

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Community Affairs Committee

BILL: CS/SB 2312

INTRODUCER: Community Affairs Committee and Senator Sebesta

SUBJECT: County Transportation System Surtax

DATE: April 18, 2006

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Eichin</u>	<u>Meyer</u>	<u>TR</u>	<u>Fav/ 3 amendments</u>
2.	<u>Vickers</u>	<u>Yeatman</u>	<u>CA</u>	<u>Fav/CS</u>
3.	<u>_____</u>	<u>_____</u>	<u>GE</u>	<u>_____</u>
4.	<u>_____</u>	<u>_____</u>	<u>TA</u>	<u>_____</u>
5.	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
6.	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

I. Summary:

This committee substitute (CS) implements numerous revisions to the Charter County Transit System Surtax. Most significantly, the CS implements the following:

- Renames the surtax as the Charter County Transportation System Surtax.
- Allows a proposal to adopt a Charter County Transportation System Surtax to be placed on the ballot pursuant to initiative petition, if provided for in the county's charter.
- Expands the allowable uses of the revenues raised by the surtax to include funding for: regionally significant transportation projects; matching funds for the Transportation Regional Incentive Program or New Starts Transit Program; and certain capital improvement projects and long-term concurrency management projects identified in local comprehensive plans.

The CS also authorizes *all counties* to levy, pursuant to an ordinance enacted by a majority of the members of the county governing authority and subject to approval by a majority vote of the electorate of the county, a County Transportation System Surtax. The CS provides for the distribution of proceeds from the maximum 1 percent sales surtax to counties and eligible municipalities by interlocal agreement, or in the absence of an interlocal agreement, through an apportionment factor. The CS also specifies the allowable uses for surtax proceeds (identical to those established in the Charter County Transportation System Surtax).

Finally, the CS deletes a prohibition against the issuance by local governmental entities of more than one bond each year pledging proceeds of the Local Government Infrastructure Surtax.

This CS substantially amends section 212.055 of the Florida Statutes.

II. Present Situation:

Discretionary Sales Surtaxes

Seven different types of local discretionary sales surtaxes (also referred to as local option sales taxes) are currently authorized in law and represent potential revenue sources for county and municipal governments and school districts. The local discretionary sales surtaxes apply to all transactions subject to the state tax imposed on sales, uses, services, rentals, admissions, and other transactions authorized in ch. 212, F.S., and communications services as defined for purposes of ch. 202, F.S. Discretionary sales surtaxes must be collected when the transaction occurs in or delivery is in a county imposing the surtax, and the sale is subject to state's sales and use tax.

Discretionary sales surtaxes apply to the first \$5,000 of any single taxable item, when sold to the same purchaser at the same time. Single items include items normally sold in bulk and items assembled to comprise a working unit. The \$5,000 limitation does not apply to the rental of commercial real property, transient rentals, or services. With regard to the sale of motor vehicles, mobile homes, boats, or aircraft, the surtax applies only to the first \$5,000 of the total sales price. On the sale of a motor vehicle or mobile home, the tax rate is determined by the county where the purchaser resides as shown on the title or registration. On the sale of a boat or aircraft, the tax rate is determined by the county where the boat or aircraft is delivered.

The administrative procedures relevant to local discretionary sales surtaxes are outlined in s. 212.054, F.S. The Department of Revenue (DOR) is charged with administering, collecting, and enforcing those local discretionary sales surtaxes. The governing body of any county levying a local discretionary sales surtax shall enact an ordinance levying a surtax in accordance with the procedures described in s. 125.66(2), F.S. The proceeds of each county's discretionary sales surtax collections are transferred to the Discretionary Sales Surtax Clearing Trust Fund [hereinafter, the Trust Fund]. A separate account in the Trust Fund shall be established for each county imposing a surtax. The DOR is authorized to take an administrative cost deduction not to exceed 3 percent of the total surtax revenue generated by all levying counties. The administrative cost deduction shall be used only for those costs solely and directly attributable to the surtax, and the costs shall be prorated among those counties levying the surtax on the basis of the amount collected for a particular county to the total amount collected for all counties.

Charter County Transit System Surtax

The Charter County Transit System Surtax, was created by the Legislature in 1976 to allow charter counties to levy a maximum 1 percent sales surtax to finance development, construction, and operation of fixed guideway, rapid transit systems. Subsequent amendments to the statute expanded the permitted use of the revenues to finance additional types of transportation infrastructure in addition to fixed guideway systems, including:

- operation and maintenance of bus systems
- development, construction, operation, or maintenance of roads or bridges
- expressway or transportation authorities, or
- pledged to bonds for road or bridge construction.

Under current law, the surtax may only be levied upon approval of a majority of the county electorate. In addition, only counties which have adopted a charter prior to January 1, 1984, may seek to levy the surtax. Seven counties are eligible to levy the surtax: Broward, Duval, Hillsborough, Miami-Dade, Pinellas, Sarasota and Volusia. Only two counties have levied the surtax: Duval (since 1989), and Miami-Dade (since 2003). Each county levies a half-cent sales surtax. According to the DOR, in FY 2005 the surtax in those two counties generated \$211,204,032.

Some county and city officials in recent years have expressed an interest in having the surtax eligibility broadened beyond charter counties. They have cited rising costs of transportation construction materials and labor, the state's new emphasis on regional transportation solutions, and required local matches for new state transportation funding programs such as the Transportation Regional Incentive Program (TRIP) as reasons they support broadening the surtax.

III. Effect of Proposed Changes:

The CS amends s. 212.055(1), F.S., to rename the Charter County Transit System Surtax as the "Charter County Transportation System Surtax." The CS provides that a proposal to levy such a surtax may be placed on the ballot pursuant to initiative petition, if provided for in the county's charter. The CS also expands the allowable uses of surtax revenues' to include the following:

- A regional transportation project identified in regional transportation plans developed pursuant to s. 339.155(5), F.S.;
- As the local match for the new Transportation Regional Incentive Program, pursuant to s. 339.2819, F.S., or the New Starts transit program, pursuant to s. 341.051, F.S.; and
- Certain capital improvement projects and long-term concurrency management projects identified in local comprehensive plans.

The CS also authorizes *all counties* to levy, pursuant to an ordinance enacted by a majority of the members of the county governing authority and subject to approval by a majority vote of the electorate of the county, a County Transportation System Surtax. The CS provides for the distribution of proceeds from the maximum 1 percent sales surtax to counties and eligible municipalities by interlocal agreement, or in the absence of an interlocal agreement, through a prescribed distribution formula. The formula apportions the revenues using equally weighted proportions of population in the counties and cities and centerline miles of roads owned and maintained by the counties and cities. The CS also specifies the allowable uses for surtax proceeds. The allowable uses are identical to those established in the Charter County Transportation System Surtax.

Finally, the CS deletes a prohibition against the issuance by local governmental entities of more than one bond each year pledging proceeds of the Local Government Infrastructure Surtax.

The CS provides an effective date of July 1, 2006.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Should a county enact the County Transportation System Surtax, consumers in that county would be subject to an additional tax of up to one percent on the first \$5,000 of a large number of goods and services.

C. Government Sector Impact:

Should the County Transportation System Surtax be levied in every county at the maximum rate of 1 percent, revenues raised statewide would equal an estimated \$2,912,858,632. Individual estimates for counties levying the surtax are shown in the following table:

Estimated Revenues (\$) from 1% Local Sales Tax			
Based on Local Fiscal Year Ending Sept. 30, 2006			
ALACHUA	35,902,742	LEE	106,773,637
BAKER	1,454,975	LEON	38,851,560
BAY	29,510,485	LEVY	3,149,204
BRADFORD	1,850,849	LIBERTY	245,507
BREVARD	69,633,423	MADISON	890,459
BROWARD	279,390,253	MANATEE	47,345,172
CALHOUN	654,449	MARION	44,066,838
CHARLOTTE	25,322,645	MARTIN	28,329,748
CITRUS	12,276,285	MIAMI-DADE	356,314,045
CLAY	18,482,779	MONROE	26,155,200
COLLIER	64,714,314	NASSAU	7,359,886
COLUMBIA	7,542,107	OKALOOSA	35,065,692
DE SOTO	2,553,814	OKEECHOBEE	5,055,158
DIXIE	817,426	ORANGE	326,260,793
DUVAL	142,337,281	OSCEOLA	38,873,008

Estimated Revenues (\$) from 1% Local Sales Tax			
Based on Local Fiscal Year Ending Sept. 30, 2006			
ESCAMBIA	46,839,882	PALM BEACH	239,446,012
FLAGLER	8,016,804	PASCO	41,561,064
FRANKLIN	1,571,466	PINELLAS	133,759,578
GADSDEN	2,791,983	POLK	71,379,643
GILCHRIST	551,651	PUTNAM	5,838,763
GLADES	350,983	SAINT JOHNS	22,779,219
GULF	1,040,088	SAINT LUCIE	29,518,916
HAMILTON	546,403	SANTA ROSA	12,556,528
HARDEE	1,766,491	SARASOTA	68,710,911
HENDRY	3,160,307	SEMINOLE	68,078,347
HERNANDO	14,355,450	SUMTER	6,093,389
HIGHLANDS	11,134,257	SUWANNEE	3,036,663
HILLSBOROUGH	206,627,031	TAYLOR	1,921,778
HOLMES	737,827	UNION	502,033
INDIAN RIVER	23,607,270	VOLUSIA	75,309,416
JACKSON	4,358,839	WAKULLA	1,502,051
JEFFERSON	421,802	WALTON	10,926,497
LAFAYETTE	290,917	WASHINGTON	1,593,215
LAKE	32,995,421	STATEWIDE	2,912,858,632

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

VIII. Summary of Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
