

By the Committee on Community Affairs; and Senator Simmons

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1 A bill to be entitled
2 An act relating to neighborhood improvement districts;
3 amending s. 163.511, F.S.; increasing the maximum
4 number of directors allowed for boards of special
5 neighborhood improvement districts; deleting a
6 provision requiring directors to serve for 3 years;
7 requiring local planning ordinances to specify the
8 number of directors and their term lengths and to
9 provide for staggered terms; deleting a provision
10 relating to term length for initial director
11 appointments; creating s. 163.5161, F.S.; creating the
12 Safe Neighborhood Improvement District Revolving Loan
13 Program; providing legislative purpose; providing
14 definitions; authorizing the Department of Legal
15 Affairs to provide loans for specified projects within
16 safe neighborhood improvement districts; authorizing a
17 safe neighborhood improvement district to borrow funds
18 made available under the program and pledge revenues
19 to repay such funds; specifying the procedures by
20 which the department is to administer and manage the
21 loans; specifying the term of such loans; authorizing
22 the department to provide financial assistance to
23 small safe neighborhood improvement districts;
24 authorizing the department to adopt rules related to
25 the loan program; requiring the department to prepare
26 an annual report and submit it to specified committees
27 in the Legislature; specifying items that the safe
28 neighborhood improvement districts must submit to the
29 department before being approved for loans; requiring

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30 the approval of the use of the revolving loans by the
31 registered voters of the district by referendum;
32 specifying items to be included in the referendum;
33 requiring the referendum to be by sent by mail and
34 published; specifying audit procedures once a loan
35 project is completed; authorizing the department to
36 charge reasonable service fees on loans to ensure the
37 Safe Neighborhood Improvement District Revolving Loan
38 Trust Fund will be operated in perpetuity; specifying
39 fee amounts; restricting uses of the trust fund;
40 specifying procedures if a safe neighborhood
41 improvement district defaults under the terms of its
42 loan agreement; authorizing the department to levy
43 penalties for delinquent loan payments; authorizing
44 the department to terminate or rescind a financial
45 assistance agreement under certain conditions;
46 providing an effective date.

47
48 Be It Enacted by the Legislature of the State of Florida:

49
50 Section 1. Paragraph (f) of subsection (1) and subsections
51 (7) and (8) of section 163.511, Florida Statutes, are amended to
52 read:

53 163.511 Special neighborhood improvement districts;
54 creation; referendum; board of directors; duration; extension.-

55 (1) After a local planning ordinance has been adopted
56 authorizing the creation of special neighborhood improvement
57 districts, the governing body of a municipality or county may
58 declare the need for and create special residential or business

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59 neighborhood improvement districts by the enactment of a
60 separate ordinance for each district, which ordinance:

61 (f) Provides for the appointment of a three-, five-, or
62 seven-member ~~3-member~~ board of directors for the district.

63 (7) The business and affairs of a special neighborhood
64 improvement district shall be conducted and administered by a
65 board of three, five, or seven directors who must ~~shall~~ be
66 landowners in ~~residents of~~ the proposed area and who are subject
67 to ad valorem taxation in the district. Upon their appointment
68 and qualification and in January of each year, the directors
69 shall organize by electing from their number a chair and a
70 secretary, and may also employ staff and legal representatives
71 as deemed appropriate, who shall serve at the pleasure of the
72 board and may receive such compensation as shall be fixed by the
73 board. The secretary shall keep a record of the proceedings of
74 the district and shall be custodian of all books and records of
75 the district. The directors shall not receive any compensation
76 for their services, nor may they be employed by the district.

77 (8) Within 30 days of the approval of the creation of a
78 special neighborhood improvement district, if the district is in
79 a municipality, a majority of the governing body of the
80 municipality, or if the district is in the unincorporated area
81 of the county, a majority of the county commission, shall
82 appoint the ~~three~~ three directors provided for herein, the number of
83 which must be specified in the local planning ordinance, which
84 must also provide for staggered terms ~~of 3 years. The initial~~
85 ~~appointments shall be as follows: one for a 1-year term, one for~~
86 ~~a 2-year term, and one for a 3-year term.~~ Each director shall
87 hold office until his or her successor is appointed and

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88 qualified unless the director ceases to be qualified to act as a
89 director or is removed from office. Vacancies on the board shall
90 be filled for the unexpired portion of a term in the same manner
91 as the initial appointments were made.

92 Section 2. Section 163.5161, Florida Statutes, is created
93 to read:

94 163.5161 Safe Neighborhood Improvement District Revolving
95 Loan Program; use; rules.-

96 (1) The purpose of this section is to help implement the
97 legislative public policy of guiding the coordinated, balanced,
98 and harmonious development of safe neighborhood improvement
99 districts. This is accomplished by ensuring such districts have
100 adequate finances to plan and increase crime prevention through
101 environmental design, environmental security, or defensible
102 space techniques, or through community policing innovations.

103 (2) For purposes of this section, the term:

104 (a) "Bonds" means bonds, certificates, or other obligations
105 of indebtedness issued by the department under this section.

106 (b) "Neighborhood improvements" means all facilities,
107 including land, water, utilities, and roads, necessary for
108 providing critical infrastructure to implement the crime
109 prevention plans of a safe neighborhood improvement district.

110 (3) The department may provide loan guarantees, purchase
111 loan insurance, and refinance local debt through the issuance of
112 new loans for projects that are in the plans of a safe
113 neighborhood improvement district and that have been approved by
114 the department. A safe neighborhood improvement district may
115 borrow funds made available pursuant to this section and may
116 pledge any revenues or other adequate security available to the

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117 district to repay any funds borrowed.

118 (a) The department shall administer loans so that 15
119 percent of the amounts credited to the Safe Neighborhood
120 Improvement District Revolving Loan Trust Fund in any fiscal
121 year is reserved for small safe neighborhood improvement
122 districts.

123 (b) If an insufficient number of the projects for which
124 funds are reserved under this subsection have been submitted to
125 the department at the time a funding priority list is adopted,
126 the reservation of these funds no longer applies. The department
127 may award the unreserved funds as otherwise provided in this
128 section.

129 (4) The term of loans made pursuant to this section may not
130 exceed the life of the project secured by the bond. The interest
131 rate on such loans may not exceed that paid on the last bonds
132 sold pursuant to s. 14, Art. VII of the State Constitution.

133 (5) (a) The department may provide financial assistance to
134 small neighborhood improvement districts, as determined by the
135 department, including providing forgiveness of the loan
136 principal.

137 (b) The department shall establish by rule the criteria for
138 determining whether a safe neighborhood improvement district
139 serves a financially disadvantaged community. Such criteria
140 shall be based on the median household income of the service
141 population or other reliably documented measures of
142 disadvantaged status.

143 (6) In order to ensure that public moneys are managed in an
144 equitable, prudent, and cost-effective manner, the total amount
145 of money loaned to any safe neighborhood improvement district

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146 during a fiscal year may not exceed 25 percent of the total
147 funds available for making loans during that year.

148 (7) The department may adopt rules to:

149 (a) Establish a priority system for loans based on degree
150 of likelihood of enhancing crime prevention and affordability
151 within a safe neighborhood improvement district.

152 (b) Establish the requirements for the award and the
153 repayment of financial assistance.

154 (c) Require evidence of credit worthiness and adequate
155 security, including an identification of revenues to be pledged
156 and documentation of the sufficiency of revenues for loan
157 repayment and pledged revenue coverage, to ensure that each loan
158 recipient can meet its loan repayment requirements.

159 (d) Require each project receiving financial assistance to
160 be cost-effective, environmentally sound, implementable, and
161 self-supporting.

162 (8) The department shall prepare a report at the end of
163 each fiscal year which details the financial assistance provided
164 under this section, service fees collected, interest earned, and
165 loans outstanding. The report shall be provided to the
166 appropriations committees in the Senate and the House of
167 Representatives.

168 (9) Before being approved for a loan, the safe neighborhood
169 improvement district must, at a minimum:

170 (a) Provide a repayment schedule.

171 (b) Submit evidence that the project proposed for financial
172 assistance can be permitted or implemented.

173 (c) Submit plans and specifications, biddable contract
174 documents, or other documentation of appropriate procurement of

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175 goods and services.

176 (d) Provide assurance that records will be kept using
177 generally accepted accounting principles and that the department
178 and the Auditor General will have access to all records
179 pertaining to the loan.

180 (e) Provide assurance that the goods and services funded
181 will be properly operated and maintained.

182 (10) A safe neighborhood improvement district may not
183 receive a revolving loan under this section unless the local
184 government approves a resolution that provides for a referendum,
185 and the qualified electors of the district have approved the use
186 of revolving loans by referendum. The referendum must include
187 the estimated cost of the capital projects that are anticipated
188 to be funded by the revolving loan funds and the amount of the
189 loan.

190 (a) The referendum to approve the loan funds shall be by
191 mail ballot.

192 (b) Within 45 days after the date the city or county
193 commission enacts an ordinance calling a referendum, the city
194 clerk or the supervisor of elections, as appropriate, shall
195 compile a list of the names and last known addresses of the
196 electors within the safe neighborhood improvement district from
197 the list of registered voters of the municipality or county, as
198 appropriate, as of the last day of the preceding month, which
199 shall be the registration list for the referendum. A resident of
200 the district whose name does not appear on the registration list
201 may register to vote in the referendum as otherwise provided by
202 law.

203 (c) Within 45 days after compilation of the voter

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204 registration list, the city clerk or the supervisor of
 205 elections, as appropriate, shall notify each qualified elector
 206 of the provisions of the ordinance and the date of the upcoming
 207 referendum. Notification shall be by first-class mail and a one-
 208 time publication in a newspaper of general circulation in the
 209 municipality or county, as appropriate, in which the district is
 210 located.

211 (d) The registration list must remain open for 75 days
 212 after the date of the mailing of the notices to the electors as
 213 provided in paragraph (c).

214 (e) Within 15 days after closing the registration list, the
 215 city clerk or the supervisor of elections, as appropriate, shall
 216 send a ballot to each elector at his or her last known mailing
 217 address by first-class mail. The ballot must include:

218 1. A description of the capital projects to be funded by
 219 the loan and the revenue sources that will be used to repay the
 220 loan.

221 2. The following statement:

222 "Do you favor authorizing the Safe Neighborhood
 223 Improvement District to use revolving loan funds in the amount
 224 of \$.....to finance capital projects that are estimated
 225 to cost \$..... as provided by section 163.5161, Florida
 226 Statutes?

227
 228Yes, I favor authorizing the use of revolving loan
 229 funds for district purposes.

230No, I am opposed to authorizing the use of revolving
 231 loan funds for district purposes."
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233 (f) Ballots must be returned by mail or by personal
234 delivery.

235 (g) All ballots received within 60 days after the closing
236 of the registration list shall be tabulated by the city clerk or
237 the supervisor of elections, as appropriate, who shall certify
238 the results thereof to the city or county commission, as
239 appropriate, no later than 5 days thereafter.

240 (h) The use of revolving loan funds is deemed to have been
241 approved only upon the affirmative vote of a majority of the
242 registered voters in the district voting on the issue.

243 (11) The department may conduct an audit of the loan
244 project upon completion, or may require that a separate project
245 audit, prepared by an independent certified public accountant,
246 be submitted.

247 (12) The department may require reasonable service fees on
248 loans made to safe neighborhood improvement districts to ensure
249 that the Safe Neighborhood Improvement District Revolving Loan
250 Trust Fund will be operated in perpetuity and to implement the
251 purposes authorized under this section. Service fees may not be
252 less than 2 percent nor greater than 4 percent of the loan
253 amount exclusive of the service fee. Service fee revenues shall
254 be deposited into the department's Grants and Donations Trust
255 Fund. The fee revenues, and interest earnings thereon, shall be
256 used exclusively to carry out the purposes of this section.

257 (13) The Safe Neighborhood Improvement District Revolving
258 Loan Trust Fund shall be used exclusively to carry out the
259 purposes of this section. Any funds that are not needed
260 immediately for financial assistance shall be invested pursuant
261 to s. 215.49. The principal and interest of all loans repaid and

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262 investment earnings thereon shall be deposited into the fund.

263 (14) (a) If a safe neighborhood improvement district
264 defaults under the terms of its loan agreement, the department
265 must so certify to the Chief Financial Officer, who shall
266 forward the amount delinquent to the department from any
267 unobligated funds due to the safe neighborhood improvement
268 district under any revenue-sharing or tax-sharing fund
269 established by the state, except as otherwise provided by the
270 State Constitution. Certification of delinquency may not limit
271 the department from pursuing other remedies available for
272 default on a loan, including accelerating loan repayments,
273 eliminating all or part of the interest rate subsidy on the
274 loan, and requesting a court appoint a receiver to manage the
275 safe neighborhood improvement district.

276 (b) The department may impose a penalty for delinquent loan
277 payments in the amount of 6 percent of the amount due, in
278 addition to charging the cost to handle and process the debt.
279 Penalty interest shall accrue on any amount due and payable
280 beginning on the 30th day following the date upon which payment
281 is due.

282 (15) The department may terminate or rescind a financial
283 assistance agreement if the recipient fails to comply with the
284 terms and conditions of the agreement.

285 Section 3. This act shall take effect upon becoming a law.