

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Reduce Taxes: The bill will authorize a reduction in ad valorem taxation in these counties that fund emergency fire rescue services through ad valorem taxes. Upon voter approval a one percent surtax may be levied. The proceeds of the surtax are to be used to reduce ad valorem revenues supporting emergency fire rescue services.

B. EFFECT OF PROPOSED CHANGES:

Current Situation:

At the present time, some local governments are using ad valorem taxes to provide emergency fire rescue services. The bill authorizes the imposition of a local discretionary sales surtax to take the place of ad valorem millage currently used to fund emergency fire rescue services.

Section 212.055, F.S., codifies all authorizations to impose discretionary sales surtaxes. Seven surtaxes are presently authorized: charter county transit system surtax; local government infrastructure surtax; small county surtax; indigent care and trauma center surtax; county public hospital surtax; school capital outlay surtax; and voter approved indigent care surtax. HB 891 authorizes an eighth surtax, the emergency fire rescue services and facilities surtax.

Effect of the Bill:

Emergency Fire Rescue Services and Facilities Surtax

The bill creates subsection (8) in s. 212.055, F.S., relating to discretionary sales surtaxes, to provide the following:

The governing authority of each county that provides emergency fire rescue services within a majority of the geographical area of the county, including unincorporated areas, may adopt an ordinance imposing a discretionary sales surtax of 1 percent for emergency fire rescue services, providing the following conditions are met:

- The county must currently provide such services to cities within the county that do not have adequate facilities and personnel to provide such services.
- The county must currently employ more personnel and receive more emergency fire rescue service calls than any other provider in the county.
- The county must currently fund emergency fire rescue services through an ad valorem tax imposed for such purposes.

After the ordinance is adopted by the governing authority, the following conditions must be met:

- The governing authority of the county must be designated as the regional service provider for emergency fire rescue services within the county, provided the surtax is authorized.
- The levy of the surtax must be placed on the local ballot and must be approved by a majority of the voters of the county voting in the referendum.
- The referendum statement must briefly describe the purposes and uses of the surtax and conform to the statutory provisions for referenda contained in s. 101.161, F.S.

After the referendum is adopted, the following conditions must be met:

Pursuant to s. 212.054(4), F.S., the Department of Revenue (DOR) must administer and distribute the surtax to the regional service provider, the cities, and the independent special districts within which the surtax was collected.

- After deducting its service fee, DOR will distribute funds to a city or independent special district that currently provides emergency fire rescue services and intends to continue doing so. If the entity enters into an interlocal agreement, it will receive a prorated share of the surtax proceeds based upon the percentage of surtax revenues collected within its jurisdiction.

To receive these funds:

- the city or independent special district must provide a level of service equal to or higher than the level of service which can be provided by the regional service provider;
- the city or independent special district must provide personnel levels for a facility or piece of equipment that is equal to the personnel levels maintained by the regional service provider within the regional service area; and
- the city or independent special district must agree that the regional service provider is entitled to payment from the city or district share of surtax proceeds for any personnel, equipment, or other costs incurred by the regional service provider to maintain the specified level of service or adequate personnel within the city or independent district service area.

The regional service provider is required to reduce the ad valorem taxes being levied for fire rescue services in the next and in subsequent budgets by the estimated amount of surtax revenue; and a city or independent special district that enters into an interlocal agreement with a regional service provider must also reduce the ad valorem tax levied for fire rescue services.

The surtax revenues that would have been distributed to a city or independent special district that does not enter into an interlocal agreement with the regional service provider must be distributed by the department to the regional service provider, and to the cities and independent special districts that do enter into an interlocal agreement. Each service provider must receive surtax revenues equal to the percentage the provider would receive of the total surtax revenues distributed by DOR.

If enacted into law, the bill will take effect July 1, 2008.

C. SECTION DIRECTORY:

Section 1. Relating to emergency fire rescue services and facilities surtax created in s. 212.055(8), F.S.

Section 2. Providing an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None

2. Expenditures:

The DOR has indicated it will incur significant expenditures to create the new jurisdictional database. The bill provides that DOR is to administer the new surtax pursuant to s. 212.054(4)(b), which states that DOR shall return the collected surtaxes to the county, less the costs of administration. In addition, the house bill also states that DOR shall deduct its administrative fees.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Indeterminate

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

If the surcharge is enacted, real property owners will pay less ad valorem taxes. Individuals and businesses within the district will experience an increase in the sales tax rate.

D. FISCAL COMMENTS:

None

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The mandates provisions contained within Article VII, section 18 of the Florida Constitution are not applicable because: (a) the bill does not require counties or municipalities to spend funds or take an action requiring the expenditure of funds; (b) the bill does not reduce the authority of municipalities or counties to raise revenues in the aggregate; or (c) the bill does not reduce the percentage of the state tax shared with counties and municipalities.

2. Other:

None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

D. STATEMENT OF THE SPONSOR

No statement submitted.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

Not applicable.