

HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

BILL #: HB 865 Pinellas Suncoast Transit Authority, Pinellas County

SPONSOR(S): Hooper

TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Community & Military Affairs Subcommittee	10 Y, 4 N	Tait	Hoagland
2) Finance & Tax Committee	16 Y, 3 N	Flemming	Langston
3) Economic Affairs Committee			

SUMMARY ANALYSIS

The Charter County and Regional Transportation System Surtax, a local discretionary sales surtax, may be levied by certain counties at a rate of up to 1%. Generally, the tax proceeds are for the development, construction, operation, and maintenance of fixed guideway rapid transit systems, bus systems, on-demand transportation services, and roads and bridges.

The Pinellas County Suncoast Transit Authority (Authority) is an independent special district that was created in 1970 to provide public transit services in the Pinellas County area. The Authority is authorized to levy an ad valorem tax on the taxable real property in the Authority area, with a maximum millage rate of 0.75 mills. The Authority's Proposed Operating and Capital Budget for Fiscal Year 2012 adopts a millage rate of 0.7305 mills, for a total of \$32,823,710 in ad valorem taxes to be levied.

The bill requires the Authority to cease levying and collecting ad valorem tax revenue if Pinellas County levies the Charter County and Regional Transportation System Surtax, pursuant to s. 212.055(1), F.S., and offers the surtax proceeds or a portion thereof to the Authority and the Authority elects to accept funding through this source.

Pursuant to the current provisions of s. 212.055(1)(a), F.S., the decision to levy the discretionary sales surtax would be subject to approval by a majority vote of the county's electorate or by a charter amendment approved by a majority vote of the county's electorate.

The Economic Impact Statement says that the bill would benefit property holders in Pinellas County by reducing their property ad valorem rates by approximately 0.75 mills, or a total of \$32.8 million annually, in the event a transportation surtax is ever approved.

According the *2011 Local Government Financial Information Handbook*, Pinellas County would receive an estimated \$120,739,849 for each 1% assessed under local discretionary sales surtax levies.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Local Discretionary Sales Surtaxes

Local discretionary sales surtaxes, also referred to as local option sales taxes, are authorized under s. 212.055, F.S., and provide potential revenue sources for county and municipal governments and school districts. The local discretionary sales surtaxes apply to all transactions that are “subject to the state tax imposed on sales, use, services, rentals, admissions,” and other authorized transactions, pursuant to ch. 212, F.S., and “communications services” as defined for purposes of ch. 202, F.S.”¹ Discretionary sales surtax must be collected when the transaction occurs in, or delivery is into, a county that imposes the surtax, and the sale is subject to the state’s sales and use tax.² The surtax applies to the first \$5,000 of any single taxable item when sold to the same purchaser at the same time.³

There are eight different types of local discretionary sales surtaxes currently authorized in law⁴:

- Charter County and Regional Transportation System Surtax;
- Local Government Infrastructure Surtax;
- Small County Surtax;
- Indigent Care and Trauma Center Surtax;
- County Public Hospital Surtax;
- School Capital Outlay Surtax;
- Voter-Approved Indigent Care Surtax; and
- Emergency Fire Rescue Services and Facilities Surtax.

The local discretionary sales surtax rate varies from county to county, depending on the particular levies authorized in that jurisdiction.

Charter County and Regional Transportation System Surtax⁵

Each charter county that has adopted a charter, each county the government of which is consolidated with that of one or more municipalities, and each county that is within or under an interlocal agreement with a regional transportation or transit authority created under ch. 343 or ch. 349, F.S., may levy the Charter County and Regional Transportation System Surtax at a rate of up to 1%.⁶ Pinellas County is authorized to levy the Charter County and Regional Transportation System Surtax.⁷

The levy is subject to approval by a majority vote of the county’s electorate or by a charter amendment approved by a majority vote of the county’s electorate.⁸

In addition to the Emergency Fire Rescue Services and Facilities Surtax and the School Capital Outlay Surtax, this surtax is not subject to a combined rate limitation that impacts other discretionary sales surtaxes.⁹

¹ Section 212.054(2)(a), F.S.

² Section 212.052(2)(a), (3)(a)1., F.S.; *See also* Florida Revenue Estimating Conference, 2012 Florida Tax Handbook 207 (2012), available at <http://edr.state.fl.us/Content/revenues/reports/tax-handbook/taxhandbook2012.pdf>.

³ Section 212.054(2)(b)1., F.S.

⁴ Section 212.055, F.S.

⁵ Section 212.055(1), F.S.

⁶ Section 212.055(1)(a), (b), F.S.

⁷ Ch. 80-590, L.O.F. (designating Pinellas County as a charter county upon referendum, which was approved on Oct. 7, 1980).

⁸ Section 212.055(1)(a), F.S.

The surtax proceeds shall be deposited into the county trust fund or remitted by the county's governing body to an expressway, transit, or transportation authority created by law.¹⁰

Authorized Uses of Proceeds

Generally, the tax proceeds are for the development, construction, operation, and maintenance of fixed guideway rapid transit systems, bus systems, on-demand transportation services, and roads and bridges.¹¹

The surtax proceeds shall be applied to as many or as few of the following uses as the county's governing body deems appropriate.¹²

1. Deposited into the county trust fund and used for the purposes of development, construction, equipment, maintenance, operation, supportive services, including a countywide bus system, on-demand transportation services, and related costs of a fixed guideway rapid transit system.
2. Remitted by the county's governing body to an expressway or transportation authority created by law to be used at the authority's discretion for the development, construction, operation, or maintenance of roads or bridges in the county, for the operation and maintenance of a bus system, for the operation and maintenance of on-demand transportation services, for the payment of principal and interest on existing bonds issued for the construction of such roads or bridges, and, upon approval of the county commission, such proceeds may be pledged for bonds issued to refinance existing bonds or new bonds issued for the construction of such roads or bridges.
3. Used by the county for the development, construction, operation, and maintenance of roads and bridges in the county; for the expansion, operation, and maintenance of bus and fixed guideway systems; for the expansion, operation, and maintenance of on-demand transportation services; and for the payment of principal and interest on bonds issued for the construction of fixed guideway rapid transit systems, bus systems, roads, or bridges; and such proceeds may be pledged by the county's governing body for bonds issued to refinance existing bonds or new bonds issued for the construction of such fixed guideway rapid transit systems, bus systems, roads, or bridges and no more than 25 percent used for nontransit uses.
4. Used by the county for the planning, development, construction, operation, and maintenance of roads and bridges in the county; for the planning, development, expansion, operation, and maintenance of bus and fixed guideway systems; for the planning, development, construction, operation, and maintenance of on-demand transportation services; and for the payment of principal and interest on bonds issued for the construction of fixed guideway rapid transit systems, bus systems, roads, or bridges; and such proceeds may be pledged by the county's governing body for bonds issued to refinance existing bonds or new bonds issued for the construction of such fixed guideway rapid transit systems, bus systems, roads, or bridges. Pursuant to an interlocal agreement entered into pursuant to ch. 163, F.S., the county's governing body may distribute surtax proceeds to a municipality, or an expressway or transportation authority created by law to be expended for such purposes. Any county that has entered into interlocal agreements for the distribution of proceeds to one or more of its municipalities shall revise such agreements no less than every five years in order to include any municipalities created since the prior agreements were executed.

As it relates to the authorized uses of the surtax proceeds, the term *on-demand transportation services* means transportation provided between flexible points of origin and destination selected by individual users with such service being provided at a time that is agreed upon by the user and the provider of the service and that is not fixed-schedule or fixed-route in nature.¹³

⁹ Fla. Office Econ. & Demog. Resch., 2011 Local Government Financial Information Handbook 167 (Oct. 2011), available at <http://edr.state.fl.us/Content/local-government/reports/lgfih11.pdf>.

¹⁰ Section 212.055(1)(d)1., F.S.

¹¹ *Id.*

¹² Section 212.055(1)(d), F.S.

¹³ Section 212.055(1)(e), F.S.

Pinellas Suncoast Transit Authority

The Pinellas County Suncoast Transit Authority (Authority) is an independent special district that was created in 1970¹⁴ to provide public transit services in the Pinellas County area. The Authority's charter was codified in 2000.¹⁵ The Authority's vision statement is "Quick, affordable transportation from where you are to where you want to go," and the Authority's mission is to provide "safe, affordable, public transit in our community." The mission statement goes on to say that the Authority helps to "guide land use decisions and support economic vitality to enhance our quality of life."¹⁶

The Authority's initial service area included the communities of Belleair, Belleair Bluffs, Clearwater, Dunedin, Indian Rocks Beach, Largo, Safety Harbor, and unincorporated areas directly between these municipalities. Pursuant to a charter provision allowing other municipalities and unincorporated areas to become part of the service area, the Authority later expanded to include St. Petersburg, Gulfport, Oldsmar, Seminole, Indian Shores, South Pasadena, Madeira Beach, North Redington Beach, Pinellas Park, Redington Beach, Redington Shores, Tarpon Springs, and additional unincorporated area. The Authority currently serves most of the unincorporated areas of Pinellas County and 21 of the county's 24 municipalities, which accounts for 98% of the county's population and 97% of its land area.¹⁷ In addition, two of the cities that are not in the Authority area, the Cities of Treasure Island and St. Pete Beach, contract for service with the Authority.¹⁸

The Authority currently has 191 transit vehicles, and runs 37 bus routes, including 2 express routes to Hillsborough County.¹⁹ During the 2010 Fiscal Year, the Authority had a total ridership of 13.1 million, with a mileage of 8.4 million miles and 582,686 service hours. In addition, there were more than 360,000 bikes on buses trips and 268,000 paratransit trips in accordance with the Americans with Disabilities Act.

The Authority is authorized to levy an ad valorem tax on the taxable real property in the Authority area, with a maximum millage rate of 0.75 mills. The Authority's Proposed Operating and Capital Budget for Fiscal Year 2012 (FY 2012) adopts a millage rate of 0.7305 mills, for a total of \$32,823,710 in ad valorem taxes to be levied.²⁰ This an increase in the millage rate, which has been at 0.5601 mills since October 2007.

Other funding sources for the Authority include passenger fares, auxiliary revenue, non-transportation revenue, state reimbursement of fuel taxes, and state and federal grants. These funding sources comprise approximately 46% of the Authority's projected operating revenues for FY 2012, with the remaining revenue coming from the levying and collection of ad valorem taxes.²¹

Pinellas County Transportation Task Force

The Pinellas County Transportation Task Force (Task Force) was made up of 25 citizens and elected officials from the county, and met from June 2010 to December 2010.²² Their goal was to focus on ways to capitalize on transportation investments and opportunities, and they worked with

¹⁴ Ch. 70-907, L.O.F., created the Authority as the Central Pinellas Transit Authority. Ch. 82-368, L.O.F., changed the name of the Authority to its present name: The Pinellas Suncoast Transit Authority.

¹⁵ Ch. 2000-424, L.O.F.

¹⁶ From the "2011 Pinellas Suncoast Transit Authority Vision Statement," available at <http://www.psta.net/PDF/Vision%20Statement%202011.pdf> (last accessed 2/14/12).

¹⁷ "Synopsis of the Pinellas Suncoast Transit Authority," dated 10/19/09, available at <http://www.psta.net/PDF/Synopsis.pdf> (last accessed 2/14/12).

¹⁸ *Id.*

¹⁹ All data in the paragraph may be found on the "History of PSTA" page of the Authority's Web site, available at <http://www.psta.net/history.php#> (last accessed 2/14/12).

²⁰ *Pinellas Suncoast Transit Authority Proposed Operating and Capital Budget: Fiscal Year 2012*, available at <http://www.psta.net/PDF/FY%202012%20Proposed%20Operating%20Budget.pdf> (last accessed 2/14/12).

²¹ *Id.*

²² All information in this paragraph may be found in the *Pinellas County Transportation Task Force Report*, dated December 13, 2010, available at <http://www.pinellascounty.org/ttf/pdf/TTF-Final-Report.pdf> (last accessed 2/14/12).

representatives from area planning and transit agencies to formulate practical and fiscally sound transportation recommendations. The Task Force recommended that Pinellas County pursue levying the Charter County and Regional Transportation System Surtax, due to the potential scope of the transportation improvements that could be completed with the revenue generated from the surtax, as well as the fact that tourists would pay up to a third of the surtax. They recommended the county hold the referendum on levying the surtax sometime between the spring of 2012 and the spring of 2013. In addition, the Task Force was in favor of decreasing or eliminating the Authority's ad valorem tax; however, the Task Force agreed to not make a final recommendation to the Pinellas County Board of County Commissioners until a full plan with routes and cost estimates was completed.

Effect of Proposed Changes

The bill amends ch. 2000-424, L.O.F., to require the Authority to cease levying and collecting ad valorem tax revenue if Pinellas County levies a discretionary sales surtax for transportation purposes pursuant to s. 212.055(1), F.S., and offers the surtax proceeds or a portion thereof to the Authority and the Authority elects to accept funding through this source.

Pursuant to the current provisions of s. 212.055(1)(a), F.S., the decision to levy the discretionary sales surtax would be subject to approval by a majority vote of the county's electorate or by a charter amendment approved by a majority vote of the county's electorate.

The Economic Impact Statement says that the bill would benefit property holders in Pinellas County by reducing their property ad valorem rates by approximately 0.75 mills, or a total of \$32.8 million annually, in the event a transportation surtax is ever approved.

According to the *2011 Local Government Financial Information Handbook*, Pinellas County would receive an estimated \$120,739,849 for each 1% assessed under local discretionary sales surtax levies.²³

B. SECTION DIRECTORY:

Section 1: Amends ch. 2000-424, L.O.F., relating to the Pinellas County Suncoast Transit Authority, Pinellas County.

Section 4: Amends the provisions relating to the purposes and powers of the Authority to require the Authority to cease levying and collecting ad valorem tax revenue if Pinellas County levies a discretionary sales surtax for transportation purposes.

Section 8: Amends the provisions relating to the special district taxation for the Authority to require the Authority to cease levying and collecting ad valorem tax revenue if Pinellas County levies a discretionary sales surtax for transportation purposes.

Section 2: Provides an effective date of upon becoming a law.

II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes No

IF YES, WHEN? November 4, 2011

WHERE? *Gulf Coast Business Review*, a daily paper of general circulation published in Clearwater, Pinellas County, Florida and distributed in Pinellas County, Florida.

²³ Fla. Office Econ. & Demog. Resch., *2011 Local Government Financial Information Handbook* 167 (Oct. 2011), available at <http://edr.state.fl.us/Content/local-government/reports/lgh11.pdf>.

B. REFERENDUM(S) REQUIRED? Yes No

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes, attached No

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached No

Under the provisions of s. 212.055(1), F.S., Pinellas County is currently authorized to levy the Charter County and Regional Transportation System Surtax at a rate of up to 1%, subject to approval by a majority vote of the county's electorate or by a charter amendment approved by a majority vote of the county's electorate. According the *2011 Local Government Financial Information Handbook*, Pinellas County receives an estimated \$120,739,849 for each 1% assessed under local discretionary sales surtax levies.

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III. COMMENTS

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES