

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 Committee on Finance and Tax

BILL: CS/CS/SB 668

INTRODUCER: Finance and Tax Committee; Community Affairs Committee; and Senator Latvala

SUBJECT: Emergency Fire Rescue Services and Facilities Surtax

DATE: March 31, 2014

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>White</u>	<u>Yeatman</u>	<u>CA</u>	Fav/CS
2.	<u>Gross</u>	<u>Diez-Arguelles</u>	<u>FT</u>	Fav/CS
3.	_____	_____	<u>FP</u>	_____

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/CS/SB 668 amends the provisions of s. 212.055, F.S., which authorizes a county to adopt an Emergency Fire Rescue Services and Facilities Surtax of up to one percent. The bill removes the requirement that a county governing authority must execute an interlocal agreement with the majority of local governments that provide fire rescue services as a prerequisite for holding a referendum on the surtax levy. Upon approval of the referendum, the proceeds are distributed to all local government entities in the county providing such services.

The bill amends the formula to be used by the county to distribute the surtax revenue. The new formula is based on each entity's average annual expenditures for fire control and emergency fire rescue services in the five fiscal years preceding the fiscal year in which the surtax takes effect in proportion to the average annual total of the expenditures for such entities in the five fiscal years preceding the fiscal year in which the surtax takes effect. The county must revise the distribution proportions to reflect any changes in the service area of an entity receiving a distribution of the surtax proceeds.

Local government entities will still be required to reduce ad valorem taxes and non-ad valorem assessments for fire control and emergency rescue services by the estimated amount of surtax revenue.

The Revenue Estimating Conference estimates that the bill will have a zero or positive, indeterminate impact on local government revenue.

The bill takes effect July 1, 2015.

II. Present Situation:

Section 212.055, F.S., authorizes counties to impose various discretionary sales surtaxes.

In 2009, the Legislature authorized the “Emergency Fire Rescue Services and Facilities Surtax.”¹ A county not imposing two discretionary sales surtaxes of indefinite duration may adopt an ordinance to levy a sales surtax of up to one percent for emergency fire rescue services and facilities.² Upon completion of an interlocal agreement, the levy must be placed on the ballot and approved by a majority of the local electorate.

Since the passage of the statute, no county has levied the surtax.³

The surtax may be used to fund “emergency fire rescue services,” which includes:

- Fire prevention and extinguishing,
- Protection of life and property from natural or intentionally-created fires,
- Enforcing municipal, county, or state fire protection codes and laws, and
- Providing emergency medical treatment.⁴

The distribution of surtax proceeds is based on actual collections within each jurisdiction of that entity. If the county has special fire control districts, the proceeds are distributed based on the entities’ proportional spending on fire control and emergency rescue services from ad valorem and non-ad valorem assessments in the preceding five fiscal years.⁵

Additionally, s. 212.055(8), F.S., provides administrative guidelines and obligations for a county and the participating local government entities.⁶

When collections of the surtax begin, the county and participating local governments must reduce ad valorem taxes and non-ad valorem assessments used to pay for fire control and emergency rescue services by the estimated amount of revenue provided by the surtax. If surtax collections exceed projected collections in any fiscal year, any surplus distribution shall be used to further reduce ad valorem taxes in the next fiscal year. The statute requires such excess collections to be applied as a “rebate to the final millage.”⁷

¹ Chapter 2009-182, Laws of Fla.

² Section 212.055(8)(a), F.S. Miami-Dade, Madison, and parts of Orange and Osceola are excluded from participating in this discretionary sales surtax. See, *infra* note 5.

³ Office of Economic and Demographic Research, *2014 Local Government Financial Information Handbook*, at 193.

⁴ Section 212.055(8)(a), F.S.

⁵ *Id.* This provision does not apply, however, if the county and one or more participating local governments have an interlocal agreement prohibiting one or more other jurisdictions from providing pre-hospital medical treatment inside the prohibited jurisdiction’s boundaries, or if the county has issued a certificate of public convenience and necessity or its equivalent to a county department or dependent special district of the county. See s. 212.055(8)(h), F.S.

⁶ Section 212.055(8), F.S.

⁷ Section 212.055(8)(f), F.S.

The use of surtax proceeds does not relieve counties and participating local governments from the provisions of ch. 200, F.S., or any other provision of law establishing millage caps or limiting undesignated budget reserves.⁸

After the voters approve the levy, the surtax collections begin January 1 of the following year.

III. Effect of Proposed Changes:

Section 1 amends s. 212.055(8), F.S., to remove the requirement that the governing authority of the county execute an interlocal agreement with a majority of local government entities that provide fire rescue services before scheduling a referendum to approve the imposition of the surtax. Since an interlocal agreement would no longer be required for distribution of surtax revenues, the bill removes other references to such agreements.

If the surtax is approved, all local government entities providing fire control and emergency rescue services within the county will share in the surtax proceeds.

The bill amends the formula to be used by the county to distribute the surtax revenue. The new formula is based on each entity's average annual expenditures for fire control and emergency fire rescue services in the five fiscal years preceding the fiscal year in which the surtax takes effect in proportion to the average annual total of the expenditures for such entities in the five fiscal years preceding the fiscal year in which the surtax takes effect. The county must revise the distribution proportions to reflect any changes in the service area of an entity receiving a distribution of the surtax proceeds.

Local government entities will still be entitled to a share of the surtax proceeds when providing personnel and equipment on a long-term basis to another entity in the county.

Local government entities will still be required to reduce ad valorem taxes and non-ad valorem assessments for fire control and emergency rescue services by the estimated amount of surtax revenue and further reduce such taxes or assessments if the surtax produces greater than expected proceeds. These provisions apply to each local government entity (including the county) providing fire rescue services in the county.⁹

Section 2 provides an effective date of July 1, 2015.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

⁸ *Id.*

⁹ The removal of the interlocal agreement requirement erases the distinction between participating and non-participating service providers.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The Revenue Estimating Conference estimates that the bill will have a zero or positive, indeterminate impact on local government revenue.¹⁰

B. Private Sector Impact:

Individuals and businesses in counties implementing the surtax will face higher sales taxes, but will receive a reduction in ad valorem taxes and non-ad valorem assessments.

C. Government Sector Impact:

Counties implementing the surtax will incur the cost of holding a referendum and other implementation expenses, offset in part by an administrative fee not to exceed two percent of the surtax collected.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 212.055 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS/CS by Finance and Tax on March 30, 2015:

The bill amends the formula used by the county to distribute the surtax revenue.

¹⁰ Revenue Estimating Conference, (Feb. 2, 2015) *Revenue Impact Results*, pp. 58-60, available at <http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2015/pdf/page58-61.pdf> (last visited Mar. 25, 2015).

CS by Community Affairs on March 4, 2015:

Reinstates a provision accidentally deleted that requires surtaxes collected in excess of projected collections to be applied as a rebate to the final millage after completion of the TRIM notice.

B. Amendments:

None.