

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 55 Voter-Approved Indigent Care Surtax
SPONSOR(S): Kendrick and others
TIED BILLS: **IDEN./SIM. BILLS:** SB 470

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Health Care General Committee</u>	<u>12 Y, 0 N</u>	<u>Schiefelbein</u>	<u>Brown-Barrios</u>
2) <u>Finance & Tax Committee</u>	<u></u>	<u>Monroe</u>	<u>Diez-Arguelles</u>
3) <u>Local Government Council</u>	<u></u>	<u></u>	<u></u>
4) <u>Health & Families Council</u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

HB 55 amends subsection (7) of s. 212.055, F.S., to allow small counties to levy the Voter-Approved Indigent Care Surtax. Specifically, the bill authorizes counties with a population of fewer than 50,000 residents to levy the Voter-Approved Indigent Care surtax of up to 1 percent rather than the 0.5 percent surtax authorized in existing law. In effect, the bill allows twenty-six counties to exercise this authority.

In counties with fewer than 50,000 residents, the bill expands their ability to issue bonds to finance, plan, construct, or reconstruct a public or not-for-profit hospital in the county and any land acquisition, land improvement, design, or engineering costs related to such hospital, if the governing body determines that a hospital in existence at the time of the issuance of the bonds would, more likely than not, otherwise cease to operate. The bill requires the clerk of the circuit court, as the ex-officio custodian of the funds of the authorizing county, to disburse the bonds to service bond indebtedness upon a directive from the authorizing county. The directive from the authorizing county may be irrevocably given at the time the bond indebtedness is incurred.

The fiscal impact is indeterminate. The bill provides discretionary authority to impose and collect a surtax by referendum in counties with a population of fewer than 50,000 residents. The Revenue Impact Conference estimated that if all eligible jurisdictions enact the levy, the statewide annualized impact would be \$20.6 million.

The bill provides an effective date upon becoming law.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h0055b.FT.doc
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FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Lower Taxes – This bill would provides some counties with additional taxing authority.

B. EFFECT OF PROPOSED CHANGES:

This bill authorizes the imposition and collection of a 1.0 percent indigent care sales surtax in any county with a population of fewer than 50,000 residents, and in so doing, expands the number of counties that may levy the discretionary sales taxes at a 1 percent rate pursuant to subsection (7) of s. 212.055, F.S.

The counties that meet the requirements of the bill include: Baker, Bradford, Calhoun, Desoto, Dixie, Franklin, Gadsden, Gilchrist, Glades, Gulf, Hamilton, Hardee, Hendry, Holmes, Jackson, Jefferson, Lafayette, Levy, Liberty, Madison, Okeechobee, Suwannee, Taylor, Union, Wakulla, and Washington. The bill provides that these surtaxes may be imposed and collected upon approval by a majority vote of the electors of the county voting in a referendum.

The bill provides authority to pledge the surtax proceeds to service new or existing bond indebtedness incurred to finance, plan, construct, or reconstruct a public or not-for-profit hospital. In addition, the bill authorizes the use of the surtax proceeds to acquire or improve land, or for the design or engineering costs related to such a hospital. Both of the foregoing authorities are conditioned upon a determination that the hospital existing at the time of bond issuance would, more likely than not, otherwise cease to operate.

The bill states that by an extraordinary vote, the governing body of the county may provide that some or all of the surtax revenues and earned interest must be expended for the purpose of servicing the bond indebtedness.

The bill states that such a county may use the bond issuance service of the State Board of Administration pursuant to the State Bond Act. Bond issuance is limited to no more than once per year.

The bill states that any county meeting the requirements of this bill and that issues bonds, retains the bond authority throughout the life of the bonds, including any refinancing bonds, regardless of subsequent increases in population.

The bill provides authority to the clerk of the circuit court, as the ex officio custodian of such funds to distribute the funds and any earned interest to service bond indebtedness pursuant to the irrevocable directive of the authorizing county given at the time of bond indebtedness.

C. SECTION DIRECTORY:

Section 1. Amends s. 212.055(7), F.S., by:

- Adding s. 212.055(7)(a)2., F.S., authorizing counties with fewer than 50,000 residents to levy an indigent care surtax up to 1.0 percent;
- Adding s. 212.055(7)(c)2., F.S., providing the uses for the imposed surtax;
- Adding s. 212.055(7)(e)4., F.S., providing powers to the clerk of the circuit court; and

- Amending s. 212.055(f), F.S., providing an optional sales surtax cap of 1.5 percent for counties having a population of fewer than 50,000.

Section 2. Provides an effective date of upon becoming law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Indeterminate at this time. The bill does provide for the bond issuance services of the Division of Bond Finance, State Board of Administration. According to the Division, the bill will have a minimal impact on the operation of the Division.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Indeterminate. The bill provides discretionary authority to impose and collect a 1 percent surtax in counties with a population of fewer than 50,000 residents. Currently, 26 counties meet this criterion. The Impact Conference estimated that if all eligible jurisdictions enacted the levy, the statewide annualized impact would be 20.6 million.

2. Expenditures:

Unknown.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Counties imposing the surtax authorized in this bill will increase individuals' tax burden.

D. FISCAL COMMENTS:

See above.

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 any action requiring the expenditure of funds. This 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:

There appear to be no technical drafting issues in the bill.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES