



# 2017 Legislative Issue Briefs



## Municipal Levy of the Local Option Infrastructure Surtax

### Priority Statement:

The Florida League of Cities SUPPORTS legislation that provides a mechanism for municipalities to levy the Local Government Infrastructure Surtax, if approved by voters.

### Talking Points:

- Cities currently do not have the authority to levy this surtax.
- With budgets still tight after the economic downturn, cities are dealing with an ever-growing backlog of deferred maintenance and need additional funding tools to improve infrastructure systems.
- With this local options sales tax, the voters, themselves, will have the final say on whether or not to levy this tax.

### Background:

There are nine statutorily authorized local option sales surtaxes: the Charter County and Regional Transportation System Surtax, the Local Government Infrastructure Surtax, the Small County Surtax, the Indigent Care and Trauma Center Surtax, the County Public Hospital Surtax, the School Capital Outlay Surtax, the Voter-Approved Indigent Care Surtax, the Emergency Fire Rescue Services and Facilities Surtax, and the Pension Liability Surtax. Of the nine, only three surtaxes, the Local Government Infrastructure Surtax, the Small County Surtax, and the Emergency Fire Rescue Services and Facilities Surtax, require the proceeds to be shared with municipalities. The local option sales surtaxes apply to all transactions subject to the state tax imposed on sales, use, services, rentals, admissions and other authorized transactions authorized pursuant to Florida statutes.

The Local Government Infrastructure Surtax (the surtax) must be levied at the rate of one-half of one percent or one percent pursuant to an ordinance enacted by a majority vote of the county's governing body and approved by voters in a countywide referendum. In lieu of action by the county's governing body, municipalities representing a majority of the county's population may initiate the surtax through the adoption of uniform resolutions calling for a countywide referendum on the issue. If the proposal to levy the surtax is approved by a majority of the electors, the levy takes effect.

The surtax proceeds are distributed to the county and the municipalities within that county according to an interlocal agreement approved by the county's governing body and the governing bodies of the municipalities representing a majority of the county's municipal population. If there is no interlocal agreement, then the distribution will be based on the Local Government Half-Cent Sales Tax formula provided in Florida Statutes.

Generally, the proceeds must be expended to finance, plan and construct infrastructure; to acquire land for public recreation, conservation or protection of natural resources; or to finance the

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closure of local-government-owned solid waste landfills that have been closed or are required to be closed by order of the Department of Environmental Protection. Additional expenditure authority exists for select counties.

Under current law, a county cannot levy the Local Government Infrastructure, Small County, Indigent Care and Trauma Center Surtax and County Public Hospital surtaxes in excess of a combined rate of one percent. Based on the current levies of local option surtaxes, including local option sales surtaxes approved the November 2016 general election, 14 counties have capacity to levy the full one percent of the local infrastructure surtax and six counties have capacity to levy one-half a percent.

**Status:**

In 2016, no legislation was filed to expand the authority to levy the local government infrastructure surtax to municipalities. One bill passed, CS/CS/HB 447 (Raschein), which expands the purposes for which the local government infrastructure surtax can be used to include acquiring any interest in land to prevent or satisfy private property rights claims resulting from limitations imposed by the designation of an area of critical state concern.

There was also legislation filed last session that would have expanded the allowable uses of this surtax. HB 689 (Stone) would have allowed a county and a municipality to use the proceeds and accrued interest of the local government infrastructure surtax for operating purposes if there was a reduction in the ad valorem levy in subsequent budget years. HB 689 died in committee. CS/SB 346 (Altman) and HB 995 (Mayfield) would have authorized a county to levy the local government infrastructure surtax for the purpose of funding capital projects to restore natural water bodies for public use, including tributaries, canals, stormwater conveyance systems and channels connected to natural water bodies. All three of these bills died in committee.

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