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HOUSE OF REPRESENTATIVES

COUNCIL FOR SMARTER GOVERNMENT
ANALYSIS

BILL #: CS/HB 1341

RELATING TO: Community Redevelopment

SPONSOR(S): Council for Smarter Government and Representatives Dockery and others

TIED BILL(S): None.

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

(1) LOCAL GOVERNMENT & VETERANS AFFAIRS (SGC) YEAS 10 NAYS 0
(2) FISCAL POLICY AND RESOURCES YEAS 8 NAYS 1
(3) COUNCIL FOR SMARTER GOVERNMENT YEAS 14 NAYS 0
(4)
(5)

I. SUMMARY:

THIS DOCUMENT IS NOT INTENDED TO BE USED FOR THE PURPOSE OF CONSTRUING STATUTES, OR TO BE CONSTRUED AS AFFECTING, DEFINING, LIMITING, CONTROLLING, SPECIFYING, CLARIFYING, OR MODIFYING ANY LEGISLATION OR STATUTE.

This bill revises statutory provisions relating to community redevelopment agencies (CRAs). Current definitions of "slum area" and "blighted area" are amended to restrict the areas to which these definitions apply. The bill revises statutory provisions governing a finding of necessity to require a local government to adopt a resolution, supported by data and analysis, that makes a legislative finding that the conditions in the area meet the revised definition of a "slum area" or of a "blighted area" prior to establishing a CRA. This change deletes lack of affordable housing as an independent condition for which CRAs may be created.

Prior to the adoption of any modification to a community redevelopment plan that expands the boundaries of the community redevelopment area or extends the time certain set forth in the redevelopment plan, the bill requires the CRA to report the proposed modification to each taxing authority in writing or by a verbal presentation, or both. The bill also provides that a modification to a community redevelopment plan that includes a change in the boundaries of the redevelopment area to add land must be supported by a resolution finding that the area is a slum or blighted area.

For any CRA created after July 1, 2002, 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. The bill also exempts additional special districts from the requirement to appropriate tax increment revenues. The bill declares that the bill's provisions do not apply 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 January 1, 2003. The bill provides that the bill's provisions are not intended to impair any ordinance, resolution, interlocal or written agreement effective prior to July 1, 2002, that provides for the delegation of community redevelopment powers.

The bill has no fiscal impact on state government. See "Fiscal Comments" for a discussion of the fiscal impact on local governments.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

1.	Less Government	Yes [X]	No []	N/A []
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:

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 community redevelopment agency (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.

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.

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.

<u>Community Redevelopment Agency Plans</u>

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), 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 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.

In addition, s. 163.387(2)(d), F.S., authorizes a local governing body that creates a community redevelopment agency under s. 163.356 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 community redevelopment agencies 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.

C. EFFECT OF PROPOSED CHANGES:

This bill revises statutory provisions relating to community redevelopment agencies (CRAs). Current definitions of “slum area” and “blighted area” are amended to restrict the areas to which these definitions apply. The bill revises statutory provisions governing a finding of necessity to require a local government to adopt a resolution, supported by data and analysis, that makes a legislative finding that the conditions in the area meet the revised definition of a “slum area” or of a “blighted area” prior to establishing a CRA. This change deletes lack of affordable housing as an independent condition for which CRAs may be created.

Prior to the adoption of any modification to a community redevelopment plan that expands the boundaries of the community redevelopment area or extends the time certain set forth in the redevelopment plan, the bill requires the CRA to report the proposed modification to each taxing authority in writing or by a verbal presentation, or both. The bill also provides that a modification to a community redevelopment plan that includes a change in the boundaries of the redevelopment area to add land must be supported by a resolution finding that the area is a slum or blighted area.

For any CRA created after July 1, 2002, 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. The bill also exempts additional special districts from the requirement to appropriate tax increment revenues. The bill declares that the bill's provisions do not apply 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 January 1, 2003. The bill provides that the bill's provisions are not intended to impair any ordinance, resolution, interlocal or written agreement effective prior to July 1, 2002, that provides for the delegation of community redevelopment powers.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Subsections (3), (7), and (8) of s. 163.340, F.S., are amended. Subsection (3), which defines "governing body," is amended to insert "commission."

Subsection (7), which defines "slum area" is substantially amended. Under the current definition, the area must have a predominance of buildings or improvements, whether residential or nonresidential, which, by reason of at least one several conditions, is conductive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime and are detrimental to the public health, safety, morals, or welfare.

The subsection is amended to restrict the definition to those areas with 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, that are impaired by reason of dilapidation, deterioration, age, or obsolescence, and which area exhibits one or more of the following factors:

- Inadequate provision for ventilation, light, air, sanitation, or open spaces;
- 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 which endanger life or property by fire or other causes.

Subsection (8), which defines "blighted area," also is substantially amended to restrict its application. Under current law, "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).

As amended, the definition is:

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:

- Predominance of defective or inadequate street layout, parking facilities, roadways, bridges, or public transportation facilities;
- 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;
- Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- An increase in the number of tax-exempt properties;
- Unsanitary or unsafe conditions;
- Deterioration of site or other improvements;
- Inadequate and outdated building density patterns;
- Falling lease rates per square foot of office, commercial, or industrial space compared to the remainder of the county or municipality;
- Tax or special assessment delinquency exceeding the fair value of the land;
- Residential and commercial vacancy rates higher in the area than the remainder of the county or municipality;
- Incidence of crime in the area higher that the remainder of the county or municipality;

- Fire and emergency medical service calls to the area higher on a proportional basis than the remainder of the county or municipality;

- Violations of the Florida Building Code in the area higher on a proportional basis than the number of violations recorded in remainder of the county or municipality; or

- Diversity of ownership or defective or unusual conditions of title which prevent the free alienability of land within the deteriorated or hazardous area.

In addition, the subsection is amended to provide that for purposes of qualifying for the tax credits authorized in chapter 220, F.S., "blighted area" means an area as defined in this subsection

Section 2. Section 163.355, F.S., is amended to revise provisions governing the finding of necessity by a county or municipality required prior to exercising the powers granted under the community redevelopment act. The section is amended to clarify that no county or municipality may exercise the "community redevelopment" authority conferred by part III of ch. 163, F.S., until the appropriate governing body has first adopted a resolution finding specified facts. The section is amended to require the resolution, supported by data and analysis, that makes a legislative finding that the conditions in the area meet the criteria described in s. 163.340(7) or (8), F.S. Existing language currently governing the actual finding the local government must make is retained to govern the content of the local government's resolution.

The amendment to the section has the effect of requiring a local government to adopt an ordinance, supported by data and analysis, that makes a legislative finding that an area meets either the revised definition of a "slum area" or of a "blighted area" prior to establishing a community redevelopment area. Under current law, the local government must find that 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, exists in the county or municipality, and 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.

Section 3. Subsection (2) of s. 163.361, F.S., is amended to require the governing body to hold a public hearing on "any" rather than "a" proposed modification to a community redevelopment plan. In addition, a new subsection (4) is added to provide that in addition to the requirements of s. 163.346, F.S., and prior to the adoption of any modification to a community redevelopment plan that expands the boundaries of the community redevelopment area or extends the time certain set forth in the redevelopment plan as required by s. 163.362(10), F.S., the agency shall report such proposed modification to each taxing authority in writing or by a verbal presentation, or both, regarding such proposed modification. A new subsection (5) is added to provide that a modification to a community redevelopment plan that includes a change in the boundaries of the redevelopment area to add land must be supported by a resolution as provided s. 163.355, F.S.

Section 4. Subsection (10) of s. 163.362, F.S., relating to the required contents of community redevelopment plans, is amended. The subsection currently requires that such plans include a time certain for completing all redevelopment financed by increment revenues, which time certain must occur no later than 30 years after the fiscal year in which the plan is approved, adopted, or amended. The subsection is amended to require that for any CRA created after July 1, 2002, the time certain for completing all redevelopment financed by tax increment revenues shall occur no later than 40 years after the fiscal year in which the plan is initially approved or adopted.

Section 5. Paragraph (a) of subsection (1) of s. 163.385, F.S., is amended to provide that for any CRA created after July 1, 2002, any redevelopment bond or other obligations issued to finance the undertaking of any community redevelopment under this part shall mature within 40 years after the end of the fiscal year in which the initial community redevelopment plan was approved or adopted. The paragraph is further amended to provide that for any CRA created after July 1, 2002, any form of indebtedness pledging increment revenues to the repayment thereof shall mature no later than the 40th year after the fiscal year in which the initial community redevelopment plan was approved or adopted.

Section 6. Subsections (1) and (2) of s. 163.387, F.S., relating to redevelopment trust funds, are amended. Subsection (1) is amended to provide that a community redevelopment trust shall be established only after approval of a community redevelopment plan.

Subsection (2) is amended to provide that for any CRA created after July 1, 2002, each taxing authority shall make the annual appropriation for a period not to exceed 40 years after the fiscal year in which the initial community redevelopment plan was approved or adopted.

Subsection (2)(c) is amended to delete language limiting an exemption for certain types of special districts to those created prior to July 1, 1993. A new paragraph (d) is added to subsection (2) to exempt independent fire control districts, mosquito control districts, and hospital districts from the requirement to contribute tax increment revenue to CRAs created after July 1, 2002. Current paragraph (d) of subsection (2) is renumbered (e) and amended to delete the required date by which a local government must establish procedures by which a special district may submit a written request to be exempted from contributing tax increment revenues.

Section 7. This section declares that amendments to part III of chapter 163, F.S., as provided by this act, do not apply 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 January 1, 2003.

Section 8. This section provides that amendments to part III to chapter 163, F.S., as provided by this act, are not intended to impair any ordinance, resolution, interlocal or written agreement effective prior to July 1, 2002, that provides for the delegation of community redevelopment powers.

Section 8. An effective date of July 1, 2002, is provided.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

See "Fiscal Comments" section.

2. Expenditures:

See "Fiscal Comments" section.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

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 CRA created after July 1, 2002, 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.

The bill also exempts additional special districts from the requirement to appropriate incremental revenues. This change will decrease tax increment revenues paid by special districts.

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.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

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

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

The bill does not reduce the percentage of a state tax shared with counties and municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

Technical Concerns

In two instances in the bill, reference is made to the Florida Building Code. In section 1 of the bill, s. 163.340(7)(b), F.S., relating to the definition of "slum area," is amended to refer to "overcrowding, as indicated by government-maintained statistics or other studies and the requirements of the Florida Building Code." Also in section 1 of the bill, s. 163.340(8)(1), F.S., relating to the definition of "blighted area," is amended to add new language referencing "violations of the Florida Building Code". Regarding the first reference, the Florida Building Code does not address maximum numbers of inhabitants. Regarding the second reference, the Florida Building Code applies to new construction or substantial renovations to existing structures. Perhaps a more appropriate reference would be to requirements in and violations of the local government's codes governing such matters.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On February 26, 2002, the Council for Smarter Government considered and passed HB 1341 as a council substitute, which incorporated the substance of the strike-everything amendment adopted by the Committee on Fiscal Policy and Resources at its February 19, 2002, meeting. This amendment, in turn, incorporated the substance of amendments 3-8 adopted by the Committee on Local Government & Veterans Affairs at its February 12, 2002, meeting. CS/HB 1341 differs from the original filed bill in the following ways:

Section 1: Modifies the definition of "blighted area" and removes provisions specifying that the amended definitions of "slum" and "blighted area" do not apply to CRAs created prior to October 1, 2002.

Section 2: The section is reworded and provisions specifying that the changes do not apply to CRAs created prior to October 1, 2002 are removed.

Section 3: Adds new subsections (3) and (4) to section 163.361, F.S. Subsection (3) requires that prior to any expansion of boundaries or extension of time for a CRA, each taxing authority will receive notification of the proposed modification. Subsection (4) requires that boundary expansions be supported by a resolution "as provided in s. 163.355", F.S.

Section 4: Specifies that CRAs created after July 1, 2002, shall be financed by tax increment revenues for no more than 40 years.

Section 5: Conforms bonding provisions to the 40 year limit established in Section 4.

Section 6: Conforms language to the 40 year limit established in Section 4. Also, this section exempts from certain trust fund provisions independent fire control districts, mosquito control districts, and hospital districts created after July 1, 2002.

Section 7: This section declares that amendments to part III of chapter 163, F.S., as provided by this act, do not apply 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 January 1, 2003, rather than October 1, 2002 as in HB 1341.

Section 8: This is a new section which states that the amendments in this act "are not intended to impair any ordinance, resolution, interlocal or written agreement effective prior to July 1, 2002, that provides for the delegation of community redevelopment powers."

Section 9: Changes effective date to July 1, 2002.

VII. SIGNATURES:

COMMITTEE ON LOCAL GOVERNMENT & VETERANS AFFAIRS:

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