

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/HB 731 Local Tax Referenda Requirements

**SPONSOR(S):** Local Administration, Federal Affairs & Special Districts Subcommittee, Temple

**TIED BILLS:** **IDEN./SIM. BILLS:** SB 698

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Local Administration, Federal Affairs & Special Districts Subcommittee	12 Y, 4 N, As CS	Roy	Darden
2) Ways & Means Committee			
3) State Affairs Committee			

### SUMMARY ANALYSIS

Counties and municipalities have authority to levy a variety of optional taxes conditioned upon approval of a majority of electors voting in a referendum. Presently, a number of such taxes may be approved in special elections. The referenda approving such taxes are held at elections called by the applicable local governing body. Such elections may be special elections or may be held in conjunction with other local elections, primary elections, or general elections.

The bill requires referenda authorizing certain optional local taxes to be held at a general election preceding the expiration of the tax. The affected taxes are:

- Tourist development tax,
- Areas of critical state concern tourist impact tax;
- Children's services independent special district tax;
- County temporary excess ad valorem millage;
- Municipal temporary excess ad valorem millage;
- Discretionary sales surtax;
- County transportation motor fuel tax;
- Local option fuel tax; and
- School district millage.

The bill provides that a referendum may be held only once during the 48-month period preceding its effective date.

The bill does not appear to have a fiscal impact on the state, but may have a fiscal impact on local governments.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### **Current Situation**

Counties and municipalities have authority to levy a variety of optional taxes conditioned upon approval of a majority of electors voting in a referendum. Presently, a number of such taxes may be approved in special elections. The referenda approving such taxes are held at elections called by the applicable local governing body. Such elections may be special elections or may be held in conjunction with other local elections, primary elections, or general elections.<sup>1</sup>

#### Tourist Development Tax<sup>2</sup>

A tourist development tax is a county tax on consideration paid on residential rentals of six months or less. The tax funds tourism-related uses specified in the authorizing statute. The initiation of the tax must be approved by a referendum of voters living in the jurisdiction in which the tax is imposed. The original tax may be repealed by a referendum initiated by a petition signed by 15 percent of voters subject to the interest of the holders of any revenue bonds repayment of which is secured by the tax.<sup>3</sup> Once the tax is in place, additional taxes<sup>4</sup> may be levied by a vote of the county commissioners.

#### Areas of Critical State Concern Tourist Impact Tax<sup>5</sup>

An area of critical state concern tourist impact tax is a tax on the consideration paid on residential rentals of six months or less imposed by a county creating a land authority pursuant to the state laws regulating land use planning in areas of critical state concern.<sup>6</sup> The tax is distributed to the land authority for use in the area of critical state concern pursuant to the land authority's responsibilities<sup>7</sup> and to the governing body of the county to offset ad valorem taxes lost due to public acquisitions provided for in the act establishing the areas of critical state concern.<sup>8</sup> The tax may not take effect until approval of a referenda by a majority of the voters residing in the affected jurisdiction. The referendum must be held in conjunction with a general or special election.<sup>9</sup>

#### Children's Services Independent Special District Tax

The children's services independent special district tax is an ad valorem tax not to exceed 0.5 mills of assessed valuation of all property subject to county ad valorem taxes, assessed in a county having an independent special district to fund children's services in the county. The ad valorem tax must be approved initially by a majority vote of county voters.<sup>10</sup>

#### Temporary Excess Ad Valorem Millage

---

<sup>1</sup> Art. IV, s. 5(a) Fl. Const. and Ss. 100.151, 100.342, 100.351, F.S.

<sup>2</sup> S. 125.0104, F.S.

<sup>3</sup> S. 125.0104(6)(d), F.S.

<sup>4</sup> S. 125.0104(3)(l), (m), and (n), F.S. Two of the three additional taxes require extraordinary votes for enactment.

<sup>5</sup> S. 125.0108, F.S.

<sup>6</sup> Ss. 380.05 to 380.0685, F.S.

<sup>7</sup> S. 380.0666, F.S.

<sup>8</sup> Ch. 86-170, Laws of Fla.

<sup>9</sup> S. 125.0108(5), F.S.

<sup>10</sup> S. 125.901(1), F.S. (The revenues collected fund the services authorized in s. 125.901, F.S.)

A temporary excess ad valorem millage is a tax in excess of the 10-mill limit,<sup>11</sup> imposed for a period not to exceed two years in a county, dependent special district, or municipality. The levy must be approved by a majority vote of the county, district, or municipal voters.<sup>12</sup>

### Discretionary Sales Surtaxes

Counties have been granted limited authority to levy a discretionary sales surtaxes for specific purposes on transactions subject to state sales tax.<sup>13</sup> These purposes include:

- Operating a transportation system in a charter county;<sup>14</sup>
- Financing local government infrastructure projects;<sup>15</sup>
- Providing additional revenue for counties having less than 50,000 residents as of April 1, 1992;<sup>16</sup>
- Providing medical care for indigent persons;<sup>17</sup>
- Funding trauma centers;<sup>18</sup>
- Operating, maintaining, and administering a county public general hospital;<sup>19</sup>
- Constructing and renovating schools;<sup>20</sup>
- Providing emergency fire rescue services and facilities; and<sup>21</sup>
- Funding pension liability shortfalls.<sup>22</sup>

A referendum to adopt or amend a discretionary sales surtax must be held at a general election.<sup>23</sup> Current law does not specify when a referendum to extend an existing discretionary sales surtax at the same rate must occur.

### County Transportation Motor Fuel Tax<sup>24</sup>

The county transportation motor fuel tax is a local option, 1 cent per gallon fuel tax for specified transportation expenditures.<sup>25</sup> The tax is identified as “the ninth cent fuel tax”<sup>26</sup> and may be levied by any county by extraordinary vote of the membership of the governing body or subject to a referendum.<sup>27</sup>

### Local Option Fuel Taxes<sup>28</sup>

With regard to local option fuel taxes, two different taxes<sup>29</sup> may be levied, each up to 6 cents per gallon on motor fuels. These taxes may be levied by ordinance adopted by a majority plus one vote of the membership of the governing body of the county or by referendum.<sup>30</sup>

---

<sup>11</sup> Ss. 200.071 and 200.081, F.S.

<sup>12</sup> Ss. 200.091 and 200.101, F.S.

<sup>13</sup> Ss. 212.054, 212.055, F.S.

<sup>14</sup> S. 212.055(1), F.S.

<sup>15</sup> S. 212.055(2), F.S.

<sup>16</sup> S. 212.055(3), F.S. Note that the small county surtax may be levied by extraordinary vote of the county governing board if the proceeds are to be expended only for operating purposes.

<sup>17</sup> S. 212.055(4)(a), F.S. (for counties with more than 800,000 residents); s. 212.055(7), F.S. (for counties with less than 800,000 residents).

<sup>18</sup> S. 212.055(4)(b), F.S.

<sup>19</sup> S. 212.055(5), F.S.

<sup>20</sup> S. 212.055(6), F.S.

<sup>21</sup> S. 212.055(8), F.S.

<sup>22</sup> S. 212.055(9), F.S.

<sup>23</sup> S. 212.055(10), F.S.

<sup>24</sup> Ss. 206.41(1)(d), 206.87(1)(b), and 336.021, F.S.

<sup>25</sup> Ss. 336.021(1)(a) and 336.025(7), F.S.

<sup>26</sup> S. 336.021(2)(a), F.S.

<sup>27</sup> S. 336.021(1)(a), F.S.

<sup>28</sup> S. 336.025, F.S.

<sup>29</sup> S. 336.025(1)(a) and (b), F.S.

<sup>30</sup> S. 336.025(1)(b) and (3)(a), F.S.

## School District Millage<sup>31</sup>

School district millage is ad valorem tax levied for specified periods including millage supplementing the minimal local taxes required by the education code. One tax may be used for school operational purposes<sup>32</sup> or the other for any lawful school district purpose.<sup>33</sup>

### **Effects of Proposed Changes**

#### Tourist Tax / Children's Services Independent Special District Tax

The bill adds a provision to require a referendum to reenact an expiring tourist development, a tourist impact, and a Children's Services Independent Special District Tax to be held at the general election immediately preceding the expiration date of the tax. A referendum may be held only once during the 48-month period preceding the effective date of the referendum.

#### Temporary Excess Ad Valorem Millage

The bill adds that a referendum to increase the millage to be levied for county purposes, including dependent districts, may be increased for periods not exceeding two years, providing such a levy has been approved by a majority vote in the general election immediately preceding the effect date of the increased and called for such purpose. A referendum may be held only once during the 48-month period preceding the effective date of the referendum.

#### Discretionary Sales Surtaxes/ County Transportation Motor Fuel Tax

The bill adds a provision for a referendum to reenact an expiring local government discretionary sales surtax and an expiring tax on motor and diesel fuel which must be held at the general election immediately preceding the expiration date of the surtax. A referendum may be held only once during the 48-month period preceding the effective date of the referendum.

#### School District Millage

The bill removes the provision that an election to approve an ad valorem tax millage for district school boards may not be held if one such election was held within the same 12-month period. The bill also requires the election to approve the ad valorem tax must be held immediately preceding the effect date of the millage. A referendum may be held only once during the 48-month period preceding the effective date of the referendum.

## **B. SECTION DIRECTORY:**

- Section 1: Amends 125.0104, F.S, relating to tourist development tax.
- Section 2: Amends 125.0108, F.S, relating to tourist impact tax in areas of critical state concern.
- Section 3: Amends 125.901, F.S, relating to children's services.
- Section 4: Amends 200.091, F.S, relating to referendums to increase millage for county purposes.
- Section 5: Amends 200.101, F.S, relating to referendums for millage in excess of limits.
- Section 6: Amends 212.055, F.S, relating to discretionary sales surtaxes.
- Section 7: Amends 336.021, F.S, relating to nine-cent fuel tax on motor and diesel fuel.

<sup>31</sup> S. 1011.73, F.S.

<sup>32</sup> Ss. 1011.71(9) and 1011.73(2), F.S.

<sup>33</sup> S. 9(a), Art. VII, Fl. Const. S. 1011.73(1), F.S.

- Section 8: Amends 336.025, F.S, relating to local option fuel tax on motor and diesel fuel.
- Section 9: Amends 1011.73, F.S, relating to school district millage elections.
- Section 10: Provides an effective date of July 1, 2023.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

The bill may reduce local government expenditures to the extent elections that previously would have been scheduled for a special election would be held during a general election.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

### D. FISCAL COMMENTS:

None.

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not Applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditures of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

### B. RULE-MAKING AUTHORITY:

The bill neither provides authority for nor requires rulemaking by executive branch agencies.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

**IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES**

On March 20, 2023, the Local Administration, Federal Affairs & Special Districts Subcommittee adopted an amendment and reported the bill favorably as a committee substitute. The amendment provides that a referendum may only be held once during the 48-month period preceding the effective date of the referendum.

The analysis is drafted to the committee substitute adopted by the Local Administration, Federal Affairs & Special Districts Subcommittee.