

## HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

**BILL #:** HB 419 Highlands Road and Bridge District, Pasco County

**SPONSOR(S):** Burgess, Jr.

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

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Local Government Affairs Subcommittee	11 Y, 0 N	Monroe	Miller
2) Local & Federal Affairs Committee	12 Y, 0 N	Monroe	Kiner

### SUMMARY ANALYSIS

“Special Districts” are a type of limited local government created to perform specific services within a described geographic area. Sometimes called special taxing districts, most are created either by special act (independent special districts) or county or municipal ordinance (dependent special districts). The Special District Accountability Program in the Department of Economic Opportunity (DEO) is responsible for creating and maintaining a current list of all special districts in Florida, as provided in ch. 189, F.S., the Uniform Special District Accountability Act.

When a special district fails to meet certain statutory responsibilities, no longer functions, or informs DEO it is no longer active, DEO is required to follow the statutory process before declaring the district inactive. This includes documenting one or more statutory criteria for inactive status, publishing notice in the area of the district of DEO’s intent to declare the district inactive, and documenting the lack of any objection to declaring the district inactive. DEO is required to deliver written notice of the declaration of inactive status to specific authorities. If the district was created by special act, notice is delivered to the Speaker of the House, the President of the Senate, and the standing committees in each chamber responsible for special district oversight. If the district was created by local ordinance, notice is delivered to the governing body of the county or municipality that created the district. A special district declared inactive may not collect taxes, assessments, or fees while the declaration is in effect. However, the district still exists until its legal authority is repealed by the creating entity.

The bill dissolves the Highlands Road and Bridge District, an independent special district located in Pasco County. Any assets of the district are transferred to the Board of County Commissioners.

The bill is effective upon becoming law.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### **PRESENT SITUATION**

##### Special Districts Declared Inactive

A "special district" is a unit of local government created for a particular purpose, with jurisdiction to operate within a limited geographic boundary. Special districts are created by general law,<sup>1</sup> special act,<sup>2</sup> local ordinance,<sup>3</sup> or by rule of the Governor and Cabinet.<sup>4</sup> A special district has only those powers expressly provided by, or reasonably implied from, the authority provided in the district's charter. Special districts provide specific municipal services in addition to, or in place of, those provided by a municipality or county.<sup>5</sup> A special district may be "dependent"<sup>6</sup> or "independent."<sup>7</sup>

The Special District Accountability Program within the Department of Economic Opportunity (DEO) is responsible for maintaining and electronically publishing the official list of all special districts in Florida.<sup>8</sup> The official list currently reports all active special districts as well as those declared inactive by DEO.

Whether dependent or independent, when a special district no longer fully functions or fails to meet its statutory responsibilities, DEO is required to declare that district inactive by following a specified process.<sup>9</sup> DEO must first document the factual basis for declaring the district inactive.

A special district may be declared inactive if it meets one of six specific factors:

- The registered agent of the district, the chair of the district governing body, or the governing body of the appropriate local general-purpose government:
  - Provides DEO with written notice that the district has taken no action for 2 or more years.<sup>10</sup>
  - Provides DEO with written notice that the district has not had any members on its governing body or insufficient numbers to constitute a quorum for 2 or more years.<sup>11</sup>
  - Fails to respond to an inquiry from DEO within 21 days.<sup>12</sup>

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<sup>1</sup> Section 189.031(3), F.S.

<sup>2</sup> Id.

<sup>3</sup> Section 189.02(1), F.S.

<sup>4</sup> Section 190.005(1), F.S. *See, generally, s. 189.012(6), F.S.*

<sup>5</sup> *2015 – 2016 Local Gov't Formation Manual*, p. 67, at

<http://myfloridahouse.gov/Sections/Committees/committeesdetail.aspx?CommitteeId=2836> (accessed 9/28/2015).

<sup>6</sup> Section 189.012(2), F.S. A special district where the membership of the governing body is identical to the governing body of a single county or municipality, all members of the governing body are appointed by the governing body of a single county or municipality, members of the district's governing body are removable at will by the governing body of a single county or municipality, or the district's budget is subject to the approval of governing body of a single county or municipality.

<sup>7</sup> Section 189.012(3), F.S. A special district that is not a dependent district.

<sup>8</sup> Sections 189.061(1), 189.064(2), F.S. DEO maintains the current official list at

<https://dca.deo.myflorida.com/fhcd/sdip/OfficialListdeo/> (accessed 9/28/2015).

<sup>9</sup> Section 189.062(1), F.S. Prior to 2014, the former statute required DEO to document the existence of one of five criteria listed in paragraph (1)(a), publication and service under paragraph (1)(b) of a notice of intent to declare the district inactive, and the lack of any administrative appeal of the declaration within 21 days of that publication. Section 189.4044, F.S. (2013). In 2014, as ch. 189, F.S., was extensively revised and restructured, the word "or" was added at the end of s. 189.062(1)(a)6, F.S., apparently allowing DEO either to document one of the six criteria *or* publish notice of intent to declare inactive and find no appeal is filed. Chapter 2014-22, s. 24, Laws of Florida. During the 2015 regular legislative session, the Florida Senate passed CS/SB 1388, its version of a bill resolving technical issues stemming from the 2014 revisions, which would have amended s. 189.062(1)(a)6., F.S., by removing the word "or." CS/SB 1388 (2015), s. 11, at line 414 (bill did not pass the Legislature). DEO still uses the 3-step process as described in the 2013 statute.

<sup>10</sup> Section 189.062(1)(a)1., F.S.

<sup>11</sup> Section 189.062(1)(a)2., F.S.

<sup>12</sup> Section 189.062(1)(a)3., F.S.

- Following statutory procedure,<sup>13</sup> DEO determines the district failed to file specified reports,<sup>14</sup> including required financial reports.<sup>15</sup>
- For more than 1 year, no registered office or agent for the district was on file with DEO.<sup>16</sup>
- The governing body of the district unanimously adopts a resolution declaring the district inactive and provides documentation of the resolution to DEO.<sup>17</sup>

Once DEO determines which criterion applies to the district, notice of the proposed declaration of inactive status is published by DEO, the local general-purpose government for the area where the district is located, or the district itself.<sup>18</sup> The notice must state that any objections to declaring the district inactive must be filed with DEO pursuant to chapter 120, F.S.,<sup>19</sup> within 21 days after the publication date.<sup>20</sup> If no objection is filed within the 21 day period, DEO declares the district inactive.<sup>21</sup>

After declaring certain special districts as being inactive, DEO must send written notice of the declaration to the authorities which created the district. If the district was created by special act, DEO sends written notice to the Speaker of the House, the President of the Senate, and the standing committees in each chamber responsible for special district oversight.<sup>22</sup>

The property and assets of a special district declared inactive by DEO are first used to pay any debts of the district. Any remaining property or assets then escheat to the county or municipality in which the district was located. If the district's assets are insufficient to pay its outstanding debts, the local general-purpose government in which the district was located may assess and levy within the territory of the inactive district such taxes as necessary to pay the remaining debt.<sup>23</sup>

A district declared inactive may not collect taxes, fees, or assessments.<sup>24</sup> This prohibition continues until the declaration of invalidity is withdrawn or revoked by DEO<sup>25</sup> or invalidated in an administrative proceeding<sup>26</sup> or civil action<sup>27</sup> timely brought by the governing body of the special district.<sup>28</sup> Failure of the special district to challenge (or prevail against) the declaration of inactive status enables DEO to enforce the statute through a petition for enforcement in circuit court.<sup>29</sup>

Declaring a special district to be inactive does not dissolve the district or otherwise cease its legal existence. Subsequent action is required to repeal the legal authority creating the district, whether by the Legislature<sup>30</sup> or the entity that created the district.<sup>31</sup>

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<sup>13</sup> Section 189.067, F.S.

<sup>14</sup> Section 189.066, F.S.

<sup>15</sup> Section 189.062(1)(a)4., F.S. *See, ss.* 189.016(9), 218.32, 218.39, F.S.

<sup>16</sup> Section 189.062(1)(a)5., F.S.

<sup>17</sup> Section 189.062(1)(a)6., F.S.

<sup>18</sup> Publication must be in a newspaper of general circulation in the county or municipality where the district is located and a copy sent by certified mail to the district's registered agent or chair of the district's governing body, if any.

<sup>19</sup> The Florida Administrative Procedure Act.

<sup>20</sup> Section 189.062(10)(b), F.S. The published notice also must include the name of the district, the law under which it was organized and operating, and a description of the district's territory.

<sup>21</sup> Section 189.062(1)(c), F.S.

<sup>22</sup> Section 189.062(3), F.S. The statute provides that the declaration of inactive status is sufficient notice under art. III, s. 10 of the Florida Constitution to authorize the repeal of special laws creating or amending the charter of the inactive district. This statute stands in lieu of the normal requirement for publication of notice of intent to file a local bill at least 30 days before introducing the bill in the Legislature, under s. 11.02, F.S.

<sup>23</sup> Section 189.062(2), F.S.

<sup>24</sup> Section 189.062(5), F.S.

<sup>25</sup> Section 189.062(5)(a), F.S.

<sup>26</sup> Section 189.062(5)(b)1., F.S. Administrative proceedings are conducted pursuant to s. 120.569, F.S.

<sup>27</sup> Section 189.062(5)(b)2., F.S. The action for declaratory and injunctive relief is brought under ch. 86, F.S.

<sup>28</sup> The special district must initiate the legal challenge within 30 days after the date the written notice of the department's declaration of inactive status is provided to the special district. Section 189.062(5)(b), F.S.

<sup>29</sup> Section 189.062(5)(c), F.S. The enforcement action is brought in the circuit court in and for Leon County.

<sup>30</sup> Sections 189.071(3), 189.072(3), F.S.

<sup>31</sup> Section 189.062(4), F.S. Unless otherwise provided by law or ordinance, dissolution of a special district transfers title to all district property to the local general-purpose government, which also must assume all debts of the dissolved district. Section 189.076(2), F.S.

## Highlands Road and Bridge District

On November 25, 1919, the voters approved a referendum creating the Highlands Special Road and Bridge District in Pasco County. Subsequently, six special acts concerning this district were passed by the Legislature. Specifically:

- Chapter 8803 (1921) created a repayment schedule for \$750,000 in issued bonds and ratified and confirmed the creation of the district.
- Chapter 9568 (1923) addressed grading and paving roads and the levying of assessments to pay for those activities.
- Chapter 9570 (1923) authorized the issuance of \$175,000 in “interest-bearing negotiable time warrants” to fund the grading and paving of specified roads.
- Chapter 13248 (1927) again legalized and validated the creation of the Highlands Special Road and Bridge District, confirmed its boundaries, and validated the proceedings connected with Chapter 13249 (1927) and the bonds issued thereunder.
- Chapter 13249 (1927) authorized \$40,000 in bonds to fund the grading and paving of specified roads.
- Chapter 26125 (1947) ratified, confirmed, and validated bonds issued by the Highlands Special Road and Bridge District which bore the date April 1, 1938.

In 1972, the District was recreated by resolution of the County and approved by voter referendum as the Highlands Road and Bridge District.

On December 15, 2003, the District’s registered agent contacted the Department of Community Affairs and asked it to declare the District inactive and begin the dissolution process. The registered agent stated that the district had satisfied its obligations to bond holders, had not met since January 2003, and that the need for the district no longer existed.

After numerous discussions between Pasco County and the Department of Community Affairs, after the registered agent withdrew, and after the District failed to file required financial reports, the Department published a “Notice of Proposed Declaration of Inactive Status of the Highlands Road and Bridge District” on December 1, 2009.

### **EFFECT OF THE BILL**

The bill dissolves the Highlands Road and Bridge District, an independent special district located in Pasco County. Any assets of the district are transferred to the Board of County Commissioners.

#### **B. SECTION DIRECTORY:**

Section 1: Repeals chapters 8803 (1921), 9568 (1923), 9570 (1923), 13248 (1927), 13249 (1927) and 26125 (1949), Laws of Florida.

Section 2: Abolishes the Highlands Road and Bridge District and transfers all assets and liabilities of the district to the Board of County Commissioners of Pasco County.

Section 3: Provides the bill is effective upon becoming law.

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

A. NOTICE PUBLISHED? Yes  No

IF YES, WHEN? September 20, 2015

WHERE? Tampa Bay Times

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

### **III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

The bill does not provide authority or require implementation by administrative agency rulemaking.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

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