well as the effects of inflation and population growth. Unlike the value-based tax comprising nearly all of county revenue sharing, the municipal programs are funded by unit-based taxes. Unit-based taxes only generate additional revenues when consumption increases, assuming the tax rate remains constant.

The LCIR report concluded by noting that if the Legislature wishes to continue ensuring that municipalities have at least a minimum capacity to fund local needs by providing some mechanism to offset the declining revenue sharing distributions to local governments, then the current program needs revision in light of the facts presented in the report.

1999 Legislative Actions

In addition to conducting an analysis of local government revenue sharing programs, pursuant to its legislative assignment, the LCIR staff drafted eight policy alternatives. Although the policy alternatives were written as to be applicable only to municipalities, the staff noted that the alternatives could be written to include counties as well given the fact that county governments also derive state revenue sharing monies from cigarette taxes.

At its January 8, 1999 meeting, the LCIR staff presented the draft interim report and staff recommendation. The staff recommendation stated that the Legislature consider restructuring those state revenues shared with municipalities by eliminating state-shared revenues benefiting municipal governments as specified in current law, transferring the associated revenues to the General Revenue Fund, and replacing the transferred revenues with a percentage of the General Revenue Fund receipts.

At the Committee's direction, the LCIR staff drafted legislation to implement a more limited policy alternative. As drafted by staff, the proposed legislation would have created the Supplemental Revenue Sharing Trust Fund for Municipalities and provided for an annual appropriation if the estimated cigarette tax revenues to be allocated to municipal governments for the prior state fiscal year were less than those allocated to municipal governments in fiscal year 1997-98. Senator Klein, the Committee's alternating chairman, filed the legislation (SB 1720) during the 1999 Legislative Session. Representative Spratt, the Committee's chairman, filed the companion bill (HB 1873) in the House. Based on the results of the March 8, 1999, General Revenue Estimating Conference, the bills were determined to have fiscal impacts. In fiscal years 1999-00, 2000-01, and 2001-02, the fiscal impacts to General Revenue were estimated to be $8.2 million, $14.8 million, and $13.2 million, respectively.

After its referral to the committees of reference, no subsequent action on SB 1720 was taken. The bill died in the Senate Committee on Comprehensive Planning, Local and Military Affairs. After its referral to the committees of reference, HB 1873 was reported favorable with two technical amendments by the House Committee on Community Affairs. No subsequent action on HB 1873 was taken, and it died in the House Committee on Finance & Taxation.

1999 LCIR Interim Activities

Subsequent to the 1999 Legislative Session, the LCIR's review of the Municipal Revenue Sharing Program was continued as a Committee project for the 1999-2000 legislative interim. The Senate Committee on Fiscal Resource was also assigned the task of reviewing revenue sharing with local governments during the interim.

At the October 5, 1999, meeting, the LCIR staff provided the Committee members with a copy of the August 1999 interim project report of the Senate Committee on Fiscal Resource entitled <u>Revenue Sharing with Local Governments: Examination of Alternatives</u>. The Fiscal

Resource Committee staff recommended that the Legislature review its policy regarding revenue sharing with local governments.

At the December 7, 1999 meeting, the LCIR staff offered two separate proposals to restructure state revenue sharing with local governments. The first proposal restructures two state sources of revenue sharing with municipalities. The current revenue streams for the Municipal Revenue Sharing Program (i.e., 32.4 percent of net cigarette tax collection, net proceeds of the one-cent municipal fuel tax, and 12.5 percent of state alternative fuel fee collections) and the Municipal Financial Assistance Trust Fund (i.e., 5.8 percent of net cigarette tax collections) are transferred to state trust funds. In exchange, the state transfers an equivalent amount of sales and use tax collections to the Revenue Sharing Trust Fund for Municipalities.

The second proposal restructures four state sources of revenue sharing with counties and two state sources of revenue sharing with municipalities. In addition to the municipal revenue streams described in the first proposal, this second proposal transfers the current revenue streams for the County Revenue Sharing Program (i.e., 2.9 percent of net cigarette tax collections and 37.7 percent of net intangibles tax collections) as well as the County Fuel Tax, the Pari-mutuel Tax, and the State Alternative Fuel Fee distributions to state trust funds. In exchange, the state transfers an equivalent amount of sales and use tax collections to the Revenue Sharing Trust Fund for Counties.

In addition, both proposals change the definition of guaranteed entitlement to specify that beginning in state fiscal year 2000-01, no eligible municipal or county will receive less funds from the respective Revenue Sharing Trust Fund than the aggregate amount it received from the state in fiscal year 1999-2000 under the current law provisions. After the receipt of its guaranteed entitlement, each eligible local government receives a "growth monies" distribution, computed on the basis of the apportionment factor provided in current law, which is applied to all remaining monies available for distribution in the respective trust fund.

At the December 7, 1999, LCIR meeting, the Florida League of Cities voiced support of the first proposal. Additionally, the League suggested that the Legislature consider providing additional revenue to compensate municipalities for past cigarette tax revenue losses.

The Florida Association of Counties indicated that it was not prepared to take a position on the LCIR's proposal since its membership had not yet had sufficient time to consider it. Senator Klein suggested that the Committee members consider only the municipal-only proposal and withhold consideration of the county proposal until the next meeting. A motion to adopt the municipal-only proposal was approved unanimously, and both Senator Klein and Representative Spratt agreed to sponsor the legislation.

C. EFFECT OF PROPOSED CHANGES:

At the recommendation of the Florida Legislative Committee on Intergovernmental Relations, this proposal restructures two state sources of revenue sharing with municipalities: (1) the Municipal Revenue Sharing Program, and (2) the Municipal Financial Assistance Trust Fund. The current revenue streams for the Municipal Revenue Sharing Program: 32.4 percent of net cigarette tax collections, net proceeds of the one-cent municipal fuel tax, 12.5 percent of state alternative fuel fee collections, and the current revenue stream for the Municipal Financial Assistance Trust Fund, 5.8 percent of net cigarette tax collections, are transferred to the state’s General Revenue Fund. In exchange, the state will transfer 1.70179 percent of the prior fiscal year's sales and use tax collections to the Revenue Sharing Trust Fund for Municipalities.

The 1.70179 percentage is set to ensure that in fiscal year 2000-2001, the Municipal Revenue Sharing Trust Fund will receive the amount projected under the existing revenue streams for the Municipal Financial Assistance Trust Fund and the Municipal Revenue Sharing Trust Fund. Similarly, the percentage holds state revenues harmless in fiscal year 2000-2001.

HB 2253 changes the definition of guaranteed entitlement to specify that beginning in state fiscal year 2000-2001, no eligible municipality shall receive less funds from the Revenue Sharing Trust Fund for Municipalities than 90 percent of the aggregate amount it received from the state in fiscal year 1999-2000 under the current law provisions of the cigarette tax, municipal fuel tax, and state alternative fuel fee. The bill also deletes Miami/Dade County’s unique guaranteed entitlement. The available revenues in excess of the guaranteed amounts are distributed to municipalities under the existing distribution formula.

As noted in the “Present Situation” section of the analysis, s. 218.25, F.S., prohibits a municipality from bonding any portion of its revenue sharing distribution in excess of its guaranteed entitlement. This bill has the effect of increasing the guaranteed entitlement, and thus bonding capacity, and provides a guaranteed entitlement for eligible municipalities incorporated after July 1, 1972.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Section 206.605, F.S., is amended to transfer the municipal fuel tax proceeds to the General Revenue Fund. The section deletes the remaining statutory language regarding authorized uses of the municipal fuel tax proceeds.

Section 2. Section 206.41(1)(c), F.S., relating to the municipal fuel tax, is amended to conform with changes to the tax made in Section 1 of the bill.

Section 3. Section 206.879(1), F.S., is amended to eliminate transfers of state alternative fuel fee proceeds to the Revenue Sharing Trust Fund for Municipalities.

Section 4. Section 210.20(2)(a), F.S., is amended to eliminate transfers of net cigarette tax proceeds to the Municipal Financial Assistance Trust Fund and the Revenue Sharing Trust Fund for Municipalities.

Section 5. Section 212.20(6)(f), F.S., is amended to provide for the transfer of 1.70179 percent of the prior fiscal year's sales and use tax collections to the Revenue Sharing Trust Fund for Municipalities. The section provides that the amount transferred shall never be less than the amount due municipalities as their guaranteed entitlement as defined by s. 218.21(6)(b), F.S., as amended in Section 7 of the bill.

Section 6. Section 288.1169(6), F.S., is amended to conform a cross-reference.

Section 7. Section 218.21(6)(b), F.S., is amended to change the definition of guaranteed entitlement. Specifies that in state fiscal year 2000-2001 and each state fiscal year thereafter, no eligible municipality shall receive less funds from the Revenue Sharing Trust Fund for Municipalities than 90 percent of the aggregate amount it received from the state in fiscal year 1999-2000 under the provisions of the then-existing s. 210.20(2)(a), F.S., tax on cigarettes; and s. 206.879(1), F.S., state alternative fuel fee, and s. 206.605, F.S., tax on motor fuel. The section also deletes Miami/Dade County's unique guaranteed entitlement.

Section 8. Section 200.132, F.S., pertaining to the Municipal Financial Assistance Trust Fund, is repealed.

Section 9. Section 11.45(3)(b), F.S., is amended to conform a cross-reference.

Section 10. An effective date of July 1, 2000, is provided.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

	2000-2001 (In $ millions)	**2001-2002 (In $ Millions)**
General Revenue Fund		
Cigarette Tax Revenue	$147.7	$148.7
1 Cent Municipal Fuel Tax	$81.0	$83.2
State Alternative Fuel Fee	$0.9	$0.9
Sales Tax	($229.6)	($241.3)
Total Change In GR	$0	($8.5)

2. Expenditures:

The Department of Revenue has not reviewed this bill to determine if it will have a fiscal impact on the department.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

	2000-2001 (In $ Millions)	**2001-2002 (In $ Millions)**
Municipal Financial Assistance Trust Fund		
Cigarette Tax	($22.4)	($22.5)
Municipal Revenue Sharing Fund		
Cigarette Tax Revenue	($125.3)	($126.2)
1 Cent Municipal Fuel Tax	($81.0)	($83.2)
State Alternative Fuel Fee	($0.9)	($0.9)
Sales Tax	$229.6	$241.3
Total Revenues	$0	$8.5

2. Expenditures:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

The Revenue Estimating Conference has not yet addressed this bill. The estimated impact is extracted from estimates provided by LCIR staff. The estimates assume no subsequent tax rate and/or distribution allocation changes to any of the revenue sources. Between FY 2000-01 and FY 2001-02, cigarette tax revenues are assumed to increase 0.7 percent, municipal fuel tax revenues are assumed to increase 2.7 percent, alternative fuel fee revenues are assumed to increase 2 percent, sales and use tax revenues are assumed to increase 5.1 percent.

Assuming current trends in sales and use tax collections in subsequent fiscal years, municipalities will share a portion of the growth of sales and use tax collections that would otherwise have been available to the state.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

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

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

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

This bill does reduce the percentage of state tax shared with municipalities; however, the bill provides additional state-shared revenues which are anticipated to be sufficient to replace the anticipated aggregate loss. Therefore, the bill does not reduce the percentage of state tax shared with municipalities in the aggregate and is not a mandate under Article VII, Section 18(b), Florida Constitution.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

This bill does not necessitate additional rule-making authority.

C. OTHER COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On April 18, 2000, the Committee on Finance and Taxation adopted a strike everything amendment. The amendment amends section 210.(2)(a), F.S., to provide that revenue collections from cigarette taxes will no longer be deposited into the Municipal Financial Assistance Trust Fund or into the Revenue Sharing Trust Fund for Municipalities. Section 212.20(6)(f), F.S., is amended to provide that 0.91 percent of available proceeds from sales and use tax collections shall be transferred to the Revenue Sharing Trust Fund for Municipalities. The amendment is revenue neutral to municipalities.

VII. SIGNATURES:

COMMITTEE ON COMMUNITY AFFAIRS:

Prepared by:	Staff Director:
Thomas L. Hamby	Joan Highsmith-Smith

AS REVISED BY THE COMMITTEE ON FINANCE AND TAXATION:

Prepared by:	Staff Director:
Lynne Overton	Alan Johansen

AS FURTHER REVISED BY THE COMMITTEE ON GENERAL GOVERNMENT APPROPRIATIONS:

Prepared by:	Staff Director:
Juliette Noble	Cynthia P. Kelly