HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1257 Fiscally Constrained Counties
SPONSOR(S): Pickens and others
TIED BILLS: **IDEN./SIM. BILLS:** SB 2132

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Finance & Tax Committee		Monroe	Diez-Arguelles
2) Local Government Council			
3) Fiscal Council			
4)			
5)			

SUMMARY ANALYSIS

First, this bill revises the definition of "Fiscally Constrained County" from a county where one mill of taxation raises less than $3 million to a county in which one mill of taxation raises less than $4 million.

The bill set asides 0.0841 percent of the available sales tax revenue for distribution to fiscally constrained counties. The Revenue Estimating Conference has estimated that this will be approximately $15 million on an annualized basis.

These funds will be distributed by the Department of Revenue using a formula that factors in both the revenue raising potential of one mill, measured on a per capita basis, and a local-effort factor based on the county-wide operating millage levied.

Counties that cease to qualify for funds under this bill will be granted a two year phase out period in which their distributions under this bill shall be gradually ceased.

Finally, these funds will be available to the counties for use for any purpose except bonding.

This bill will reduce State Revenues by $15.0 million on an annualized basis and increase local revenues by $15.0 million on an annualized basis.

If passed, this bill will take effect on July 1, 2005

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

The bill does not appear to implicate any of the House Principles.

B. EFFECT OF PROPOSED CHANGES:

First, this bill revises the definition of “Fiscally Constrained County” from a county where one mill of taxation raises less than $3 million to a county in which one mill of taxation raises less than $4 million. Based on 2004 taxable values, Highlands County will be added to the current list of 29 fiscally constrained counties. The other 29 counties are: Baker, Bradford, Calhoun, Columbia, De Soto, Dixie, Franklin, Gadsden, Gilchrist, Glades, Gulf, Hamilton, Hardee, Hendry, Holmes, Jackson, Jefferson, Lafayette, Levy, Liberty, Madison, Okeechobee, Putnam, Sumter, Suwannee, Taylor, Union, Wakulla, and Washington.

Because this definition is in s. 985.2155, F.S., concerning shared county and state responsibility for juvenile detection, this bill will also change the distribution of funds provided by appropriation for fiscally constrained counties to pay for juvenile detention.

The bill sets aside 0.0841 percent of the available sales tax revenue for distribution to fiscally constrained counties. This set aside will occur after the set asides listed in subparagraphs 1, 2, 3, and 4 of s. 212.20(6)(d), F.S. The Revenue Estimating Conference has estimated that this will be approximately $15 million on an annualized basis.

These funds will be distributed by the Department of Revenue using a formula that factors in both the revenue raising potential of one mill, measured on a per capita basis, and a local-effort factor based on the county wide operating millage levied.

Counties that cease to qualify for funds under this bill will be granted a two year phase out period in which their distributions under this bill shall be gradually ceased. In the first year after the county ceases to qualify it will receive two thirds of the amount the receive in the prior year and in the second year it will receive an amount equal to one third of the amount received during the last year in which they qualified.

Finally, these funds will be available to the counties for use for any purpose except bonding.

If passed, this bill will take effect on July 1, 2005

C. SECTION DIRECTORY:

Section 1: Amends s. 212.20(6), F.S., providing for 0.0841 percent of available proceeds to be transferred to the Local Government Half-cent Sales Tax Clearing Trust Fund for distribution to fiscally constrained counties. In addition, it makes a number of stylistic changes to promote uniformity in the provisions of the statute, and deletes obsolete language.

Section 2: Creates s. 218.67, F.S., providing a distribution formula to apportion the funds provided for in this bill among fiscally constrained counties.

Section 3: Amends s. 985.2155, F.S., revising the definition of “fiscally constrained county”.

Section 4: Amends s. 288.1169(6), F.S., to update a cross reference.

Section 5: Provides that this bill shall take effect July 1, 2005.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   This bill will reduce the state's share of sales tax revenues by 0.0841 percent which has an annualized impact of negative $15 million dollars.

2. Expenditures:

   None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   This bill will distribute to fiscally constrained counties 0.0841 percent of the state sales tax. This increase has been estimated to increase local government revenues by an annualized $15 million.

2. Expenditures:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

   This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds. The bill does not reduce the percentage of a state tax shared with counties or municipalities. This bill does not reduce the authority that municipalities have to raise revenue.

2. Other:

   None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES