

## **Local Government Infrastructure Surtax**

Section 212.055(2), Florida Statutes

### **Summary:**

The Local Government Infrastructure Surtax may be levied at the rate of 0.5 or 1 percent pursuant to an ordinance enacted by a majority vote of the county's governing body and approved by voters in a countywide referendum. Generally, the proceeds must be expended to finance, plan, and construct infrastructure; acquire land for public recreation, conservation, or protection of natural resources; or finance the 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 (DEP). Additional spending authority exists for select counties. During the 2021-22 local fiscal year, the 28 counties levying this surtax will realize an estimated \$1.84 billion in revenue. The 19 eligible counties not currently levying this surtax at the maximum rate will allow an estimated \$2.10 billion to go unrealized.

### **General Law Amendments:**

There were no general law amendments resulting from the 2021 Regular Legislative Session.

### **Authorization to Levy:**

Local governments may levy this surtax at a rate of 0.5 or 1 percent pursuant to an ordinance enacted by a majority of the members of the county's governing body and approved by the 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.

Additionally, the surtax may not be levied beyond the time established in the ordinance if the surtax was levied pursuant to a referendum held before July 1, 1993. If the pre-July 1, 1993 ordinance did not limit the period of the levy, the surtax may not be levied for more than 15 years. There is no state-mandated limit on the length of levy for those surtax ordinances enacted after July 1, 1993. The levy may only be extended by voter approval in a countywide referendum. This surtax is one of several surtaxes subject to a combined rate limitation. A county cannot levy this surtax and the Small County Surtax, Indigent Care and Trauma Center Surtax, and County Public Hospital Surtax in excess of a combined rate of 1 percent.

### **Counties Eligible to Levy:**

All counties are eligible to levy the surtax.

### **Distribution of Proceeds:**

The surtax proceeds are distributed to the county and its respective municipalities according to one of the following procedures.

1. An interlocal agreement approved by county's governing body and the governing bodies of the municipalities representing a majority of the county's municipal population. This agreement may include a school district with the consent of all governing bodies previously mentioned.
2. If there is no interlocal agreement, then the distribution will be based on the Local Government Half-cent Sales Tax formulas provided in s. 218.62, F.S.

**Authorized Uses of Proceeds:**

The surtax proceeds and any accrued interest are expended by the school district, within the county and municipalities within the county, or, in the case of a negotiated joint county agreement, within another county, for any of the following purposes.

1. To finance, plan, and construct infrastructure.
2. To acquire any interest in land for public recreation, conservation, or protection of natural resources or to prevent or satisfy private property rights claims resulting from limitations imposed by the designation of an area of critical state concern.
3. To provide loans, grants, or rebates to residential or commercial property owners who make energy efficiency improvements to their residential or commercial property, if a local government ordinance authorizing such use is approved by referendum.
4. To finance the closure of county or municipal-owned solid waste landfills that have been closed or are required to be closed by order of the DEP. Any use of the proceeds or interest for purposes of landfill closures before July 1, 1993, is ratified.

The term *energy efficiency improvement* means any energy conservation and efficiency improvement that reduces consumption through conservation or a more efficient use of electricity, natural gas, propane, or other forms of energy on the property, including, but not limited to, air sealing; installation of insulation; installation of energy-efficient heating, cooling, or ventilation systems; installation of solar panels; building modifications to increase the use of daylight or shade; replacement of windows; installation of energy controls or energy recovery systems; installation of electric vehicle charging equipment; installation of systems for natural gas fuel as defined in s. 206.9951, F.S.; and installation of efficient lighting equipment.

The surtax proceeds and any interest may not be used to fund the operational expenses of infrastructure, except that a county that has a population of fewer than 75,000 that is required to close a landfill may use the proceeds or interest for long-term maintenance costs associated with landfill closure. Counties, as defined in s. 125.011, F.S., (i.e., Miami-Dade County) and charter counties may use the proceeds or interest to retire or service indebtedness incurred for bonds issued before July 1, 1987, for infrastructure purposes, and for bonds subsequently issued to refund such bonds. Any use of the proceeds or interest for purposes of retiring or servicing indebtedness incurred for refunding bonds before July 1, 1999, is ratified.

As it relates to the authorized uses of the surtax proceeds and any accrued interest, the term *infrastructure* has the following meanings.

1. Any fixed capital expenditure or fixed capital outlay associated with the construction, reconstruction, or improvement of public facilities that have a life expectancy of 5 or more years, any related land acquisition, land improvement, design, and engineering costs, and all other professional and related costs required to bring the public facilities into service. For this purpose, the term *public facilities* means facilities as defined in ss. 163.3164(39),<sup>1</sup> 163.3221(13),<sup>2</sup> or 189.012(5),<sup>3</sup> F.S., and includes

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1. Section 163.3164(39), F.S., defines the term *public facilities* as major capital improvements, including transportation, sanitary sewer, solid waste, drainage, potable water, educational, parks and recreational facilities.

2. Section 163.3221(13), F.S., which defines the term *public facilities* as major capital improvements, including, but not limited to, transportation, sanitary sewer, solid waste, drainage, potable water, educational, parks and recreational, and health systems and facilities.

3. Section 189.012(5), F.S., which defines the term *public facilities* as major capital improvements, including, but not limited to,

facilities that are necessary to carry out governmental purposes, including, but not limited to, fire stations, general governmental office buildings, and animal shelters, regardless of whether the facilities are owned by the local taxing authority or another governmental entity.

2. A fire department vehicle, emergency medical services vehicle, sheriff's office vehicle, police department vehicle, or any other vehicle, and the equipment necessary to outfit the vehicle for its official use or equipment that has a life expectancy of at least 5 years.
3. Any expenditure for the construction, lease, maintenance, or provision of utilities or security for those court facilities as defined in s. 29.008, F.S.
4. Any fixed capital expenditure or fixed capital outlay associated with the improvement of private facilities that have a life expectancy of 5 or more years and that the owner agrees to make available for use on a temporary basis as needed by a local government as a public emergency shelter or staging area for emergency response equipment during an emergency officially declared by the state or by the local government under s. 252.38, F.S. These private facility improvements are limited to those necessary to comply with current standards for public emergency evacuation shelters. The private facility's owner must enter into a written contract with the local government providing the improvement funding to make the private facility available to the public for purposes of emergency shelter at no cost to the local government for a minimum of 10 years after the completion of the improvement with the provision that the obligation will transfer to any subsequent owner until the end of the minimum period.
5. Any land-acquisition expenditure for a residential housing project in which at least 30 percent of the units are affordable to individuals or families whose total annual household income does not exceed 120 percent of the area median income adjusted for household size, if the land is owned by a local government or by a special district that enters into a written agreement with the local government to provide such housing. The local government or special district may enter into a ground lease with a public or private person or entity for nominal or other consideration for the construction of the residential housing project on land acquired pursuant to this provision.
6. Instructional technology used solely in a school district's classrooms. Pursuant to this provision, the term *instructional technology* means an interactive device that assists a teacher in instructing a class or a group of students and includes the necessary hardware and software to operate the interactive device. The term also includes support systems in which an interactive device may mount and is not required to be affixed to the facilities.

Any local government infrastructure surtax imposed or extended after July 1, 1998, may allocate up to 15 percent of the surtax proceeds for deposit within a county trust fund created for the purpose of funding economic development projects having a general public purpose of improving local economies, including the funding of operational costs and incentives related to economic development. The referendum ballot statement must indicate the intention to make the allocation. School districts, counties, and municipalities may pledge the surtax proceeds for the purpose of servicing new bonded indebtedness. Local governments may use the services of the Division of Bond Finance of the State Board of Administration to issue bonds, and counties and municipalities may join together for the issuance of bonds.

A county with a total population of 50,000 or less on April 1, 1992, or any county designated as an area of critical state concern that imposed the surtax before July 1, 1992, may use the proceeds and accrued interest of

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transportation facilities, sanitary sewer facilities, solid waste facilities, water management and control facilities, potable water facilities, alternative water systems, educational facilities, parks and recreational facilities, health systems and facilities, and, except for spoil disposal by those ports listed in s. 311.09(1), F.S., spoil disposal sites for maintenance dredging in waters of the state.

the surtax for any public purpose if the county satisfies all of the following criteria.

1. The debt service obligations for any year are met.
2. The county's comprehensive plan has been determined to be in compliance with part II of ch. 163, F.S.
3. The county has adopted an amendment to the surtax ordinance pursuant to the procedure provided in s. 125.66, F.S., authorizing additional uses of the proceeds and accrued interest.

Those counties designated as an area of critical state concern that qualify to use the surtax for any public purpose may use only up to 10 percent of the surtax proceeds for any public purpose other than for authorized infrastructure purposes. A county that was designated as an area of critical state concern for at least 20 consecutive years prior to removal of the designation, and that qualified to use the surtax for any public purpose at the time of the designation's removal, may continue to use up to 10 percent of the surtax proceeds for any public purpose other than for infrastructure purposes for 20 years following the designation's removal. After the 20 year period expires, a county may continue to use up to 10 percent of the surtax proceeds for any public purpose other than for infrastructure if the county adopts an ordinance providing for such continued use of the surtax proceeds.

Likewise, a municipality located within such a county may not use the proceeds and accrued interest for any purpose other than an authorized infrastructure purpose unless the municipality's comprehensive plan has been determined to be in compliance with part II of ch. 163, F.S., and the municipality has adopted an amendment to its surtax ordinance or resolution pursuant to the procedure provided in s. 166.041, F.S., authorizing additional uses of the proceeds and accrued interest. Such municipality may expend the proceeds and accrued interest for any public purpose authorized in the amendment.

Despite any other use restrictions to the contrary, a county, having a population greater than 75,000 in which the taxable value of real property is less than 60 percent of the just value of real property for ad valorem tax purposes for the tax year in which the referendum is placed before voters, and the municipalities within such a county may use the surtax proceeds and accrued interest for operation and maintenance of parks and recreation programs and facilities established with the proceeds throughout the duration of the levy or while accrued interest earnings are available for such use, whichever period is longer.

**Attorney General Opinions:**

Florida's Attorney General has issued the following legal opinions relevant to this revenue source.

<u>Opinion #</u>	<u>Subject</u>
2016-02	Infrastructure surtax, emergency generators
2012-19	Infrastructure surtax, beach erosion projects/studies
2009-28	Counties, use of infrastructure surtax monies
2007-51	Municipalities, use of infrastructure surtax monies
2003-17	Infrastructure surtax use to purchase computer system
2001-45	Local government infrastructure surtax, health care
2000-06	Expenditure of infrastructure surtax revenues
99-24	Capital improvements to property leased by county
95-73	Counties, infrastructure surtax used to fund engineers
95-71	Tourist development tax / infrastructure surtax

94-79	Uses of local government infrastructure surtax
94-46	Vehicles purchased with proceeds of sales surtax
93-92	Local government infrastructure surtax, purchase of vehicle
92-81	Discretionary local option infrastructure sales surtax
92-08	Local government infrastructure surtax proceeds
90-96	Infrastructure surtax proceeds, payment of debt
88-59	Use of discretionary surtax for construction

The full texts of these opinions are available via a searchable on-line database.<sup>4</sup> Local government officials seeking more clarification should review the opinions in their entirety. The reader should keep the date of the opinion in mind when reviewing its relevance to current law or any interpretations that have been articulated in Florida case law.

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4. <http://myfloridalegal.com/ago.nsf/Opinions>

## **Small County Surtax**

Section 212.055(3), Florida Statutes

### **Summary:**

Any county having a total population of 50,000 or less on April 1, 1992, may levy the Small County Surtax at the rate of 0.5 or 1 percent. County governments may impose the levy by either an extraordinary vote of the governing body if the proceeds are to be expended for operating purposes or by voter approval in a countywide referendum if the proceeds are to be used to service bonded indebtedness. During the 2021-22 local fiscal year, the 30 counties levying this surtax will realize an estimated \$161 million in revenue. The single county not currently levying this surtax at the maximum rate (i.e., Flagler) will allow an estimated \$7.7 million to go unrealized.

### **General Law Amendments:**

There were no general law amendments resulting from the 2021 Regular Legislative Session.

### **Authorization to Levy:**

Only those counties, defined as having a total population of 50,000 or less on April 1, 1992, are eligible to levy the surtax. This surtax is one of several surtaxes subject to a combined rate limitation. A county cannot levy this surtax and the Local Government Infrastructure Surtax, Indigent Care and Trauma Center Surtax, and County Public Hospital Surtax in excess of a combined rate of 1 percent.

### **Counties Eligible to Levy:**

According to the official 1992 population estimates, thirty-one counties had a total population of 50,000 or less on April 1, 1992, and are eligible to levy the surtax. These counties are Baker, Bradford, Calhoun, Columbia, DeSoto, Dixie, Flagler, Franklin, Gadsden, Gilchrist, Glades, Gulf, Hamilton, Hardee, Hendry, Holmes, Jackson, Jefferson, Lafayette, Levy, Liberty, Madison, Nassau, Okeechobee, Sumter, Suwannee, Taylor, Union, Wakulla, Walton and Washington. Some of these eligible counties currently levy the Local Government Infrastructure Surtax at the 0.5 or 1 percent rate and are only able to levy the Small County Surtax at the 0.5 percent rate or not at all.

### **Distribution of Proceeds:**

The surtax proceeds are distributed to the county and the municipalities within the county according to one of the following procedures.

1. 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. This agreement may include a school district with the consent of all governing bodies previously mentioned.
2. If there is no interlocal agreement, then the distribution will be based on the Local Government Half-cent Sales Tax formulas provided in s. 218.62, F.S.

### **Authorized Uses of Proceeds:**

If the surtax is levied as a result of voter approval in a countywide referendum, the proceeds and any accrued interest may be used by the school district, county, or municipalities within the county, or municipalities within another county in the case of a negotiated joint county agreement, for the purpose of servicing bonded indebtedness to finance, plan, and construct infrastructure and acquiring land for public recreation, conservation, or protection of natural resources. In this case, infrastructure means any fixed capital expenditure

or cost associated with the construction, reconstruction, or improvement of public facilities having a life expectancy of 5 or more years and any related land acquisition, land improvement, design, and engineering costs. If the surtax is levied pursuant to an ordinance approved by an extraordinary vote of the county's governing body, the proceeds and accrued interest may be used for operational expenses of any infrastructure or any public purpose authorized in the ordinance.

School districts, counties, and municipalities may pledge the surtax proceeds for the purpose of servicing new bonded indebtedness. Local governments may use the services of the Division of Bond Finance of the State Board of Administration to issue bonds. In no case may a jurisdiction issue bonds more frequently than once per year, and counties and municipalities may join together for the issuance of bonds.

**Attorney General Opinions:**

Florida's Attorney General has issued the following legal opinion relevant to this revenue source.

<u>Opinion #</u>	<u>Subject</u>
2009-01	Referendum, surtax pledged to secure loan

The full text of this opinion is available via a searchable on-line database.<sup>1</sup> Local government officials seeking more clarification should review the opinion in its entirety. The reader should keep the date of the opinion in mind when reviewing its relevance to current law or any interpretations that have been articulated in Florida case law.

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1. <http://myfloridalegal.com/ago.nsf/Opinions>