SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 102

SPONSOR: Committee on Comprehensive Planning, Local and Military Affairs and Senator Constantine

SUBJECT: Community Redevelopment

DATE: March 12, 2002 REVISED: _____ _____ _____ _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Bowman	Yeatman	CA	Favorable/CS
2.			FT	
3.			AGG	
4.			AP	
5.			RC	
6.				

I. Summary:

This bill revises statutory provisions relating to community redevelopment agencies (CRAs). Current definitions of "slum area" and "blighted area" are substantially amended to restrict the areas to which these definitions apply. The bill revises current statutory provisions governing a finding of necessity to require a local government to adopt a resolution, supported by a detailed justification, that finds that conditions in the area meet the revised definition of a "slum area" or of a "blighted area" prior to establishing a CRA.

The bill also requires that before a community redevelopment plan is modified, the CRA must notify each taxing authority of the proposed modification and requires that any change in the boundaries of the redevelopment area to add land must be supported by a resolution with accompanying justification.

The bill expands the maximum number of commissioners sitting on the board of a CRA from seven to nine.

The bill also limits the time period each taxing authority is required to appropriate incremental ad valorem tax revenues to a redevelopment trust fund to no more than 40 years after the date of approval or adoption of the initial plan, regardless of whether the CRA amends its plan, and mandates a time certain for completing all redevelopment financed by increment revenues of within 40 years after the fiscal year in which the plan is approved or adopted. Similarly, the maturity date for redevelopment revenue bonds and repayment bonds issued by CRAs created on or after July 1, 2002 is limited to 40 years.

This bill includes a number of specific exclusions to application of the provisions of the bill including: to any ordinance or resolution authorizing the issuance of any bond, note, or other form of indebtedness to which are pledged increment revenues pursuant to a community redevelopment plan, or amendment or modification thereto, as approved or adopted before July 1, 2002; to agreements effective before July 1, 2002 which provide for the delegation of community redevelopment powers, and to Dade County. In addition, certain sections of the bill do not apply to existing CRAs or community redevelopment plans that were in place before the effective date of the bill, unless the community redevelopment area is expanded, in which case only sections 1 (definitions) and 2 (finding of necessity) apply to the new area.

This bill amends ss. 163.340, 163.355, 163.356, 163.361, 163.362, 163.385, 163.387 and 163.410, F.S.

II. Present Situation:

Community Redevelopment Agencies

Background

In 1969, the Legislature passed the Community Redevelopment Act to provide a funding mechanism for community redevelopment efforts. Part III of chapter 163, F.S., allows a county or municipality to create a CRA to carry out redevelopment of slum or blighted areas. CRAs are not permitted to levy or collect taxes; however, the local governing body is permitted to establish a community redevelopment trust fund utilizing revenues derived from tax increment financing (TIF). TIF uses the incremental increase in ad valorem tax revenue within a designated redevelopment area to finance redevelopment projects within that area.[1] As property tax values in the redevelopment area rise above an established base, tax increment is generated by applying the current millage rate to that increase in value and depositing that amount into a trust fund.[2] Each taxing authority must annually appropriate an amount representing the "increment revenues" and deposit it in the redevelopment trust fund. These revenues are used to back bonds issued to finance redevelopment projects.

Creation of Community Redevelopment Agencies

Section 163.355, F.S., prohibits a county or municipality from exercising the powers conferred by the Act until after the governing body has adopted a resolution finding that:

(1) One or more slum or blighted areas, or one or more areas in which there is a shortage of housing affordable to residents of low or moderate income, including the elderly, exist in such county or municipality; and,
(2) The rehabilitation, conservation, or redevelopment, or a combination thereof, of such area or areas, including, if appropriate, the development of housing which residents of low or moderate income, including the elderly, can afford, is necessary in the interest of the public health, safety, morals, or welfare of the residents of such county or municipality.

[1] David Cardwell and Harold R. Bucholz, "Tax-Exempt Redevelopment Financing in Florida," *Stetson Law Review*, Summer, 199, at o, 667.
[2] Id., at p. 667.

Section 163.360, F.S., provides:

> Community redevelopment in a community redevelopment area shall not be planned or initiated unless the governing body has, by resolution, determined such area to be a slum area, a blighted area, or an area in which there is a shortage of housing affordable to residents of low or moderate income, including the elderly, or a combination thereof, and designated such area as appropriate for community redevelopment.

Section 163.340, F.S., defines "slum area" as follows:

> “Slum area” means an area in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age, or obsolescence; inadequate provision for ventilation, light, air, sanitation, or open spaces; high density of population and overcrowding; the existence of conditions which endanger life or property by fire or other causes; or any combination of such factors is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime and is detrimental to the public health, safety, morals, or welfare.

"Blighted area" is defined as follows:

> “Blighted area,” means either:
>
> (a) An area in which there are a substantial number of slum, deteriorated, or deteriorating structures and conditions that lead to economic distress or endanger life or property by fire or other causes or one or more of the following factors that substantially impairs or arrests the sound growth of a county or municipality and is a menace to the public health, safety, morals, or welfare in its present condition and use:
>
> 1. Predominance of defective or inadequate street layout;
> 2. Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
> 3. Unsanitary or unsafe conditions;
> 4. Deterioration of site or other improvements;
> 5. Inadequate and outdated building density patterns;
> 6. Tax or special assessment delinquency exceeding the fair value of the land;
> 7. Inadequate transportation and parking facilities; and
> 8. Diversity of ownership or defective or unusual conditions of title which prevent the free alienability of land within the deteriorated or hazardous area; or
>
> (b) An area in which there exists faulty or inadequate street layout; inadequate parking facilities; or roadways, bridges, or public transportation facilities incapable of handling the volume of traffic flow into or through the area, either at present or following proposed construction.

However, for purposes of qualifying for the tax credits authorized in chapter 220, “blighted area” means an area described in paragraph (a).

In addition, subsection (10) defines "community redevelopment area" as follows:

> (10) "Community redevelopment area" means a slum area, a blighted area, or an area in which there is a shortage of housing that is affordable to residents of low or moderate income, including the elderly, or a coastal and tourist area that is deteriorating and economically distressed due to outdated building density patterns, inadequate transportation and parking facilities, faulty lot layout or inadequate street layout, or a combination thereof which the governing body designates as appropriate for community redevelopment.

Creation of Community Redevelopment Agency

Any county or municipality may create a CRA upon a finding of necessity, and a finding that there is a need for a CRA to function in the county or municipality. The governing board of the local government may appoint a board of commissioners of between 5 and 7 members to govern the CRA or the governing body may declare itself to be the community redevelopment agency. A governing body that consists of five members may appoint two additional persons to act as members of the CRA. Section 163.410, F.S., provides that in a home rule charter county, powers granted under part III of chapter 163, the Community Redevelopment Act, shall be exercised exclusively by the governing body of the charter county, unless the county adopts a resolution delegating CRA powers within the boundaries of a municipality to the governing body of the municipality. This limitation does not apply to a CRA created by a municipality prior to the adoption of a county home rule charter. In addition, s. 163.415, F.S., provides that if a county does not have a home rule charter, a county cannot exercise CRA powers within the boundaries of a municipality unless the governing body of the municipality expresses its consent by resolution.

Community Redevelopment Agency Plans

Each community redevelopment area must have an approved community redevelopment plan in conformance with the local government comprehensive plan. The local government may subsequently modify the community redevelopment plan upon the recommendation of the CRA.

Redevelopment Trust Funds and Tax Increment Financing

Section 163.387, F.S., provides for the creation of a redevelopment trust fund for each CRA. Funds allocated to and deposited into this fund are used by the CRA to finance any community redevelopment undertaken based on an approved community redevelopment plan. In tax increment financing, property values in a certain defined community redevelopment area are frozen by local ordinance at the assessed value for a particular base year. As redevelopment proceeds within the redevelopment area, the actual assessed value of property within the redevelopment area should increase. Taxing authorities located within the community redevelopment area are required to deposit the incremental revenue received as a result of this increase in property value in a redevelopment trust fund established by the CRA. Section 163.387, F.S., specifically provides that "the annual funding of the redevelopment trust fund shall be in an amount not less than that increment in the income, proceeds, revenues, and funds

of each taxing authority derived from or held in connection with undertaking and carrying out of community redevelopment under this part."

Section 163.340(2), F.S., defines "public body" or "taxing authority" to mean the state or any county, municipality, authority, special district as defined in s. 165.031(5), F.S., or other public body of the state, except a school district.

Exemptions from Tax Increment Financing

Section 163.387(2)(c), F.S., exempts the following public bodies or taxing authorities created prior to July 1, 1993, from the requirement to deposit an appropriation equaling incremental revenue into a CRA's redevelopment trust fund:

- A special district that levies ad valorem taxes on taxable real property in more than one county.
- A special district, the sole available source of revenue of which is ad valorem taxes at the time an ordinance is adopted under this section.
- 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.

In addition, s. 163.387(2)(d), F.S., authorizes a local governing body that creates a community redevelopment agency under s. 163.356, F.S., to exempt a special district that levies ad valorem taxes within that community redevelopment area from the requirement to deposit incremental revenue into a CRA's redevelopment trust fund. The local governing body may grant the exemption either in its sole discretion or in response to the request of the special district. The subsection requires the local governing body to establish procedures by which a special district may submit a written request to be exempted within 120 days after July 1, 1993. The subsection further provides that in deciding whether to deny or grant a special district's request for exemption, the local governing body must consider specified factors.

The subsection requires the local governing body to hold a public hearing on a special district's request for exemption after public notice of the hearing is published in a newspaper having a general circulation in the county or municipality that created the community redevelopment area. The notice must describe the time, date, place, and purpose of the hearing and must identify generally the community redevelopment area covered by the plan and the impact of the plan on the special district that requested the exemption.

If a local governing body grants an exemption to a special district under this paragraph, the local governing body and the special district must enter into an interlocal agreement that establishes

the conditions of the exemption, including, but not limited to, the period of time for which the exemption is granted. If a local governing body denies a request for exemption by a special district, the local governing body shall provide the special district with a written analysis specifying the rationale for such denial. This written analysis must include specified information. The decision to either deny or grant an exemption must be made by the local governing body within 120 days after the date the written request was submitted to the local governing body pursuant to the procedures established by such local governing body.

Community Redevelopment Agency Powers

CRAs are granted those powers "necessary or convenient to carry out and effectuate the purposes of the act." These powers include the power to issue bonds and acquire property by eminent domain, if approved by the governing body that established the CRA. CRAs also are granted the power to undertake and carry out community redevelopment and related activities within the community redevelopment area. Section 163.370(1)(c), F.S., states that this redevelopment may include such activities as the acquisition and disposition of real property located within the community redevelopment area and the repair or rehabilitation of structures within the community redevelopment area for dwelling uses

Conflicts Between Counties and Cities

As indicated above, the Community Redevelopment Act (Act) dates back to 1969, and arose as part of a national urban renewal effort. Initial community redevelopment efforts did not generate substantial tax increment revenues, but in recent years utilization of the Act has increased, as has the amount of tax increment revenues. Since these ad valorem revenues are diverted from other taxing authorities, increases in tax increment revenues have led to growing tensions between local government entities. As an outgrowth to such tension, disputes regarding the Act have increased, particularly where statutory provisions are vague or in situations not addressed by the statutes. In the late 1980s and early 1990's, a major source of conflict was between community redevelopment agencies and special districts. Conflicts between counties and cities are now increasing.

Counties have expressed several concerns with the Act. Charter counties and non-charter counties are treated differently under the Act. Section 163.410, F.S., grants charter counties exclusive authority to exercise the powers of the Act, but allows a charter county to delegate such powers to a municipality. In 1983, chapter 83-29, Laws of Florida, was enacted to provide that the section does not apply to any community redevelopment agency created by a municipality prior to the adoption of a county home rule charter. Non-charter counties are not granted exclusive control over community redevelopment activities.

One concern expressed by charter counties is the expansion in charter counties of existing CRAs -- those created by a municipality prior to the adoption of the county home rule charter. As noted above, section 163.410, F.S., explicitly provides that the section does not apply to CRAs created prior to the adoption of a county home rule charter. The statute does not explicitly address the issue of expansion of such pre-existing CRAs within charter counties, and no Florida court of review has ruled on this issue.

Additional issues of concern include the process in law to amend or modify an existing community redevelopment plan, the total life span of the community redevelopment trust fund, and the definitions of slum and blight. Section 163.361, F.S., governs the modification of community redevelopment plans, and authorizes CRAs -- both those created by counties and those created by cities -- to modify such plans after public notice and a public hearing. Section 163.361(1), F.S., allows amendments to the redevelopment plan to change the boundaries of a redevelopment area or the development and implementation of community policing innovations. The section places no restrictions on the size of the additions or exclusions. Nor does the section distinguish between modifications to plans in charter and non-charter counties.

Section 163.387, F.S., provides for the establishment of redevelopment trust funds and provides for each taxing authority -- except those exempted -- to appropriate tax increment revenues to the trust fund so long as any indebtedness pledging increment revenues to the payment thereof is outstanding (but not to exceed 30 years). The section also provides that if the community redevelopment plan is amended or modified pursuant to s. 163.361(1), F.S., each taxing authority must make the annual appropriation for a period not to exceed 30 years after the governing body amends the plan.

One county has expressed the concern that this section "allows the annual appropriation to the trust fund to run for a period of 30 years after a plan is amended but does not address the issue of the existing trust fund." The statute does not differentiate between the life span of the trust fund prior to the plan amendment and the life span after the plan amendment. Nor does it differentiate between tax increment revenues collected from areas originally in the redevelopment area and those collected from areas added to the redevelopment area. Rather, the section simply states: "If the community redevelopment plan is amended or modified pursuant to s. 163.361(1), each such taxing authority shall make the annual appropriation for a period not to exceed 30 years after the date the governing body amends the plan."

As noted above, counties also have expressed concern with the definitions of "slum" and "blighted." The definition of "blighted area" has been expanded over the years, and the conditions which community redevelopment areas may be created to address have also been expanded to address the lack of affordable housing. Regarding the definition of "blighted area," perhaps the most important expansion occurred with passage of chapter 81-44, Laws of Florida, which added the following language to the definition:

> (b) An area in which there exists faulty or inadequate street layout; inadequate parking facilities; or roadways, bridges, or public transportation facilities incapable of handling the volume of traffic flow into or through the area, either at present or following proposed construction.

Section 163.355, F.S., relating to finding of necessity, and s. 163.360, F.S., were both amended in 1984 (chapter 84-356, L.O.F.) to add the lack of affordable housing to conditions of slum and blight for which CRAs may be created to address. This act also amended the definition of "community redevelopment area" to include an area with a shortage of affordable housing. More recently, in section 1 of chapter 98-210, Laws of Florida, the definition of "community redevelopment" was amended to include the "rehabilitation and revitalization of coastal resort and tourist areas that are deteriorating and economically distressed."

III. Effect of Proposed Changes:

This bill revises statutory provisions relating to CRAs. Current definitions of "slum area" and "blighted area" are substantially amended to restrict the areas to which these definitions apply. The bill revises current statutory provisions governing a finding of necessity to require a local government to adopt a resolution, supported by a detailed justification, that finds that conditions in the area meet the revised definition of a "slum area" or of a "blighted area" prior to establishing a CRA

The bill also requires that before a community redevelopment plan is modified, the CRA must notify each taxing authority of the proposed modification and requires that any change in the boundaries of the redevelopment area to add land must be supported by a resolution with accompanying justification.

The bill expands the maximum number of commissioners sitting on the board of a CRA from seven to nine and allows more than one CRA to be created in certain charter counties.

The bill limits the time period each taxing authority is required to appropriate incremental ad valorem tax revenues to a redevelopment trust fund to no more than 40 years after the date of approval or adoption of the initial plan, regardless of whether the CRA amends its plan and mandates that the time certain for completing all redevelopment financed by increment revenues must occur within 40 years after the fiscal year in which the plan is approved or adopted. Similarly, the maturity date for redevelopment revenue bonds and repayment bonds issued by CRAs created on or after July 1, 2002 is limited to 40 years.

This bill includes a number of specific exclusions to application of the provisions of the bill including: to any ordinance or resolution authorizing the issuance of any bond, note, or other form of indebtedness to which are pledged increment revenues pursuant to a community redevelopment plan, or amendment or modification thereto, as approved or adopted before July 1, 2002; to agreements effective before July 1, 2002 which provide for the delegation of community redevelopment powers; and to Dade County. In addition, certain sections of the bill do not apply to existing CRAs or community redevelopment plans that were in place before the effective date of the bill, unless the community redevelopment area is expanded, in which case only the new definitions and finding of necessity provisions apply to the new area.

Section 1 of the bill amends the definitions of "governing body", "slum area" and "blighted area" set forth in s. 163.340, F.S.

Subsection (3), defining "governing body" is amended to include a "commission" as a governing body for purposes of the act.

Subsection (7), modifies the definition of "slum area" as an area:

> having physical or economic conditions conducive to disease, infant mortality, juvenile delinquency, poverty, or crime because there is a predominance of buildings or improvements, whether residential or nonresidential, which are impaired by reason of dilapidation,

deterioration, age, or obsolescence and exhibiting one or more of the following factors:

- Inadequate provision for ventilation, light, air, sanitation or open space;
- High density of population, compared to the population density of adjacent areas within the county or municipality; and overcrowding, as indicated by government maintained statistics or other studies and the requirements of the Florida Building Code; or
- The existence of conditions that endanger life or property by fire or other causes.

Subsection (8), is amended by the bill to define "blighted area" in terms of indicators of economic distress:

> …an area in which there are a substantial number of deteriorated, or deteriorating structures, in which conditions, as indicated by government-maintained statistics or other studies, are leading to economic distress or endanger life or property, and in which two or more of the following factors are present..

The bill increases the number of factors that are indicative of a "blighted area" and requires that two such factors, rather than the single factor of current law, must be present to satisfy the definition. The list of factors of which *two* must be present for an area to qualify as a community redevelopment area include:

1. Predominance of defective or inadequate street layout, parking facilities, roadways, bridges or public transportation facilities;
2. Aggregate assessed values of real property in the area for ad valorem tax purposes have failed to show any appreciable increase over the 5 years prior to the finding of such condition;
3. Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
4. Unsanitary or unsafe conditions;
5. Deterioration of site or other improvements;
6. Inadequate and outdated building density patterns;
7. Falling lease rates per square foot of office, commercial, or industrial space compared to the remainder of the county or municipality;
8. Tax or special assessment delinquency exceeding the fair value of the land;
9. Residential and commercial vacancy rates higher in the remainder of the county or municipality;
10. Incidence of crime in the area higher than in the remainder of the county or municipality;
11. Fire and emergency medical service calls to the area proportionately higher than in the remainder of the county or municipality;
12. A greater number of violations of the Florida Building Code in the area than the number of violations recorded in the remainder of the county or municipality; or
13. Diversity of ownership or defective or unusual conditions of title which prevent the free alienability of land within the deteriorated or hazardous area; or

14. Governmentally owned property with adverse environmental conditions caused by a public or private entity.

Generally, the modification of the list is intended to make it more difficult for an area to qualify as "slum and blighted" for purposes of the act. In addition to requiring two indicators to be met in order to meet the definition of "blighted area," the bill also deletes two factors that were indicators of "blighted area" under current law: inadequate transportation and parking facilities; and an area in which there exists faulty or inadequate street layout; inadequate parking facilities; or roadways, bridges, or public transportation facilities incapable of handling the volume of traffic flow into or through the area.

However, there is a major exception to the requirement that two of the listed indicators of economic distress must be present to meet the definition of "blighted area;" that is, if only one of the factors is present, and all taxing authorities which must pay the tax increment into the redevelopment trust fund may agree either by interlocal agreement or agreements with the agency or by resolution, that the area is blighted. Such an agreement or resolution shall only determine that the area is blighted.

Section 2 amends s. 163.355, F.S., qualifying that the resolution issued by a municipality or county that states the "finding of necessity" must be supported by data and analysis that demonstrates that the conditions meet the criteria for "slum area" or "blighted area."

Section 3 amends subsection (1) of s. 163.356, F.S., to provide that a charter county having a population less than or equal to 1.6 million may create, by vote of at least a majority plus one of the entire governing body of the charter county, more than one community redevelopment agency.

Subsection (2) of s. 163.356, F.S., to allow for the governing body of a community redevelopment agency to consist of no fewer than five to no more than nine members, rather than the maximum of seven members provided by current law.

Section 4 amends s. 163.361, F.S., regarding the modification of the community redevelopment plan, to require that before a CRA can modify a community redevelopment plan to expand the boundaries of a community development plan or extend the time certain for completing all redevelopment financed by increment revenues, the proposed modifications must be reported to each taxing authority. In addition, a modification to a community redevelopment plan that includes a change in the boundaries of the CRA to add land must be supported by a "finding of necessity" adopted by resolution.

Section 5 amends s. 163.362, F.S., to limit the time certain before which all redevelopment financed by increment revenues must be completed, to 40 years after the fiscal year in which the redevelopment plan is approved or adopted. This new deadline only applies to CRAs created after July 1, 2002. Under existing law, the deadline for completing redevelopment was no later than 30 years after the fiscal year in which the redevelopment plan is approved, adopted or amended.

Section 6 amends s. 163.385, F.S., to limit the maturity date of bonds issued to finance redevelopment projects by a CRA. Under existing law, any redevelopment revenue bonds issued to finance community redevelopment by a CRA must mature within 60 years after the end of the fiscal year in which the initial community redevelopment plan was approved or adopted; repayment bonds must mature no later than the end of the 30th year after the fiscal year in which the increment revenues are deposited into the redevelopment trust fund. The bill requires that revenue bonds issued by a CRA created after July 1, 2002, must mature within 40 years after the end of the fiscal year in which the initial community redevelopment plan is approved; similarly, repayment bonds must mature by the 40th year after the fiscal year in which the initial community redevelopment plan is approved.

Section 7 amends s. 163.387, F.S., regarding the redevelopment trust fund, to clarify that a redevelopment trust fund cannot be created until after approval of a community redevelopment plan for the CRA. In addition, the bill amends this section to limit the time period during which a taxing authority must make an appropriation representing the tax increment to a period not exceeding 40 years after the fiscal year in which the initial community redevelopment plan is approved or adopted.

The bill also provides that certain taxing authorities are exempt from making the annual appropriation regardless of their date of creation. Under existing laws, only those named authorities created prior to July 1, 1993 were exempt from paying into the redevelopment trust fund, an annual appropriation.

Subsection 6 is amended to qualify that moneys in the redevelopment trust fund may be expended for a list of undertakings of a community redevelopment agency "including, but not limited to.." These purposes include, for example: administrative and overhead expenses; planning costs; acquisition of real property in the redevelopment area; repayment of principal and interest for loans and bonds; and the development of affordable housing.

Section 8 amends s. 163.410, F.S., to require that the governing body of a charter county must act on the request of a municipality for a delegation of powers or a change in an existing delegation of powers within 120 days of receipt of all required documentation of the request, unless provided by interlocal agreement between the charter county and a municipality.

Section 9 contains a number of grandfather clauses limiting the application of the provisions of the bill to existing CRAs:

- The provisions of the bill do not apply to any ordinance or resolution authorizing the issuance of bonds to which are pledged tax increment revenues pursuant to a community development plan or amendment to plan approved before July 1, 2002.
- The provisions of sections 1(definitions), 2 (finding of necessity), 4 (modification of community redevelopment plan), and 5 (contents of community redevelopment plan) do not apply to:
    a) any CRA created before July 1, 2002, unless the area of the CRA is expanded on or after July 1, 2002, in which case only sections 1 (definitions) and 2 (finding of necessity) of the bill apply to the expanded area; hence, the

provisions of the bill limiting the maturity date for revenue bonds issued to 40 years would not apply to the expanded area;

b) any municipality that has adopted a finding of necessity on or before August 1, 2002, and has adopted its redevelopment plan on or before December 31, 2002;

c) any municipality that has submitted its finding of necessity, application for approval of a community redevelopment plan, or amendment to an existing community redevelopment plan, to a charter county that has delegated powers to the municipality to maintain the CRA before August 1, 2002;

- The provision of the bill do not apply to Dade County or any municipality within Dade County.

Section 10 provides an effective date of July 1, 2002.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

To the extent the bill narrows the definition of areas that qualify to be included within a CRA, fewer redevelopment projects may be undertaken, creating fewer projects for private contractors.

C. Government Sector Impact:

The fiscal impact this bill will have on local governments is unclear. The bill has the overall effect of limiting the areas local governments are authorized to use tax incrementing financing to fund redevelopment. This change may result in less use of tax increment financing to fund community redevelopment, and/or it may redirect such efforts to different, more distressed areas. If the later outcome occurs, total tax increment

revenues paid and collected by local governments may decrease due to slower growth rates in ad valorem tax assessments associated with more distressed areas.

The bill limits the time period each taxing authority is required to appropriate incremental ad valorem tax revenues to a pre-existing redevelopment trust fund and to any newly created CRA redevelopment trust fund to no more than 40 years. This change will result in an unknown reduction in total tax increment revenues paid and collected by local governments. In addition, the bill limits the maturity date of redevelopment bonds and repayment bonds issued to finance community redevelopment to 40 years from the end of the fiscal year in which the initial community redevelopment plan is approved. This limits the ability of a CRA to amend its community redevelopment plan to propose projects in the future.

The bill also exempts certain special districts created after July 1, 1993, as well as those created before, from the requirement to appropriate incremental revenues. This change will decrease tax increment revenues paid by special districts into the redevelopment trust fund of a community redevelopment agency.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.