

STORAGE NAME: h2353.ca

DATE: April 13, 2000

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
COMMUNITY AFFAIRS
ANALYSIS**

BILL #: HB 2353 (PCB CA 00-04)

RELATING TO: Independent Special Districts

SPONSOR(S): Committee on Community Affairs and Rep. Gay

TIED BILL(S): None

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

(1) COMMUNITY AFFAIRS (PRC) YEAS 8 NAYS 0

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I. SUMMARY:

This bill revises the Florida Interlocal Cooperation Act of 1996 to allow independent special districts to create or participate in an entity (interlocal administrative agency) created to administer an interlocal agreement to issue bonds to finance capital projects. In addition, this proposed committee bill revises provisions relating to privileges, immunities, exemptions and benefits of such entities, to include those entities created by independent special districts or those entities in which independent special districts are a participant.

This bill clarifies that the Orlando-Orange County Expressway Authority, an independent special district, may issue bonds. In addition, the authority may refinance specific projects with bonds issued by the authority.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|--|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

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

1. Independent special districts are now authorized, through interlocal agreements, to form interlocal administrative agencies to issue bonds to finance or refinance capital projects.

B. PRESENT SITUATION:

The Florida Interlocal Cooperation Act of 1969 authorizes local governmental units to enter into interlocal agreements with public or private sector entities for the purpose of improving the efficiency and/or effectiveness of local governments. The authority granted under this act permits local governments a wide range of opportunities to transfer functional responsibilities. Some of these functions are as follows:

- Formation of a joint exercise of power with any government agency of the state, any other state, and/or the United States (section 163.01(5), Florida Statutes);
- Contract for services, such as a contract between local governments for police and fire protection, water and sewer services, and other public utility functions (section 163.01(6), Florida Statutes);
- Formation of a separate legal or administrative entity to perform any function that the local governments entering into the agreement are authorized to perform with the possible exception of taxing authority (section 163.01(7), Florida Statutes); and
- Creation of a separate legal or administrative entity that, under certain conditions, may, for the purposes of financing or refinancing any capital projects, exercise all powers in connection with the authorization, issuance, and sales of bonds (section 163.01(7)(d), Florida Statutes).

Current law does not extend the authority to create an entity for the purpose of financing or refinancing capital projects to independent special districts.

Orlando-Orange County Expressway Authority (authority)

The Orlando-Orange County Expressway Authority, an independent special district, was created under part V of chapter 348, Florida Statutes. The purpose of the authority is to maintain, construct, and operate the Orlando-Orange County Expressway System (expressway system). Included as one of its powers is the power to borrow money, issue

bonds, issue refunding bonds and incur other obligations for the purpose of financing all or part of the improvement or extension of the system, appurtenant facilities, and any other project authorized by chapter 348, Part V., Florida Statutes. The authority is limited in its authorization in that the bonds must be issued for a permissible purpose under the act and they do not pledge the full faith and credit of the state. Bonds issued pursuant to the act, must be authorized by resolution and can not have a maturity date exceeding 40 years from their issuance. Specific requirements of the resolution and bond procedures are provided for in section 348.755, Florida Statutes.

In addition to having the authority to issue its own revenue bonds, the Legislature has approved the issuance of state bonds pledging the full faith and credit of the state for bond financing by the authority for improvements. Currently, there are two specific portions of the expressway system for which the Legislature has specifically authorized a project and has designated the Division of Bond Finance, Department of Management Services, as the issuing authority. Any additional bonds issued in connection with either project would need to be issued through the Division of Bond Finance.

C. EFFECT OF PROPOSED CHANGES:

This bill revises the Florida Interlocal Cooperation Act of 1996 (section 163.01, Florida Statutes) to allow independent special districts to create or participate in an entity (interlocal administrative agency) created to administer an interlocal agreement to issue bonds to finance capital projects. Currently, only entities created by municipalities, counties, or a combination of municipalities and counties, are authorized to create such an entity for this purpose. In addition, the bill revises provisions relating to privileges, immunities, exemptions and benefits of such entities, to include those entities created by independent special districts or those entities in which independent special districts are a participant.

Any agency created under this act which is solely controlled by independent special districts is limited in its authority and power to only those powers and authority applicable to independent special districts.

In addition, the bill clarifies that the Orlando-Orange County Expressway Authority, an independent special district, may issue bonds pursuant to the State Bond Act. The authority is authorized to issue bonds it feels necessary for achieving its purposes. However, the authority is prohibited from issuing bonds that pledge the full faith and credit of the state.

In addition, the authority may refinance specific projects with bonds issued by the authority. Those specific projects are the Northwest Beltway Part A the Western Beltway Part C of the Orlando-Orange County Expressway Authority.

Finally, the bill clarifies the exemptions from the Florida Expressway Authority Act.

D. SECTION-BY-SECTION ANALYSIS:

Section 1: Amends subsections (7) and (9) of section 163.01, Florida Statutes; allows independent special districts to participate in interlocal agreements that create interlocal administrative agencies whose purpose is to finance or refinance any capital projects through the issuance of bonds; limits the powers, authority, benefits and privileges of any such authority controlled by independent special

districts to only those powers, privileges and benefits currently applicable to independent special districts.

Section 2: Amends section 348.0012, Florida Statutes;, by clarifying the exemptions from the Florida Expressway Authority Act.

Section 3: Amends section 348.7544, Florida Statutes, by providing that the Northwest Beltway Part A of the Orlando-Orange County Expressway Authority may be refinanced with bonds issued by the Authority.

Section 4: Amends section 348.7545, Florida Statutes, by providing that the Western Beltway Part C of the Orlando-Orange County Expressway Authority may be refinanced with bonds issued by the authority.

Section 5: Amends subsection (1) of section 348.755, Florida Statutes; authorizes the authority to issue bonds on behalf of the authority; authorizes the authority to issue bonds it feels necessary for achieving its purposes; prohibits the issuance of bonds that pledge the full faith and credit of the state; and allows the authority to issue bonds to refund any bonds previously issued.

Section 6: Provides effective date of upon becoming a law.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

There appears to be no fiscal impact on state government revenues.

2. Expenditures:

There appears to be no fiscal impact on state government expenditures.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

This bill may increase independent special districts revenues as the ability to create an entity to issue bonds may enable districts to pool resources resulting in better interest rates.

2. Expenditures:

This bill may decrease independent special districts expenditures as the ability to create an entity to issue bonds may enable districts to pool resources resulting in better interest rates and costs.

STORAGE NAME: h2353.ca

DATE: April 13, 2000

PAGE 5

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None

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 an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

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

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

The bill does not reduce the tax authority that counties or municipalities have to raise revenue in the aggregate.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

The Committee on Community Affairs, at its March 30, 2000 meeting, adopted a strike-everything amendment offered by Representative Gay. This amendment included not only the original PCB language (section 1), but also provided for the provisions relating to the Orlando-Orange County Expressway Authority and its authority to issue bonds.

STORAGE NAME: h2353.ca

DATE: April 13, 2000

PAGE 6

VII. SIGNATURES:

COMMITTEE ON COMMUNITY AFFAIRS:

Prepared by:

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