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DATE: February 14, 2002

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
LOCAL GOVERNMENT & VETERANS AFFAIRS
ANALYSIS – LOCAL LEGISLATION**

BILL #: HB 993
RELATING TO: North Broward Hospital District
SPONSOR(S): Representative Ritter
TIED BILL(S): None

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

- (1) LOCAL GOVERNMENT & VETERANS AFFAIRS (SGC)
 - (2) COUNCIL FOR SMARTER GOVERNMENT
 - (3)
 - (4)
 - (5)
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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 exempts the North Broward Hospital District from the requirement to deposit incremental ad valorem tax revenue into a community redevelopment agency's redevelopment trust fund. The bill provides that the exemption does not apply with respect to community redevelopment agencies established prior to January 1, 2002.

The attached "Economic Impact Statement" indicates that the bill's fiscal impact is unknown at this time because it is unknown what community redevelopment agencies will be established after January 1, 2002.

Pursuant to House Rule 5.6(b), a local bill providing an exemption from general law may not be placed on the Special Order Calendar for expedited consideration. The provisions of House Rule 5.6(b) appear to apply to this bill. (See II.C. "EFFECT OF PROPOSED CHANGES:" section.)

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" 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:

B. PRESENT SITUATION:

Community Redevelopment Agencies

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.

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:

- Any additional revenue sources of the community redevelopment agency which could be used in lieu of the special district's tax increment.
- The fiscal and operational impact on the community redevelopment agency.
- The fiscal and operational impact on the special district.
- The benefit to the specific purpose for which the special district was created. The benefit to the special district must be based on specific projects contained in the approved community redevelopment plan for the designated community redevelopment area.
- The impact of the exemption on incurred debt and whether such exemption will impair any outstanding bonds that have pledged tax increment revenues to the repayment of the bonds.
- The benefit of the activities of the special district to the approved community redevelopment plan.
- The benefit of the activities of the special district to the area of operation of the local governing body that created the community redevelopment agency.

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, but is not limited to, the following information:

- A separate, detailed examination of each consideration.
- Specific examples of how the approved community redevelopment plan will benefit, and has already benefited, the purpose for which the special district was created.

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.

North Broward Hospital District

Chapter 27438, Laws of Florida, 1951, created the North Broward Hospital District (District) for the preservation of the public health and the public good of the residents of the District. The District, which is an independent special district with ad valorem taxing authority, is governed by a board of seven members appointed by the Governor. The District currently is considered a "public body" or "taxing authority" for purposes of s. 163.387, F.S., and is required to deposit incremental ad valorem tax revenue into a CRA's redevelopment trust fund.

Under current law, the District falls within the definition of a "public body" or "taxing authority" as those terms are used in part III of chapter 163, F.S. Therefore, the District is required, unless exempted by the governing body creating the CRA, to deposit incremental ad valorem tax revenue into a CRA's redevelopment trust fund.

C. EFFECT OF PROPOSED CHANGES:

This bill exempts the North Broward Hospital District from the requirement to deposit incremental ad valorem tax revenue into a CRA's redevelopment trust fund. The bill provides that the exemption does not apply with respect to community redevelopment agencies established prior to January 1, 2002.

As discussed in the "Present Situation" section of the analysis, s. 163.387(2), F.S., requires a taxing authority to deposit incremental tax revenue into a CRA's redevelopment trust fund, unless otherwise exempt from the requirement. General law does not exempt North Broward Hospital District from this requirement. Pursuant to House Rule 5.6(b), a local bill providing an exemption from general law may not be placed on the Special Order Calendar for expedited consideration. The provisions of House Rule 5.6(b) appear to apply to this bill.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Section 51 is added to ch. 27438, L.O.F., 1951, as amended, to provide that notwithstanding the provisions of part III of chapter 163, F.S., the Community Redevelopment Act of

1969, the North Broward Hospital District shall not be deemed to be a "public body" or "taxing authority" as those terms are used in part III of chapter 163, F.S. It also provides that the section shall not apply with respect to community redevelopment agencies established prior to January 1, 2002.

Section 2. An effective date of upon becoming a law is provided. The section further states that this act shall apply retroactively to December 31, 2001.

III. NOTICE/REFERENDUM AND OTHER REQUIREMENTS:

A. NOTICE PUBLISHED? Yes No

IF YES, WHEN?

December 20, 2001

WHERE? Sun Sentinel, Broward County

B. REFERENDUM(S) REQUIRED? Yes No

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes, attached No

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached No

IV. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

House Rule 5.6(a) provides:

If a committee or council determines that the substance of a local bill may be enacted into law by ordinance of a local governing body, the committee or council shall not report the bill to the Clerk. However, if a local governing body would be required to call a referendum to enact the substance of a local bill into law, the committee or council may report the local bill.

HB 993 exempts the North Broward Hospital District from the requirement to deposit incremental ad valorem tax revenue into a community redevelopment agency's redevelopment trust fund. The bill provides that the exemption does not apply with respect to community redevelopment agencies established prior to January 1, 2002.

As discussed in the "Present Situation" section of the analysis, 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 statute does not, however, authorize a local governing body to exempt a special district from the requirement to contribute tax increment revenue to CRA's not yet created. The District has submitted correspondence stating that one of the purposes of HB 993 is to essentially freeze CRA assessments at their present levels, thereby permitting the District to make financial decisions with some degree of certainty regarding those assessments. The legislation appears to accomplish this purpose, which cannot not be achieved by a local ordinance.

V. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VI. SIGNATURES:

COMMITTEE ON LOCAL GOVERNMENT & VETERANS AFFAIRS:

Prepared by:

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