

## HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

**BILL #:** CS/HB 991 Downtown Development Authority of City of Fort Lauderdale, Broward County  
**SPONSOR(S):** Local Government Affairs Subcommittee, Clarke-Reed  
**TIED BILLS:** **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Local Government Affairs Subcommittee	11 Y, 2 N, As CS	Miller	Miller
2) Finance & Tax Committee			
3) Local & Federal Affairs Committee			

### SUMMARY ANALYSIS

The Downtown Development Authority of the City of Ft. Lauderdale is a special taxing district created to provide economic development, redevelopment, and coordination services to benefit areas of the city. To support the projects and responsibilities of the Authority, the city levies ad valorem taxes not to exceed one mill annually. The DDA's charter defines those properties subject to taxation and excludes most actual residential property. The enabling law for the DDA is due to expire on December 31, 2030.

Sections 1 and 2 of the bill revise the definitions of "residential property," resulting in more properties being included within those "non-residential" properties subject to the one mill ad valorem tax. Section 3 revises additional sections of the DDA charter to provide more autonomy in budgeting and direct control of DDA tax receipts. This section also authorizes the DDA, instead of the city commission, to levy the annual ad valorem tax.

The Economic Impact Statement projects increased ad valorem tax revenues for FY 2015-2016 of \$390,056, and for FY 2016-2017 of \$525,808, if the changes are approved by voter referendum.

Section 4 of the bill takes effect upon becoming law. The remainder of the bill takes effect only upon approval by a majority of resident qualified electors of the DDA in a referendum to be conducted in conjunction with the next general, special, or other election.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### **Present Situation**

The Downtown Development Authority of the City of Fort Lauderdale (DDA) was established by special act of the Legislature in 1965.<sup>1</sup> In accordance with s. 189.019, F.S., in 2005 the DDA submitted a recodified charter as a single, organized document for approval by the Legislature.<sup>2</sup> The DDA serves several functions in the community, include economic development, redevelopment of blighted areas, marketing, and coordinating projects between governmental entities and the private sector.<sup>3</sup>

The DDA's current charter defines "downtown" as all lands described in Section 2 of the charter that are "not being used as a residence."<sup>4</sup> "Not being used as a residence" is defined as all residential<sup>5</sup> lands not being used as a "residence," as well as portions of nonresidential lands not being used as a "residence."<sup>6</sup> A "residence" is defined as a building used as living quarters by one or more persons.<sup>7</sup> The Executive Director of the DDA determines whether property constitutes a residence.<sup>8</sup>

The Executive Director prepares an annual budget for the DDA, conforming to the fiscal year of the city and containing the information required of city departments in their respective budgets. The budget is submitted to the board of the DDA for approval.<sup>9</sup> After approval, a copy of the budget is submitted to the city, with a statement of the necessary millage to fund services, as determined by the DDA board.<sup>10</sup> The city commission of Fort Lauderdale is authorized to levy an ad valorem tax of up to one mill to finance the operations of the DDA.<sup>11</sup> The funds generated by this tax are deposited in the city treasury, credited to the DDA.<sup>12</sup> The city commission has the authority to use a "reasonable pro rata share" of the funds to defer the cost of handling and auditing.<sup>13</sup>

The DDA's charter currently is set to expire on December 31, 2030.<sup>14</sup> On that date, all assets of the authority will become property of the City of Fort Lauderdale.<sup>15</sup> If the Authority has any remaining outstanding debt at dissolution, the city is allowed to continuing levying ad valorem taxes authorized by the charter to retire the indebtedness.<sup>16</sup>

#### **Effect of Proposed Changes**

The bill revises the charter of the DDA in three significant areas:

- First, the bill narrows the classifications of property excluded from the definition of "downtown." Under the bill's definition of "downtown," only residential buildings or units for which a homestead exemption is claimed are excluded from classification as "downtown."

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<sup>1</sup> Ch. 65-1541, Laws of Fla.

<sup>2</sup> Ch. 2005-346, Laws of Fla.

<sup>3</sup> Welcome to Downtown Fort Lauderdale, *About the DDA*, <http://www.ddaftl.org/#!about-the-dda/c1uh6> (last visited Feb. 26, 2015).

<sup>4</sup> S. 5(a), Charter for the Downtown Development Authority of the City of Ft. Lauderdale, as codified in s.3, Ch. 2005-346, Laws of Fla. (herein Ft. Lauderdale DDA Charter).

<sup>5</sup> Defined as lands zoned by the City of Fort Lauderdale as R-1-A, R-1, R-1-P, R-2-A, R-2, R-3-A/RM-25, R-3-9, RM-15, R-3/RM-30, R-3-C, R-4/RM-60, or R-4-C.

<sup>6</sup> S. 5(b), Ft. Lauderdale DDA Charter

<sup>7</sup> S. 5(c), Ft. Lauderdale DDA Charter

<sup>8</sup> S. 5(b), Ft. Lauderdale DDA Charter

<sup>9</sup> S. 11, Ft. Lauderdale DDA Charter

<sup>10</sup> *Id.*

<sup>11</sup> S. 12, Ft. Lauderdale DDA Charter

<sup>12</sup> *Id.*

<sup>13</sup> S. 13, Ft. Lauderdale DDA Charter

<sup>14</sup> S. 15, Ft. Lauderdale DDA Charter

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

- Second, the bill amends the provisions pertaining to budget preparation. The Authority would no longer be linked directly to the fiscal year of the city and would be required only to deliver a copy of its budget within 30 days after the budget was adopted.
- Third, the authority itself would be authorized to levy the ad valorem taxes provided in the charter, subject to the present one mill cap. The tax collector would transmit the funds directly to the Authority for deposit. The Authority would be responsible to comply with the Truth in Millage Rules and s. 200.065, F.S., in adopting a budget and levying taxes.

The bill provides for a referendum on all changes provided in the bill. Only the referendum provision takes effect upon the act becoming law.

**B. SECTION DIRECTORY:**

- Section 1: Amends Subsection 5 of Section 1 of Section 3 of Ch. 2005-346, Laws of Florida, to revise the definition of “downtown” and “residence,” and removing definitions for “not being used as a residence” and “residential.”
- Section 2: Amends Section 2 of Section 3 of Ch. 2005-346, Laws of Florida, to include certain residential property within those properties subject to taxation by the Authority.
- Section 3: Amends Sections 11, 12, and 13 of Section 3 of Ch. 2005-346, Laws of Florida, revising procedures for final adoption of budget and millage and the authority to levy ad valorem taxes.
- Section 4: Provides the provisions of section 4 shall take effect upon becoming law and sections 1, 2, and 3 take effect only upon approval in a referendum of resident qualified electors of the Downtown Development Authority of the City of Fort Lauderdale to be held in conjunction with the next general, special, or other election in Broward County.

**II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS**

A. NOTICE PUBLISHED? Yes  No

IF YES, WHEN? December 28, 2014

WHERE? Sun-Sentinel, a daily newspaper of general circulation, published in Broward County, Florida

B. REFERENDUM(S) REQUIRED? Yes  No

IF YES, WHEN? The bill does not provide a date for the referendum.

C. LOCAL BILL CERTIFICATION FILED? Yes, attached  No

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached  No

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

The bill neither authorizes nor requires implementation by executive branch rulemaking.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

#### **IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**

On March 25, 2015, the Local Government Affairs Subcommittee adopted an amendment and reported the bill favorably as a committee substitute. The amendment deleted the extension of the expiration date for the enabling act from 2030 to 2050 and provided for the referendum of the qualified voters to be conducted in conjunction with the next general, special, or other election held in Broward County.

This analysis is drawn to the bill as amended and approved as a committee substitute by the Local Government Affairs Subcommittee.