

By 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; requiring local
6 planning ordinances to specify the number of directors
7 and their term lengths and to provide for staggered
8 terms; deleting a provision requiring directors to
9 serve for 3 years and a provision relating to term
10 length for initial director appointments; creating s.
11 163.5161, F.S.; creating the Safe Neighborhood
12 Improvement District Revolving Loan Program; providing
13 legislative purpose; providing definitions;
14 authorizing the Department of Legal Affairs to provide
15 loans for specified projects within safe neighborhood
16 improvement districts; authorizing a safe neighborhood
17 improvement district to borrow funds made available
18 under the program and to pledge revenues to repay such
19 funds; specifying the procedures by which the
20 department is to administer and manage the loans;
21 specifying the term of such loans; authorizing the
22 department to provide financial assistance to small
23 safe neighborhood improvement districts; requiring the
24 department to establish by rule the criteria for
25 determining whether a safe neighborhood improvement
26 district serves a financially disadvantaged community;
27 limiting the total amount of money that may be loaned
28 during a fiscal year; authorizing the department to
29 adopt rules related to the loan program; requiring the

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

52
53 Be It Enacted by the Legislature of the State of Florida:

54
55 Section 1. Paragraph (f) of subsection (1) and subsections
56 (7) and (8) of section 163.511, Florida Statutes, are amended to
57 read:

58 163.511 Special neighborhood improvement districts;

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59 creation; referendum; board of directors; duration; extension.-

60 (1) After a local planning ordinance has been adopted
61 authorizing the creation of special neighborhood improvement
62 districts, the governing body of a municipality or county may
63 declare the need for and create special residential or business
64 neighborhood improvement districts by the enactment of a
65 separate ordinance for each district, which ordinance:

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

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

82 (8) Within 30 days of the approval of the creation of a
83 special neighborhood improvement district, if the district is in
84 a municipality, a majority of the governing body of the
85 municipality, or if the district is in the unincorporated area
86 of the county, a majority of the county commission, shall
87 appoint the ~~three~~ directors provided for herein, the number of

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88 which must be specified in the local planning ordinance, which
89 must also provide for staggered terms of 3 years. The initial
90 appointments shall be as follows: one for a 1-year term, one for
91 a 2-year term, and one for a 3-year term. Each director shall
92 hold office until his or her successor is appointed and
93 qualified unless the director ceases to be qualified to act as a
94 director or is removed from office. Vacancies on the board shall
95 be filled for the unexpired portion of a term in the same manner
96 as the initial appointments were made.

97 Section 2. Section 163.5161, Florida Statutes, is created
98 to read:

99 163.5161 Safe Neighborhood Improvement District Revolving
100 Loan Program; use; rules.—

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

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

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

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

115 (3) The department may provide loan guarantees, purchase
116 loan insurance, and refinance local debt through the issuance of

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117 new loans for projects that are in the plans of a safe
118 neighborhood improvement district and that have been approved by
119 the department. A safe neighborhood improvement district may
120 borrow funds made available pursuant to this section and may
121 pledge any revenues or other adequate security available to the
122 district to repay any funds borrowed.

123 (a) The department shall administer loans so that 15
124 percent of the amounts credited to the Safe Neighborhood
125 Improvement District Revolving Loan Trust Fund in any fiscal
126 year is reserved for small safe neighborhood improvement
127 districts.

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

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

138 (5) (a) The department may provide financial assistance to
139 small neighborhood improvement districts, as determined by the
140 department, including providing forgiveness of the loan
141 principal.

142 (b) The department shall establish by rule the criteria for
143 determining whether a safe neighborhood improvement district
144 serves a financially disadvantaged community. Such criteria must
145 be based on the median household income of the service

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146 population or other reliably documented measures of
147 disadvantaged status.

148 (6) In order to ensure that public moneys are managed in an
149 equitable, prudent, and cost-effective manner, the total amount
150 of money loaned to any safe neighborhood improvement district
151 during a fiscal year may not exceed 25 percent of the total
152 funds available for making loans during that year.

153 (7) The department may adopt rules to do all of the
154 following:

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

158 (b) Establish the requirements for the award and the
159 repayment of financial assistance.

160 (c) Require evidence of credit worthiness and adequate
161 security, including an identification of revenues to be pledged
162 and documentation of the sufficiency of revenues for loan
163 repayment and pledged revenue coverage, to ensure that each loan
164 recipient can meet its loan repayment requirements.

165 (d) Require each project receiving financial assistance to
166 be cost-effective, environmentally sound, implementable, and
167 self-supporting.

168 (8) The department shall prepare a report at the end of
169 each fiscal year which details the financial assistance provided
170 under this section, service fees collected, interest earned, and
171 loans outstanding. The report must be provided to the
172 appropriations committees in the Senate and the House of
173 Representatives.

174 (9) Before being approved for a loan, the safe neighborhood

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175 improvement district must, at a minimum:

176 (a) Provide a repayment schedule.

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

179 (c) Submit plans and specifications, biddable contract
180 documents, or other documentation of appropriate procurement of
181 goods and services.

182 (d) Provide assurance that records will be kept using
183 generally accepted accounting principles and that the department
184 and the Auditor General will have access to all records
185 pertaining to the loan.

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

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

196 (a) The referendum to approve the loan funds must be by
197 mail ballot.

198 (b) Within 45 days after the date the city or county
199 commission enacts an ordinance calling a referendum, the city
200 clerk or the supervisor of elections, as appropriate, shall
201 compile a list of the names and last known addresses of the
202 electors within the safe neighborhood improvement district from
203 the list of registered voters of the municipality or county, as

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204 appropriate, as of the last day of the preceding month, which
 205 must be the registration list for the referendum. A resident of
 206 the district whose name does not appear on the registration list
 207 may register to vote in the referendum as otherwise provided by
 208 law.

209 (c) Within 45 days after compilation of the voter
 210 registration list, the city clerk or the supervisor of
 211 elections, as appropriate, shall notify each qualified elector
 212 of the provisions of the ordinance and the date of the upcoming
 213 referendum. Notification shall be by first-class mail and a one-
 214 time publication in a newspaper of general circulation in the
 215 municipality or county, as appropriate, in which the district is
 216 located.

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

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

224 1. A description of the capital projects to be funded by
 225 the loan and the revenue sources that will be used to repay the
 226 loan.

227 2. The following statement:

228
 229 "Do you favor authorizing the Safe Neighborhood
 230 Improvement District to use revolving loan funds in the amount
 231 of \$..... to finance capital projects that are estimated
 232 to cost \$..... as provided by section 163.5161, Florida

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233 Statutes?

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235Yes, I favor authorizing the use of revolving loan
236 funds for district purposes.

237No, I am opposed to authorizing the use of revolving
238 loan funds for district purposes."

239

240 (f) Ballots must be returned by mail or by personal
241 delivery.

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

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

250 (11) The department may conduct an audit of the loan
251 project upon completion, or may require that a separate project
252 audit, prepared by an independent certified public accountant,
253 be submitted.

254 (12) The department may require reasonable service fees on
255 loans made to safe neighborhood improvement districts to ensure
256 that the Safe Neighborhood Improvement District Revolving Loan
257 Trust Fund will be operated in perpetuity and to implement the
258 purposes authorized under this section. Service fees may not be
259 less than 2 percent nor greater than 4 percent of the loan
260 amount exclusive of the service fee. Service fee revenues shall
261 be deposited into the department's Grants and Donations Trust

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262 Fund. The fee revenues, and interest earnings thereon, shall be
263 used exclusively to carry out the purposes of this section.

264 (13) The Safe Neighborhood Improvement District Revolving
265 Loan Trust Fund must be used exclusively to carry out the
266 purposes of this section. Any funds that are not needed
267 immediately for financial assistance must be invested pursuant
268 to s. 215.49. The principal and interest of all loans repaid and
269 investment earnings thereon shall be deposited into the fund.

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

283 (b) The department may impose a penalty for delinquent loan
284 payments in the amount of 6 percent of the amount due, in
285 addition to charging the cost to handle and process the debt.
286 Penalty interest shall accrue on any amount due and payable
287 beginning on the 30th day following the date upon which payment
288 is due.

289 (15) The department may terminate or rescind a financial
290 assistance agreement if the recipient fails to comply with the

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291 terms and conditions of the agreement.

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