

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Community Affairs Committee

BILL: SB 1626

INTRODUCER: Senator Alexander

SUBJECT: Charter County Transit System Surtax

DATE: April 7, 2008

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Eichin</u>	<u>Meyer</u>	<u>TR</u>	Favorable
2.	<u>Molloy</u>	<u>Yeatman</u>	<u>CA</u>	Favorable
3.	_____	_____	<u>FT</u>	_____
4.	_____	_____	<u>TA</u>	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill renames the Charter County Transit System Surtax, the “Charter County Transportation System Surtax.” The bill allows proactive eligibility for twelve existing charter counties by removing an existing provision requiring charter adoption prior to January 1, 1984. The bill also allows proceeds of the surtax to be remitted to transit authorities for specified uses.

This bill substantially amends s. 212.055, F.S.

II. Present Situation:

Florida's Charter Counties

Article VIII, s. 1(g) of the State Constitution, provides “counties operating under county charters shall have such power of self government as is provided by general or special law.” Those counties operating under a county charter have all powers of self-government not inconsistent with general law, or special law approved by the vote of the electors.¹ Currently, 19 of Florida’s counties are charter counties. Collectively, charter counties are home to more than 75 percent of Florida’s residents.

County	Year Charter Adopted	Number of Municipalities	2007 Population*
Alachua	1987	9	245,864
Brevard	1994	15	550,583

¹ Art. VIII, § 1(g), Fla. Const.

County	Year Charter Adopted	Number of Municipalities	2007 Population*
Broward	1975	31	1,763,603
Charlotte	1986	1	163,504
Clay	1991	4	184,644
Columbia	2002	2	61,984
Duval	1968	5	897,008
Hillsborough	1983	3	1,191,495
Lee	1996	5	615,254
Leon	2002	1	271,195
Miami-Dade	1957	34	2,451,850
Orange	1987	13	1,102,308
Osceola	1992	2	265,874
Palm Beach	1985	37	1,290,868
Pinellas	1980	24	943,215
Polk	1998	17	577,657
Sarasota	1971	4	387,439
Seminole	1989	7	425,455
Volusia	1971	16	506,064

* Bureau of Economic and Business Research - Revenue-Sharing Use Estimate

Discretionary Sales Surtaxes

Section 212.055, F.S., authorizes counties to impose seven local discretionary sales surtaxes (taxes) on all transactions occurring in the county subject to the state tax imposed on sales, use, services, rental, and admissions. The sales amount is not subject to the tax if the property or service is delivered within a county that does not impose a surtax. In addition, the tax is not subject to any sales amount above \$5,000 on any item of tangible personal property or on long distance telephone service. This \$5,000 cap does not apply to the sale of any other service. The Department of Revenue (DOR) is responsible for administering, collecting, and enforcing all sales taxes. Collections received by the DOR are returned monthly to the county imposing the tax.

The tax rates, duration levied, method of imposition, and proceed uses are individually specified in s. 212.055, F.S. The table below identifies the seven taxes, the rate limits, and the number of counties authorized to impose and the number imposing the tax.

Tax	Authorized Levy (%)	Counties Authorized	Counties Levying
Charter County Transit System Surtax	up to 1%	7	2
Local Government Infrastructure Surtax	0.5% or 1%	67	21
Small County Surtax	0.5% or 1%	31	26

Tax	Authorized Levy (%)	Counties Authorized	Counties Levying
Indigent Care & Trauma Center Surtax	up to 0.5%	5	1
County Public Hospital Surtax	0.5% (Miami-Dade County)	1	1
School Capital Outlay Surtax	up to 0.5%	67	16
Voter-Approved Indigent Care Surtax	0.5% or 1%	61	3

Source: 2007 Florida Tax Handbook, Including Fiscal Impact of Potential Changes

The maximum combined rate for the Local Government Infrastructure Surtax, the Small County Surtax, the Indigent Care and Trauma Center Surtax, and the County Public Hospital Surtax, is 1 percent. In counties with a publicly supported medical school levying the Voter-Approved Indigent Care Surtax, the combined rate is 1.5 percent. The maximum combined rate for counties authorized to levy the Charter County Transit System Surtax is 2.5 percent. The School Capital Outlay Surtax is capped at 0.5 percent, and is not included in these tax rate caps.

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 the development, construction, and operation of fixed guideway, rapid transit systems. This section of law has been amended several times since it was created, so that currently only counties that adopted a charter prior to January 1, 1984, may seek to levy the surtax. The proposal to levy the surtax and create a trust fund for surtax proceeds must appear on a ballot and receive the approval of a majority of the county electorate. Further amendments to the statute expanded the permitted use of the revenues to finance additional types of transportation infrastructure, yielding the following permitted uses:

- development, operation, maintenance, and expansion of bus or fixed guideway systems;
- development, construction, operation, or maintenance of roads or bridges; or
- pledges to bonds issued for these purposes.

A charter county may deposit the surtax revenues into the trust fund, remit the revenues to an expressway or transportation authority, or apply them directly to the permitted uses. The proceeds may also be distributed by interlocal agreement to municipalities or an expressway or transportation authority to finance the permitted uses.

Seven counties are currently 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).

Duval and Miami-Dade Counties each levy a half-cent sales surtax. The maximum combined rate for counties authorized to levy the Charter County Transit System Surtax is 2.5 percent.² Based on estimates for fiscal year 2007, provided by the Florida Legislative Committee on Intergovernmental Relations, Duval County realized revenues of \$76,628,721, and Miami-Dade County realized \$186,986,789.

III. Effect of Proposed Changes:

The bill amends s. 212.055(1), F.S., to rename the Charter County Transit System Surtax as the “Charter County Transportation System Surtax.” It allows all charter counties to levy the surtax by removing the date by which a charter must be adopted. This expands the number of counties currently eligible to levy the surtax to 19 counties. The bill also allows surtax proceeds to be remitted to transit authorities.

The bill takes effect July 1, 2008.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

² In addition to the Charter County Transit System Surtax, the seven charter counties are eligible to levy the Local Government Infrastructure Surtax at 0.5% or 1% and the Indigent Care & Trauma Center Surtax up to 0.5%. (Miami-Dade imposes the 0.5% Public Hospital Surtax in lieu of this surtax.) The maximum rate excludes the School Capital Outlay Surtax.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The bill authorizes all charter counties to levy the Charter County Transportation System Surtax up to the rate of 1 percent subject to approval by referendum.

B. Private Sector Impact:

Should a charter county enact the Charter County Transportation System Surtax, consumers in that county would be subject to an additional tax of up to one percent, capped at the first \$5,000 of a large number of goods. The surtax imposed on taxable services is not capped.

C. Government Sector Impact:

If every charter county made eligible by the provisions of this bill levied the Charter County Transportation System Surtax at the maximum rate of 1 percent, revenues raised statewide would equal an estimated \$1,084,922,581. Individual estimates for charter counties levying the surtax are shown in the following table:

Estimated Revenues for 1% Local Sales Tax	
Based on Local Fiscal Year Ending Sept. 30, 2007	
ALACHUA	48,039,307
BREVARD	71,947,845
BROWARD*	301,534,969
CHARLOTTE	25,811,419,
CLAY	19,616,371
COLUMBIA	8,165,025
DUVAL**	153,257,441
HILLSBOROUGH*	219,509,477
LEE	121,474,107
LEON	40,513,295
MIAMI-DADE**	373,973,577
ORANGE	348,610,590
OSCEOLA	42,119,576
PALM BEACH	237,473,241
PINELLAS*	140,925,560
POLK	73,905,295
SARASOTA*	68,622,651
SEMINOLE	73,057,929
VOLUSIA*	75,139,895
Newly Eligible	
Statewide Total	1,084,922,581

* Currently eligible (Not included in Statewide Total)

** Currently levying surtax @ 0.5% (Not included in Statewide Total)

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

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