

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1577

Payments in Lieu of Taxes

SPONSOR(S): Kendrick

TIED BILLS:

IDEN./SIM. BILLS: SB 2532

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Agriculture & Environment Appropriations Committee	_____	Dixon	Dixon
2) Fiscal Council	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

Property owned by a water management district (WMD) is not subject to ad valorem taxes. Currently, the WMDs are required to make payments to counties where lands have been purchased by the WMDs and have now been taken off the ad valorem tax rolls. These payments are called payment in lieu of taxes and are currently limited to ten years.

This legislation:

- Amends s. 373.59 F.S., deleting the 10-year limitation on payment in lieu of taxes to qualifying counties by the WMDs,
- Subjects the payment in lieu of taxes to certain indexes used by the Governor in funding rural initiatives.
- Amends s. 373.5905 F.S., to conform to the elimination of the cap.

The bill has an effective date of July 1, 2005.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Ensure lower taxes: By removing the 10-year cap on the payment in lieu of taxes, this legislation would help keep ad valorem taxes lower in those eligible counties where the water management districts have purchased lands.

B. EFFECT OF PROPOSED CHANGES:

PRESENT SITUATION:

Water management districts provide payments in lieu of taxes (PILT) to qualifying local governments, including municipalities, county school boards, mosquito control districts, and other local government entities which levy ad valorem taxes, for lands taken off the tax rolls, from moneys in the Water Management Lands Trust Fund (WMLTF). Each WMD may reserve up to one-fourth of its annual operating budget for tax losses incurred by qualifying counties as a result of a district's land acquisitions pursuant to ss. 259.101, 259.105, 373.470, and 373.59 F.S. Qualifying counties are those with populations of 150,000 or fewer as determined by the last federal decennial statewide census. Reserved funds revert to the WMLTF to be used for other trust fund purposes if they are not required for PILT payments. As of January 31, 2005, the WMDs combined had expended \$590,255.82 to qualifying counties for this purpose, out of a total revenue base of \$58,427,569.38.

EFFECT OF PROPOSED CHANGES:

The legislation removes the limitation of 10 years on the payment in lieu of taxes to those qualifying counties. It further states that the payments shall be subject to the same indexes the Governor uses for funding rural initiatives.

C. SECTION DIRECTORY:

Section 1. Amends s. 373.59 F.S., regarding payment in lieu of taxes.

Section 2. Amends s. 373.5905 F.S., regarding restitution of payment in lieu of taxes.

Section 3. Provides an effective date.

II. 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.

2. Expenditures:

See Fiscal Comments.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

Water Management Districts shall continue making payment in lieu of taxes. However, the three WMDs with the highest PILT payments: Southwest Florida, Suwannee River and Northwest Florida report that expenditures are consistently a small fraction of what is set-aside for PILT and that extending PILT payments indefinitely would likely have no significant impact on funds spent for management activities.

Counties that are eligible for PILT would continue to receive the funds.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to: require the counties or cities to spend funds or take an action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES