

By Senator Constantine

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1 A bill to be entitled
2 An act relating to the Local Government Revenue
3 Intercept Act; creating s. 218.387, F.S.; providing a
4 short title; providing definitions; providing that a
5 local government may authorize by resolution or
6 ordinance the Department of Revenue to intercept
7 certain revenues in order to replenish the debt
8 service reserve or other payment for local government
9 bonds; providing certain requirements for such
10 resolution or ordinance; specifying certain
11 obligations and restrictions on the local government
12 with respect to such interception; authorizing the
13 department to adopt rules; providing an effective
14 date.

15
16 Be It Enacted by the Legislature of the State of Florida:

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18 Section 1. Section 218.387, Florida Statutes, is created to
19 read:

20 218.387 Local Government Revenue Intercept Act.-

21 (1) This section may be cited as the "Local Government
22 Revenue Intercept Act."

23 (2) As used in this section, the term:

24 (a) "Available revenues" means local government funds
25 derived from one or more of the following: the communications
26 services tax, the local government half-cent sales tax, a local
27 option fuel tax, or revenue sharing.

28 (b) "Bonds" means any bond, loan, promissory note, lease-
29 purchase agreement, certificate of participation, installment

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30 sale, lease, or similar financing mechanism or financial
31 arrangement of a local government, whether or not a debt for
32 legal purposes.

33 (c) "Communications services tax" means the communications
34 services tax collected pursuant to chapter 202 for distribution
35 to local governments.

36 (d) "Department" means the Department of Revenue.

37 (e) "Intercept program" means an authorized process for
38 intercepting a local government's available revenues as provided
39 in subsection (3).

40 (f) "Local government" means any county or municipality, or
41 any county or municipality that individually or collectively
42 participates with a separate legal entity created under s.
43 163.01 for the purpose of financing or refinancing bonds and the
44 separate legal entity.

45 (g) "Local government half-cent sales tax" means the local
46 government half-cent sales tax collected pursuant to part VI of
47 this chapter for distribution to local governments.

48 (h) "Local option fuel tax" means any optional fuel tax
49 collected by a county, municipality, or other political
50 subdivision pursuant to chapter 206 for distribution to local
51 governments.

52 (i) "Revenue sharing" means funds available pursuant to
53 part II of this chapter for distribution to local governments.

54 (3) A local government may, by resolution or ordinance,
55 authorize the department to intercept the local government's
56 available revenues as specified in this section.

57 (a) The resolution or ordinance must:

58 1. Specifically authorize the department to intercept

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59 available revenues collected or held by the state for the local
60 government and use the revenues to replenish the debt service
61 reserve or other similar payment account for the local
62 government bonds if the local government failed to make a
63 required debt service or other similar payment and the bond
64 account has been drawn upon to make such payment.

65 2. Specifically authorize the department to intercept
66 available revenues that have not been pledged to other current
67 or future bonds of the local government.

68 3. Specifically authorize the department to intercept
69 available revenues, if any, as needed from the following sources
70 in the following order of priority:

71 a. Funds derived from revenue sharing which are restricted
72 under s. 218.25(4) and not permitted to be assigned, pledged, or
73 set aside for debt service or other similar payment.

74 b. Funds derived from the local government half-cent sales
75 tax.

76 c. Funds derived from the communications services tax.

77 d. Funds derived from a local option fuel tax if the bonds
78 relate to an authorized use of such funds.

79 e. Any remaining funds derived from revenue sharing.

80 4. Specify the trustee or paying agent for the local
81 government bonds, specifically authorize the department to
82 receive and act on requests by the trustee or paying agent to
83 intercept available revenues, and acknowledge that the local
84 government is responsible for informing the department of any
85 changes to the trustee or paying agent within 30 days after such
86 change.

87 5. Require that local government bonds have a cash-funded

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88 debt service or other similar payment reserve equal to the
89 maximum annual debt service or other similar payment, and
90 require that payment dates for principal and interest for the
91 bonds be no more frequent than quarterly.

92 6. Inform the department of the debt service or other
93 similar payment schedule for the local government bonds.

94 7. Provide that the local government has reasonably
95 determined in good faith that anticipated available revenues in
96 each fiscal year during the term or length of the local
97 government bonds will be at least 1.75 times the maximum annual
98 amount of debt service or other similar payment on the bonds.

99 8. Acknowledge that the local government may not amend or
100 repeal the resolution or ordinance establishing the intercept
101 program without the concurrence of a majority of the purchasers,
102 holders, and owners of the local government bonds, or an entity
103 authorized to act on the behalf of the purchasers, holders, and
104 owners.

105 9. Acknowledge that the resolution or ordinance authorizing
106 the intercept program must be included and made a part of the
107 bond resolution or other bond agreement.

108 (b) The local government shall provide a copy of the
109 ordinance or resolution to the department and the Division of
110 Bond Finance of the State Board of Administration. Within 30
111 days after receipt, the department shall acknowledge and accept
112 the ordinance or resolution after it has determined that the
113 ordinance or resolution contains all the required authorizations
114 and information specified in this subsection, or, if not, inform
115 the local government in writing of any deficiencies with the
116 ordinance or resolution.

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117 (4) A local government's funds, as restricted under revenue
118 sharing under s. 218.25(4) and not permitted to be assigned,
119 pledged, or set aside for debt service or other similar payment,
120 must be available revenues subject to being intercepted as
121 provided in this section. Available revenues under an intercept
122 program of 1.75 times the maximum annual amount of debt service
123 or other similar payment on the local government bonds are
124 provided solely to prevent a default on local government bonds
125 and may not be considered in any calculation for additional
126 local government bonds. The department shall implement only the
127 specific provisions of this section and is not responsible for
128 providing the local government's demographic or revenue history.
129 The local government and trustee or paying agent shall jointly
130 inform the department of the termination of local government
131 bonds subject to the intercept program.

132 (5) The trustee or paying agent for local government bonds
133 subject to an intercept program must provide the department and
134 the local government with at least 60 days' written notice of
135 the need to intercept the local government's available revenues,
136 the exact amount of revenues to be intercepted, the date the
137 intercepted revenues are to be deposited with the trustee or
138 paying agent, and wiring or other instructions for transmitting
139 the revenues. Upon receiving the notice, the department shall
140 intercept the local government's available revenues, if the
141 revenues are otherwise required to be distributed to the local
142 government by the department, and transmit the revenues as
143 specified by the trustee or paying agent in a timely manner. The
144 department shall be paid for all costs it incurs in
145 administering this section.

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146 (6) A local government's bonds subject to an intercept
147 program do not constitute an obligation of the state, a debt of
148 the state, or a pledge of the full faith and credit or taxing
149 power of the state. Revenues payable under an intercept program
150 are payable only from available revenues as provided in this
151 section. An intercept program does not constitute the state's
152 assumption of a debt of a local government. The state covenants
153 with the purchasers, holders, and owners of bonds covered under
154 an intercept program that it will not repeal, revoke, rescind,
155 modify, or amend the provisions of this section in a manner that
156 would abrogate the rights or protections of such purchasers,
157 holders, and owners of bonds.

158 (7) The department may adopt forms or rules to administer
159 this section.

160 Section 2. This act shall take effect upon becoming a law.