

1 A bill to be entitled
2 An act relating to local government revenue interception;
3 creating s. 218.387, F.S.; providing a short title;
4 providing definitions; authorizing local governments to
5 authorize by resolution or ordinance the Department of
6 Revenue to intercept certain available revenues of the
7 local government for certain purposes; specifying
8 ordinance or resolution required provisions; requiring the
9 local government to provide a copy of the ordinance or
10 resolution to the department and the Division of Bond
11 Finance of the State Board of Administration; specifying
12 administrative requirements for the department; specifying
13 criteria for a local government's available revenues
14 eligible for interception; specifying purposes and uses of
15 intercepted available revenues; specifying notice
16 requirements for the trustee or paying agent for local
17 government bonds subject to an intercept program;
18 providing notice requirements for termination of local
19 government bonds subject to an intercept program;
20 specifying department requirements for intercepting a
21 local government's available revenues for certain
22 purposes; specifying construction and criteria for a local
23 government's bonds operating under an intercept program,
24 revenues payable under such bonds, and the intercept
25 program; specifying a state covenant to not take certain
26 actions to abrogate certain rights or protections;
27 authorizing the department to adopt forms and rules;
28 providing an effective date.

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

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

218.387 Florida Local Government Revenue Intercept Act.-

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

(2) As used in this section:

(a) "Available revenues" means a local government's funds derived from the communications services tax, the local government half-cent sales tax, the local option fuel tax, or revenue sharing.

(b) "Bonds" means any bond, loan, promissory note, lease-purchase agreement, certificate of participation, installment sale, lease, or other similar financing mechanism or financial arrangement, whether or not a debt for legal purposes, of a local government.

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

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

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

(f) "Local government" means any county or municipality, or any county or municipality that individually or collectively participates with a separate legal entity created under s.

57 163.01 for the purpose of financing or refinancing bonds and the
 58 separate legal entity.

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

62 (h) "Local option fuel tax" means any optional fuel tax
 63 collected pursuant to chapter 206 for distribution to local
 64 governments.

65 (i) "Revenue sharing" means the funds available pursuant
 66 to part II of this chapter for distribution to local
 67 governments.

68 (3) (a) A local government may, by resolution or ordinance,
 69 authorize the department to intercept the local government's
 70 available revenues as specified in this section. The resolution
 71 or ordinance must:

72 1. Specifically authorize the department to intercept
 73 available revenues collected or held by the state for the local
 74 government and use such revenues to replenish the debt service
 75 reserve or other similar payment account for bonds of the local
 76 government when the local government has failed to make a
 77 required debt service payment or other similar payment and when
 78 the account for the bonds has been drawn upon to make a debt
 79 service or other similar payment.

80 2. Specifically authorize the department to intercept
 81 available revenues that have not been pledged to any other
 82 current or future bonds of the local government.

83 3. Specifically authorize the department to intercept any
 84 available revenues in the following order as revenues are

85 needed:

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

89 b. Funds derived from the local government half-cent sales
 90 tax.

91 c. Funds derived from the communications services tax.

92 d. Funds derived from a local option fuel tax, provided
 93 the bonds relate to an authorized use of such funds.

94 e. Any remaining funds derived from revenue sharing.

95 4. Specify the trustee or paying agent for the local
 96 government's bonds, specifically authorize the department to
 97 receive and act on requests by the trustee or paying agent to
 98 intercept available revenues of the local government, and
 99 acknowledge that the local government is responsible for
 100 informing the department of any changes to the trustee or paying
 101 agent for the bonds within 30 days after such change.

102 5. Require the local government's bonds to have a cash-
 103 funded debt service or other similar payment reserve equal to
 104 the maximum annual debt service or other similar payment, and
 105 require that payment dates for principal and interest for the
 106 bonds be no more frequent than quarterly.

107 6. Inform the department of the debt service or other
 108 similar payment schedule for the local government's bonds.

109 7. Provide that the local government has reasonably
 110 determined in good faith that anticipated available revenues in
 111 each fiscal year during the term or length of the local
 112 government's bonds will be at least 1.75 times the maximum

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113 annual amount of debt service or other similar payment on the
114 bonds.

115 8. Acknowledge that the local government shall not amend
116 or repeal the resolution or ordinance establishing the intercept
117 program without the concurrence of a majority of the purchasers,
118 holders, and owners of the local government's bonds, or any
119 entity authorized to act on the behalf of the purchasers,
120 holders, and owners of the bonds.

121 9. Acknowledge that the resolution or ordinance
122 authorizing the intercept program shall be included and made a
123 part of the bond resolution or other agreement for the bonds.

124 (b) The local government shall provide a copy of the
125 ordinance or resolution to the department and to the Division of
126 Bond Finance of the State Board of Administration. Within 30
127 days after receipt of the ordinance or resolution, the
128 department shall acknowledge and accept the ordinance or
129 resolution after the department has determined that the
130 ordinance or resolution contains all the required authorizations
131 and information as specified in this subsection, or the
132 department shall inform the local government in writing of any
133 deficiencies with the ordinance or resolution.

134 (4) A local government's funds as restricted under revenue
135 sharing under s. 218.25(4) and not permitted to be assigned,
136 pledged, or set aside for debt service or other similar payment
137 shall be available revenue subject to being intercepted as
138 provided in this section. Available revenues under an intercept
139 program to the extent of 1.75 times the maximum annual amount of
140 debt service or other similar payment on the local government's

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141 bonds are provided solely to prevent a default on the bonds and
142 shall not be considered in any calculation for additional bonds
143 of a local government. The department shall implement only the
144 specific provisions of this section and shall not be responsible
145 for providing demographic or revenue history of the local
146 government. The local government and trustee or paying agent
147 shall jointly inform the department of the termination of the
148 local government's bonds subject to the intercept program.

149 (5) The trustee or paying agent for local government bonds
150 subject to an intercept program shall provide the department and
151 local government with at least 60 days' written notice of the
152 need to intercept the local government's available revenues, the
153 exact amount of revenues to be intercepted, and the date the
154 intercepted revenues are to be deposited with the trustee or
155 paying agent along with wiring or other instructions to transmit
156 the revenues. Upon receiving the notice, the department shall
157 intercept the local government's available revenues to the
158 extent such revenues are otherwise required to be distributed to
159 the local government by the department and shall transmit such
160 revenues as specified by the trustee or paying agent in a timely
161 manner. The department shall be paid for all costs the
162 department incurs in administering this section.

163 (6) A local government's bonds subject to an intercept
164 program shall not constitute an obligation of the state, a debt
165 of the state, or a pledge of the full faith and credit or taxing
166 power of the state. Revenues payable under an intercept program
167 are payable only from available revenues as provided in this
168 section. An intercept program does not constitute the assumption

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169 by the state of any debt of a local government. The state hereby
170 covenants with the purchasers, holders, and owners of bonds
171 covered under an intercept program authorized by this section
172 that the state will not repeal, revoke, rescind, modify, or
173 amend provisions of this section in a manner that would abrogate
174 the rights or protections under this section of such purchasers,
175 holders, and owners of bonds.

176 (7) The department may adopt forms or rules to implement
177 the provisions of this section.

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