

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 Finance and Tax Committee

BILL: SB 2058
 INTRODUCER: Senator Alexander
 SUBJECT: The Charter County Transit System Surtax
 DATE: March 30, 2009 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Eichin</u>	<u>Meyer</u>	<u>TR</u>	Favorable
2.	<u>Murphy</u>	<u>Yeatman</u>	<u>CA</u>	Favorable
3.	<u>Johansen</u>	<u>McKee</u>	<u>FT</u>	Favorable
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 prospective 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, 20 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	2008 Population*
Alachua	1987	9	252,388
Brevard	1994	16	556,213

¹ Art. VIII, § 1(g), Fla. Const.

County	Year Charter Adopted	Number of Municipalities	2008 Population*
Broward	1975	31	1,758,494
Charlotte	1986	1	165,781
Clay	1991	4	185,168
Columbia	2002	2	66,121
Duval	1968	5	904,971
Hillsborough	1983	3	1,200,541
Lee	1996	5	623,725
Leon	2002	1	274,892
Miami-Dade	1957	35	2,477,289
Orange	1987	13	1,114,979
Osceola	1992	2	273,709
Palm Beach	1985	38	1,294,654
Pinellas	1980	24	938,461
Polk	1998	17	585,733
Sarasota	1971	4	393,608
Seminole	1989	7	426,413
Volusia	1971	17	510,750
Wakulla	2008	2	30,717

* Bureau of Economic and Business Research , 2008, University of Florida

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 which are 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, 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	28
Indigent Care & Trauma Center Surtax	up to 0.25%, 0.5%	65	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%	60	4

Source: 2008 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 county governments authorized to levy the Charter County Transit System Surtax is 2.0 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
- Volusia

Only two counties have levied the surtax:

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 2.0 percent.² Based on estimates for the fiscal year ending September 30, 2009, provided by the Florida Legislative Committee on Intergovernmental Relations, Duval County should realize revenues of \$64,967,846, and Miami-Dade County should realize \$170,887,857.

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 20 counties. The bill also allows surtax proceeds to be remitted to transit authorities.

The bill takes effect July 1, 2009.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

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.

² In addition to the Charter County Transit System Surtax, the seven charter counties are eligible to levy up to 1 percent of additional local discretionary sales surtax. The maximum rate excludes the School Capital Outlay Surtax.

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 in local fiscal year 2008-09 would equal an estimated \$926,309,464. 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 2009	
ALACHUA	\$37,833,390
BREVARD	\$59,790,847
BROWARD*	\$267,841,354
CHARLOTTE	\$19,523,024
CLAY	\$16,504,266
COLUMBIA	\$7,153,670
DUVAL**	\$129,935,691
HILLSBOROUGH*	\$178,108,094
LEE	\$95,199,397
LEON	\$33,869,689
MIAMI-DADE**	\$341,775,714
ORANGE	\$295,295,159
OSCEOLA	\$35,764,553
PALM BEACH	\$202,944,232
PINELLAS*	\$119,612,187
POLK	\$63,634,621
SARASOTA*	\$52,711,032
SEMINOLE	\$56,921,981
VOLUSIA*	\$60,681,487
WAKULLA	\$1,874,635
Statewide Total (Newly Eligible Counties Only)	\$926,309,464

* 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.
