HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1583 CS Community Redevelopment
SPONSOR(S): Davis
TIED BILLS: **IDEN./SIM. BILLS:** SB 2364

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Local Government Council	7 Y, 0 N, w/CS	Camechis	Hamby
2) Growth Management Committee	9 Y, 0 N, w/CS	Grayson	Grayson
3) State Infrastructure Council		Grayson	Havlicak
4)			
5)			

SUMMARY ANALYSIS

The Community Redevelopment Act of 1969 (Act) was established with the intent to revitalize slum and blighted areas "which constitute a serious and growing menace, injurious to the public health, safety, morals, and welfare of the residents of the state." Community redevelopment agency's (CRAs) are funded primarily through tax increment financing (TIF). As property tax values in the redevelopment area rise above property values in the base year the redevelopment area was created, increment revenues are generated by applying the current millage rate levied by each taxing authority in the area to the increase in value. Each non-exempt taxing authority that levies taxes on property within a community redevelopment area must annually appropriate the amount of increment revenues to a CRA trust fund. These revenues are used to service bonds issued to finance redevelopment project. CRAs created prior to 2002 may receive TIF contributions for 60 years, while CRAs subsequently created may receive TIF contributions for 40 years. As of March 26, 2006, there were 171 CRAs in Florida.

This bill amends the Act to revise procedures for calculating tax increment revenues, adopting community redevelopment plans or modifications to plans that expand boundaries of a community redevelopment area, and revise procedures for delegating community redevelopment powers to cities by charter counties. Generally, the bill:

- Authorizes CRAs to contract with certain entities to develop and provide affordable housing and to use tax increment dollars to offer incentives for such development.
- Revises procedures regarding the adoption of community redevelopment plans by certain CRAs, and modifications of community redevelopment plans that expand the boundaries of a redevelopment area, to require a joint hearing between the county and municipality to discuss competing policies and uses for the public funds.
- Establishes limitations in certain circumstances on the amount of tax increment contributions that taxing authorities must contribute to CRAs fitting certain criteria. The bill also authorizes interlocal agreements to provide alternative methods of calculating increment revenues contributed by a taxing authority to a CRA.
- Requires a charter county to approve or deny a city's request for delegation of community redevelopment powers within 120 days or the request is deemed approved.
- Authorizes city and counties to create a slum or blight area study prior to adopting a resolution to create a CRA.

The bill does not appear to have a fiscal impact on the state.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

This bill does not implicate any of the House principles.

B. EFFECT OF PROPOSED CHANGES:

BACKGROUND

Community Redevelopment Act Generally

The Community Redevelopment Act of 1969, Ch. 163, Part II, F.S. (Act), was enacted to provide a mechanism to revitalize slum and blighted areas "which constitute a serious and growing menace, injurious to the public health, safety, morals, and welfare of the residents of the state." The Act authorizes each local government to establish one Community Redevelopment Agency (CRA) to revitalize designated slum and blighted areas upon a "finding of necessity" and a further finding of a "need for a CRA to carry out community redevelopment." During the last two decades, municipalities, and to a lesser extent counties, have increasingly relied upon CRAs as a mechanism for community redevelopment.

CRAs are funded primarily through tax increment financing (TIF). As property tax values in the redevelopment area rise above property values in the base year the redevelopment area was created, increment revenues are generated by applying the current millage rate levied by each taxing authority in the area to the increase in value. Each non-exempt taxing authority that levies taxes on property within a community redevelopment area must annually appropriate the amount of increment revenues to the CRA trust fund. These revenues are used primarily to service bonds issued to finance redevelopment projects. CRAs created prior to 2002 may receive TIF contributions for 60 years, while CRAs subsequently created may receive TIF contributions for 40 years.

As of March 26, 2006, there were 171 CRAs in Florida.[1]

Creation of Community Redevelopment Agencies

A county or municipality may not exercise redevelopment 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.[2]

Further, "[c]ommunity 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."[3]

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[1] Department of Community Affairs, Special District Detail Report, http://www.floridaspecialdistricts.org/OfficialList/report.asp, March 26, 2006
[2] s. 163.355, F.S.
[3] s. 163.360(1), F.S.

The Act[4] defines “slum area” and “blighted area” as follows:

> (7) "Slum area" means an area having 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, which are impaired by reason of dilapidation, deterioration, age, or obsolescence, and exhibiting one or more of the following factors:
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> (a) Inadequate provision for ventilation, light, air, sanitation, or open spaces;
> (b) 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
> (c) The existence of conditions that endanger life or property by fire or other causes.
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> (8) "Blighted area" means 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:
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> (a) Predominance of defective or inadequate street layout, parking facilities, roadways, bridges, or public transportation facilities;
> (b) 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 conditions;
> (c) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
> (d) Unsanitary or unsafe conditions;
> (e) Deterioration of site or other improvements;
> (f) Inadequate and outdated building density patterns;
> (g) Falling lease rates per square foot of office, commercial, or industrial space compared to the remainder of the county or municipality;
> (h) Tax or special assessment delinquency exceeding the fair value of the land;
> (i) Residential and commercial vacancy rates higher in the area than in the remainder of the county or municipality;
> (j) Incidence of crime in the area higher than in the remainder of the county or municipality;
> (k) Fire and emergency medical service calls to the area proportionately higher than in the remainder of the county or municipality;
> (l) A greater number of violations of the Florida Building Code in the area than the number of violations recorded in the remainder of the county or municipality;
> (m) Diversity of ownership or defective or unusual conditions of title which prevent the free alienability of land within the deteriorated or hazardous area; or
> (n) Governmentally owned property with adverse environmental conditions caused by a public or private entity.
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> However, the term "blighted area" also means any area in which at least one of the factors identified in paragraphs (a) through (n) are present and all taxing authorities subject to s. 163.387(2)(a) agree, either by interlocal agreement or agreements with the agency or by resolution, that the area is blighted. Such agreement or resolution shall only determine that the area is blighted. For purposes of qualifying for the tax credits authorized in chapter 220, "blighted area" means an area as defined in this subsection.

[4] s. 163.340, F.S.

A "community redevelopment area" is defined as “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.”

The division of authority between a county and municipality regarding the creation or expansion of a municipal CRA depends upon whether the county is a non-charter or charter county, or whether a CRA was created *prior* to adoption of a county charter. The division of authority may be summarized as follows:

	Authority over creation, expansion, or modification of a CRA
Charter County	Charter counties possess sole authority to create CRAs within the county, but may delegate authority to a municipality via interlocal agreement.
Non-Charter County	Non-charter counties do not have authority over the creation, expansion, or modification of municipal CRAs within the county. Therefore, a municipality may create a CRA and operate the CRA, requiring the long-term contribution of TIF payments from the county, even if the county objects or has other county funding issues to address.
A CRA created in a charter county *prior* to adoption of the county charter	The charter county does not have authority over the operations of the CRA, including modification of the redevelopment plan or expansion of CRA boundaries.

Governance of a Community Redevelopment Agency

The governing body of the local government creating a CRA may appoint a board of commissioners of between 5 and 7 members to govern the CRA, or the governing body may declare itself to be the CRA. A governing body that consists of five members may appoint two additional persons to act as members of the CRA board. In a home rule charter county, powers granted under the Act must be exercised exclusively by the governing body of the charter county unless the county adopts a resolution delegating such powers within the boundaries of a municipality to the governing body of the municipality.[5] This limitation does not apply, however, to a CRA created by a municipality prior to the adoption of a county home rule charter. In addition, a non-charter county cannot exercise powers conferred by the Act within the boundaries of a municipality unless the governing body of the municipality expresses its consent by resolution.[6]

Community Redevelopment Agency Plans

Each community redevelopment area must have an approved community redevelopment plan in conformance with the local government comprehensive plan.[7] The plan must be sufficiently complete to indicate any land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation to be carried out in the designated area.[8] The plan must also provide for the development of affordable housing in the area or state the reasons for not addressing the issue in the plan.[9] The local government may subsequently modify the community redevelopment plan upon the recommendation of the CRA.[10]

[5] s. 163.410, F.S.
[6] s. 163.415, F.S.
[7] s. 163.358(2)(a), F.S.
[8] s. 163.358(2)(b), F.S.
[9] s. 163.358(2)(c), F.S.
[10] s. 163.361, F.S.

Section 163.361, F.S., governs the modification of community redevelopment plans, and authorizes CRAs -- those created by counties or 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 magnitude of expansions or exclusions, nor does the section distinguish between modifications to plans in charter and non-charter counties.

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 the base year, which is the year in which the community redevelopment area was established. As redevelopment proceeds within the redevelopment area, the actual assessed value of property within the redevelopment area should increase, generating tax increment revenues for the CRA.

Section 163.340(2), F.S., defines "taxing authority" to mean the state or any county, municipality, authority, special district as defined in s. 165.031(5), F.S., or other public body of the state, except a school district." Taxing authorities that levy ad valorem taxes on property located within a community redevelopment area are required to deposit the incremental revenue generated as a result of this increase in property value into a redevelopment trust fund for the CRA's use. 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."

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 an appropriation equaling 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, F.S.

In addition, a local governing body that creates a CRA may 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.[11] The local governing body may grant the exemption either in its sole discretion or in response to the request of the special district. The local governing body must establish procedures by which a special district may submit a written request for an exemption from contributing to the trust fund. In deciding whether to deny or grant a special district's request for exemption, the local governing body must consider certain specified factors.

The local governing body must 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, identify generally the community redevelopment area covered by the

[11] s. 163.387(2)(d), F.S.

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, the local governing body and the special district must enter into an interlocal agreement that establishes the conditions of the exemption, including 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 must provide the special district with a written analysis specifying the rationale for the denial.

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 procedures established by the 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 are also granted the power to undertake and carry out community redevelopment and related activities within the community redevelopment area. 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.[12]

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, ch. 83-29, L.O.F., was enacted to provide that the section does not apply to any community redevelopment agency created by a municipality prior to adoption of a county home rule charter. Noncharter counties are not granted exclusive control over community redevelopment activities.

Legislative Committee on Intergovernmental Relations (LCIR) Study

During the 2003-2004 interim, the LCIR conducted a study of economic revitalization initiatives in distressed urban areas. During the study, local governments in Florida cited CRAs as the most commonly used economic development and revitalization program in Florida. The LCIR continued reviewing the issue of urban revitalization with an emphasis on CRAs. At the conclusion of the review, LCIR issued a comprehensive report in January 2005 entitled Local Government Concerns Regarding Community Redevelopment Agencies in Florida (Report). The Report included the following “Findings”:

- County and municipal governments agree that CRAs are useful mechanisms for addressing slum and blight.
- Representatives from municipal government and CRA officials prefer no change to existing CRA statutes, stating that current law has resulted in improvements to areas previously designated as slum or blighted.
- Representatives from municipal government and CRA officials also submit that any problems can best be addressed locally through interlocal agreements rather than statutory changes.
- Representatives of county government advocate changes to existing CRA statutes, stating current law is responsible for creating an imbalance in power between municipal and county governments.
- Problems cited by county government representatives include, among others: county government has insufficient input into operations and expansion of existing CRA districts and creation of new districts; and non-charter counties have no voice whatsoever in CRA activities within their jurisdiction.
- Current law does not require or provide for interlocal agreements between county and municipal governments.

[12] s. 163.370(1)(c), F.S.

- According to 2003 millage rates for county and municipal governments, 78 municipalities with CRAs have lower millage rates than their host county and 36 municipalities with CRAs have higher millage rates than their host county.
- LCIR staff estimates that, based on 2003 millage rates, county government contributes $81,674 to municipal CRAs per each $100,000 increase in the CRA district's taxable value (assumed increase), compared to municipal government contribution of $66,905 to municipal CRAs per each $100,000 increase in the CRA district's taxable value.
- A recent evaluation of three CRAs in Florida, sponsored by the Florida Redevelopment Association, found that TIF payments impose a greater financial burden on municipalities than on counties when measured as a percent of taxable property values and as a percent of overall operating revenues. In addition, some municipalities contribute larger TIF payments than do their host counties.

Effect of Proposed Changes

Section 1. Amending s. 163.340, F.S., relating to Definition of "Taxing Authorities"
This section amends. s. 163.340, F.S., to create a definition of the term "taxing authorities" as follows: "Taxing authority" means any public body other than a public body exempted under s. 163.387 (2) from the obligation to appropriate increment revenues to a redevelopment trust fund." This section further amends s. 163.340, F.S., to provide a definition of "community redevelopment area" (CRA) to provide that a CRA cannot consist of more than 80% of the municipality without the county's approval.

Section 2. Amending s. 163.346, F.S., relating to Notice to Taxing Authorities
Currently, s. 163.346, F.S., requires a city or county governing body to notify all taxing authorities prior to enacting any resolution or ordinance required to create a community redevelopment agency; prior to approving, adopting, or amending a community redevelopment plan; and prior to issuing redevelopment revenue bonds. The governing body must provide public notice of such proposed action and, at least 15 days before such proposed action, mail by registered mail a notice to each taxing authority that levies ad valorem taxes on taxable real property contained within the geographic boundaries of the redevelopment area.

This bill amends s. 163.346, F.S., to also require notice to taxing authorities if the governing body of the city or county adopts a resolution establishing a slum and blight study area under s. 163.354, F.S., as created by this bill.

Section 3. Creates s. 163.354, F.S., relating to Development of Study Area
This new section authorizes the governing body of a city or county to adopt a resolution establishing a slum and blight study area before adopting a resolution making a finding of necessity to create a CRA as required by s. 163.355, F.S.

Section 4. Amends s. 163.360, F.S., relating to Community Redevelopment Plans
Under current s. 163.360, F.S., a county, municipality, or CRA may itself prepare or cause to be prepared a community redevelopment plan, or any person or agency, public or private, may submit such a plan to a community redevelopment agency. The CRA must submit any community redevelopment plan it recommends for approval, together with its written recommendations, to the governing body and to each taxing authority that levies ad valorem taxes on taxable real property contained within the geographic boundaries of the redevelopment area. The governing body must conduct a public hearing on a community redevelopment plan after public notice thereof by publication in a newspaper having a general circulation in the area of operation of the county or municipality. The notice must describe the time, date, place, and purpose of the hearing, identify generally the community redevelopment area covered by the plan, and outline the general scope of the community redevelopment plan under consideration. Following the hearing, the governing body may approve the community redevelopment and the plan if it makes certain determinations required by law.

This bill amends that section to authorize a CRA to contract with qualified nonprofits, faith based organizations or other entities to develop and provide affordable and workforce housing in the area, as

well as use tax increment dollars to offer incentives for such development. Examples of incentives are: low interest or no interest loans through qualified lenders or the CRA itself; revolving loans; façade improvement loans or grants; matching, seed or leverage dollars for loans or grants; and developer subsidies. Other incentives as determined needed by the CRA may be provided. For the purposes of this provision, "affordable housing" means housing that meets the definition of "affordable" under s. 420.0004(3), F.S., and "workforce housing" means housing for which the monthly rents or monthly mortgage payments including taxes, insurance, and utilities do not exceed 30 percent of that amount which represents the percentage of the median adjusted gross annual income for the households whose income is 150% of the median income of the area.

The bill also creates additional procedures for approving plans recommended by CRAs created after October 1, 2006, that were not created pursuant to a delegation of authority by a charter county to a city. For any CRA created after October 1, 2006, that was not created pursuant to a delegation of authority under s. 163.410, F.S., by a county that has adopted a home rule charter, the following additional procedures are required prior to the adoption of a community redevelopment plan by the governing body of a municipality:

1) Within 30 days after receipt of any community redevelopment plan recommended by a CRA sent by registered mail, the county shall provide written notice to the governing body of the municipality that the county has competing policy goals and plans for the public funds the county would be required to contribute to the tax increment under the proposed community redevelopment plan.
2) If the county provides notice within 30 days as required by 1), the board of county commissioners and the governing body of the municipality that created the community redevelopment agency must schedule and hold a joint hearing co-chaired by the chair of the board of county commissioners and the municipal mayor at which the competing policy goals for the public funds must be discussed. Any such hearing must be held within 90 days after receipt by the county of the recommended community redevelopment plan. Prior to the joint public hearing, the county may propose an alternative redevelopment plan to address the conditions identified in the resolution making a finding of necessity required by s. 163.355, F.S. If the county proposes an alternative redevelopment plan, the alternative plan must be delivered to the governing body of the municipality that created the CRA at least 30 days prior to holding the joint meeting.
3) If the county provides notice within 30 days as required by 1), the municipality may not proceed with adoption of the plan until 30 days after the joint hearing unless the board of county commissioners failed to schedule and attend the joint hearing within the required 90-day period.

Notwithstanding the timeframes described above, the county and the municipality may at any time voluntarily use the dispute resolution process established in ch. 164, F.S., to attempt to resolve any competing policy goals between the county and municipality related to the CRA; however, a county or municipality may not require the other to participate in the voluntary dispute resolution process.

Section 5. Amends s. 163.361, F.S., relating to Modification of Redevelopment Plans
Currently, if at any time after the approval of a community redevelopment plan by the governing body of the city or county creating a CRA it becomes necessary or desirable to amend or modify the plan, the governing body may do so upon the recommendation of the CRA. The CRA recommendation to amend or modify a redevelopment plan may include a change in the boundaries of the redevelopment area to add land to or exclude land from the redevelopment area, or may include the development and implementation of community policing innovations. The governing body must hold a public hearing on a proposed modification of any community redevelopment plan after public notice thereof by publication in a newspaper having a general circulation in the area of operation of the CRA.

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 CRA must report the proposed modification to each taxing authority in writing or by an oral presentation, or both, regarding the proposed modification.

This bill amends s. 163.361, F.S., to create additional procedures applicable to municipal CRAs that were not created pursuant to a delegation of authority by October 1, 2006 under s. 163.410, F.S., by a county that has adopted a home rule charter and that modifies its adopted community redevelopment plan in a manner that expands the boundaries of the redevelopment area, the following additional procedures are required prior to the governing body's adopting a modified community redevelopment plan:

1) Within 30 days after receipt of any report of a proposed modification that expands the boundaries of the redevelopment area, the county may provide notice by registered mail to the governing body of the municipality that the county has competing policy goals and plans for the public funds the county would be required to contribute to the tax increment under the proposed modification to the community redevelopment plan.
2) If the county provides notice within 30 days as required in 1), the board of county commissioners and the governing body of the municipality that created the community redevelopment agency must schedule and hold a joint hearing co-chaired by the chair of the board of county commissioners and the municipal mayor at which the competing policy goals for the public funds must be discussed. Any such hearing must be held within 90 days after receipt by the county of the recommended modification of the adopted community redevelopment plan. Prior to the joint public hearing, the county may propose an alternative modified community redevelopment plan to address the conditions identified in the resolution making a finding of necessity required under s. 163.355, F.S. If the county proposes an alternative redevelopment plan, the plan must be delivered to the governing body of the municipality that created the community redevelopment agency at least 30 days prior to the joint meeting.
3) If the county provides notice within 30 days as required in 1), the municipality may not proceed with the adoption of the proposed modification to the community redevelopment plan until 30 days after the joint hearing unless the board of county commissioners failed to schedule and attend the joint hearing within the required 90-day period.

Notwithstanding the timeframes established above, the county and the municipality may at any time voluntarily use the dispute resolution process established in ch.164, F.S., to attempt to resolve any competing policy goals between the county and municipality related to the expansion of the boundaries of the community redevelopment area; however, the county or the municipality may not require the other to participate in the voluntary dispute resolution process.

Section 6. Amends s. 163.370, F.S., relating to Powers of Counties and Municipalities
Section 163.370, F.S. is amended to provide clarifying language and to remove a limitation on the use of tax increment funds for certain installation, construction, reconstruction, repair or alteration of publicly owned capital improvement projects if 3 years have expired since the removal of the project from the CRA capital improvement plan.

Section 7. Amends s. 163.387, F.S., relating to the Redevelopment Trust Fund
Section 163.387, F.S., authorizes the establishment of a redevelopment trust fund into which all tax increment revenues are deposited. This section establishes the mechanism for calculating the tax increment revenues deposited into the trust fund for redevelopment purposes. CRAs created prior to 2002 may receive TIF contributions for 60 years, while CRAs subsequently created may receive TIF contributions for 40 years.

The bill amends s. 163.387, F.S., to limit the amount of tax increment revenue owed by taxing authorities to any CRA created after October 1, 2006, that is not created pursuant to a delegation of authority by a charter county. The amount of tax increment to be contributed by any taxing authority is limited as follows:

a. If a taxing authority imposes a millage rate that exceeds the millage rate imposed by the governing body that created the trust fund, the amount of tax increment to be contributed by the taxing authority imposing the higher millage rate is calculated using the millage rate imposed by

the governing body that created the trust fund; however, a taxing authority may voluntarily contribute tax increment at a higher rate for a period of time as specified by interlocal agreement between the taxing authority and the community redevelopment agency.

b. At any time more than 24 years after the fiscal year in which a taxing authority made its first contribution to a redevelopment trust fund, the taxing authority, by resolution effective no sooner than the next fiscal year and adopted by majority vote of the taxing authority's governing body at a public hearing held not less than 30 or more than 45 days after written notice by registered mail delivered to the community redevelopment agency and published in a newspaper of general circulation in the redevelopment area, may limit the amount of increment contributed by the taxing authority to the trust fund to the average annual amount the taxing authority was obligated to contribute to the trust fund in the fiscal year immediately preceding the adoption of such resolution, plus any increase in the increment after the adoption of the resolution computed using the taxable values of any area which is subject to an area reinvestment agreement. The term "area reinvestment agreement" is defined as “an agreement between the community redevelopment agency and a private party, with or without additional parties, which provides that the increment computed for a specific area shall be reinvested in public infrastructure or services, or both, including debt service, supporting one or more projects consistent with the community redevelopment plan that is identified in the agreement to be constructed within that area.” A reinvestment agreement must specify the estimated total amount of public investment necessary to provide the public infrastructure or services, or both, including any applicable debt service. The increase in the increment of any area that is subject to an area reinvestment agreement following the passage of the above-required resolution ceases when the amount specified in the area reinvestment agreement as necessary to provide the public infrastructure or services, or both, including any applicable debt service, have been invested.

The bill provides that the community redevelopment plan must include a time certain that a CRA may receive or spend any increment revenues from the trust fund.

The bill authorizes an interlocal agreement between the taxing authorities contributing that may determine the increment and percentage different that that provided in current law.

The bill limits the taxing authority for any CRA that had not authorized a finding of necessity study by June 5, 2006, and that had not created the CRA by December 31, 2006, and that had not adopted a community redevelopment plan by March 7, 2007.

For any CRA that was not created pursuant to a delegation of authority under s. 163.410, F.S., by a county that has adopted a home rule charter and that modifies its adopted community redevelopment plan after October 1, 2006, in a manner that expands the boundaries of the redevelopment area, the amount of increment to be contributed by any taxing authority with respect to the expanded area is limited as set forth in s. 163.387(1)(b)1.a. and b., F.S.

The bill provides that a CRA may partially or entirely waive penalty payments imposed upon any taxing authority that fails to timely pay the required increment revenues into the trust fund. Additionally, the bill authorizes that alternate provisions contained in interlocal agreements between the taxing authorities may supercede the provisions of the statute; and provides that the CRA may be an additional party to such interlocal agreement.

The bill also provides that an alternative method of determining the amount and time or times of payment of, and rate of interest upon, tax increments contributed to the trust fund, including formulae and limits different than those specified in law may be established through interlocal agreement between any taxing authorities required to contribute a tax increment to the trust fund and the governing body that created the CRA.

The bill provides exemptions for certain entities from the requirements relating to taxing authorities found in s. 163.387 (2)(a).

The bill further provides the following:

- An interlocal agreement between any of the other taxing authorities and the governing body that created the Community Redevelopment Agency may supercede the requirement that the governing body fund the redevelopment trust fund annually shall continue until all loans, advances, and indebtedness, and interest thereon, of a Community Redevelopment Agency incurred as a result of redevelopment in a CRA have been paid.
- Moneys in the redevelopment trust fund may be expended pursuant to the community redevelopment plan.
- Expenses that can be paid from tax increment within the redevelopment trust fund include services provided by another public body.
- CRAs can spend moneys from the redevelopment trust fund to relocate residents either within or outside the CRA.
- Moneys appropriated to a specific redevelopment project pursuant to an approved community redevelopment plan must be expended within 3 years from the date of the appropriation. Existing law requires the project to be completed within 3 years.

Section 8. Amends s. 163.410, F.S., relating to Charter Counties

Currently, s. 163.410, F.S., provides that in a charter county, the powers conferred by the Act must be exercised exclusively by the governing body of the county unless the county governing body delegates the power, by resolution, to the governing body of a municipality. A delegation to a municipality confers only those powers that are specifically enumerated in the delegating resolution. Any power not specifically delegated is reserved exclusively to the county governing body. This provision does not, however, affect any CRA created by a municipality prior to the adoption of a county home rule charter.

Unless otherwise provided by an existing ordinance, resolution, or interlocal agreement between a charter county and a municipality, the charter county governing body must “act on” any request from a municipality for a delegation of powers or a change in an existing delegation of powers within 120 days after the receipt of all required documentation or such request must be immediately sent to the county governing body for consideration.

This bill amends s. 163.410, F.S., to require the county to “approve or deny” a request for a delegation within 120 days after receipt of all required documentation. If the charter county does not approve or deny the request within that timeframe, the request is deemed granted. Any request by the county for additional documentation or other information must be made in writing by registered mail to the municipality. The bill provides a 30 day period within which the county must notify the municipality if additional documentation is needed to support the request. The bill specifies how the county must request additional documentation if needed, and provides another 30 day period for review of the additional documentation and completeness notification. The county must notify the municipality in writing by registered mail within 30 days after receiving all the required documentation and other requested information that such information is complete. If the meeting of the county commission at which the request for a delegation of powers or a change in an existing delegation of powers is unable to be held due to events beyond the control of the county, the request must be acted upon at the next regularly scheduled meeting of the county commission without regard to the 120-day limitation. If the county does not act upon the request at the next regularly scheduled meeting, the request is deemed granted

C. SECTION DIRECTORY:

Section 1. Amending s. 163.340, F.S.; defining the term "taxing authority";
Section 2. Amending s. 163.346, F.S.; revising a requirement that a governing body notify taxing authorities before taking certain actions;

Section 3. Creating s. 163.354, F.S.; authorizing the adoption of a resolution establishing a slum and blight study area before making a finding of necessity;

Section 4. Amending s. 163.360, F.S.; specifying additional notice, hearing, and dispute resolution procedures for adoption of a community redevelopment plan for certain community redevelopment agencies;

Section 5. Amending s. 163.361, F.S.; specifying additional notice, hearing, and dispute resolution procedures for adoption of a modified community redevelopment plan expanding redevelopment area boundaries for certain community redevelopment agencies;

Section 6 Amending s. 163.370, F.S.; providing clarifying language and removing a limitation on the use of tax increment funds for certain installation, construction, reconstruction, repair or alteration of publicly owned capital improvement projects if 3 years have expired since the removal of the project from the CRA capital improvement plan.

Section 7. Amending s. 163.387, F.S.; specifying for certain redevelopment agencies certain limitations on amounts of increment contributed to a redevelopment trust fund by certain taxing authorities; authorizing enactment of an interlocal agreement providing for an alternative determination of amounts of, payment schedules for, and interest on increment contributions to a redevelopment trust fund;

Section 8. Amending s. 163.410, F.S.; providing requirements for actions by certain counties delegating or changing a delegation of powers to a municipality for community redevelopment areas;

Section 9. Providing 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: This bill provides limitations on the required contributions of a taxing authority in a CRA in certain circumstances. It also allows for an alternative method of calculating the amount, times of payment, and interest on increment revenues.

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: 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: Not applicable.

C. DRAFTING ISSUES OR OTHER COMMENTS: None

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

On March 29, 2006, the Local Government Council adopted a strike-all amendment to the bill for the purpose of clarifying provisions in the bill as filed. The strike-all amendment does the following:

- Amends s. 163.340(10), F.S., the definition of "community redevelopment area" (CRA) to provide that a CRA cannot consist of more than 80% of the municipality without the county's approval.
- Amends s. 163.340(24), F.S., the definition of "taxing authority" to provide that the definition applies to any public body excluding a public body exempted from the obligation to appropriate increment revenues to a redevelopment trust fund pursuant to s. 163.387(2), F.S.
- For CRA plan development, the amendment changes the criteria identifying those CRAs for which additional procedures are required. Additionally, the amendment allows, rather than requires, the county to provide written notice by registered mail if the county has competing policy goals and plans for the public funds it would be required to contribute to the tax increment under the CRA plan. When the county provides such notice, the amendment provides for a public hearing chaired by both the county chair and the municipal mayor. Further the amendment provides a process by which the county may propose and submit an alternative redevelopment plan.
- Establishes October 1, 2006, as the date after which certain CRAs may not expand their boundaries without following additional procedures.
- For CRA plan modification, the amendment provides for a joint public hearing chaired by both the county chair and municipal mayor. Further, the amendment provides a process by which the county may propose and submit an alternative redevelopment plan.
- Changes, the time period regulating when the municipality may proceed with the plan adoption to 30 days from 45 days.
- Amends s. 163.370, F.S., to accomplish clarifying edits and to remove a limitation on the use of tax increment funds for certain installation, construction, reconstruction, repair or alteration of publicly owned capital improvement projects if 3 years have expired since the removal of the project from the CRA capital improvement plan.
- Provides that generally government operating expenses, including payments or reimbursements for services provided to the agency by any public body, unrelated to the planning and carrying out of a community redevelopment plan may not be paid for or financed by increment revenues.
- Allows, rather than requires, a CRA to establish a redevelopment trust fund and prohibits the collection or use of tax increment funds until such a trust fund is established; and authorizes an interlocal agreement that may establish a tax increment different than the one statutorily established.
- Provides that the community redevelopment plan must include a time certain that a CRA may receive or spend any increment revenues from the trust fund.
- Authorizes an interlocal agreement between the taxing authorities contributing that may determine the increment and percentage different than that provided in current law.
- Limits the taxing authority for any CRA that had not authorized a finding of necessity study by June 5, 2006, and that had not created the CRA by December 31, 2006, and that had not adopted a community redevelopment plan by March 7, 2007.
- Changes the time after which a resolution can be passed to limit the amount of increment contributed by the taxing authority to the trust fund in the fiscal year immediately preceding the adoption of such resolution.
- Provides that a CRA may waive the penalty, in whole or in part, for a taxing authority that fails to pay the increment revenues to the trust fund by January 1 of each year.
- Provides exemptions for certain entities from the requirements relating to taxing authorities found in s. 163.387 (2)(a), F.S.

- Provides that an interlocal agreement between any of the other taxing authorities and the governing body that created the Community Redevelopment Agency may supercede the requirement that the governing body fund the redevelopment trust fund annually shall continue until all loans, advances, and indebtedness, and interest thereon, of a Community Redevelopment Agency incurred as a result of redevelopment in a CRA have been paid.
- Provides that moneys in the redevelopment trust fund may be expended pursuant to the community redevelopment plan.
- Provides that expenses that can be paid from tax increment within the redevelopment trust fund include services provided by another public body.
- Provides that the CRA can spend moneys from the redevelopment trust fund to relocate residents either within or outside the CRA.
- Provides that moneys appropriated to a specific redevelopment project pursuant to an approved community redevelopment plan must be expended within 3 years from the date of the appropriation. Existing law requires the project to be completed within 3 years.
- Provides that rather than be sent immediately to the governing body for consideration, any request from a municipality to a governing body of the county that has adopted a home rule charter for a delegation of powers or a change in an existing delegation of powers within 120 days after the receipt of all required documentation or such request shall be deemed granted if not granted in whole or in part or denied. The amendment further provides the following requirements for handling such a request:
    - Within 30 days of receipt of the request, the county shall notify by registered mail whether the request is complete or if additional documentation is required.
    - The county shall notify the municipality by registered mail within 30 days whether such additional documentation is complete.
    - Any request by the county for additional documentation shall specify the deficiencies in the submitted documentation, if any.
    - The county shall notify the municipality by registered mail within 30 days after receiving the additional documentation whether such information is complete.
    - If the meeting of the county commission at which the request for a delegation of powers or a change in existing delegation of powers I unable to be held due to events beyond the control of the county, the request shall be acted upon at the next regularly scheduled meeting of the county commission without regard to the 120-day limitation.
    - Should the county not act upon the request at the next regularly scheduled meeting, the request shall be deemed granted.