



ARA-PP-06: SMALL COUNTY SURTAX

COMMITTEE RECOMMENDATION: AMEND AND ADOPT

RECOMMENDED AMENDED PROPOSED POLICY: SUPPORT legislation that allows fiscally constrained counties to place a referendum on the ballot for voters to determine whether or not that County can levy the Small County Surtax at a combined rate up to 2% in combination with the levy of the Local Government Infrastructure Surtax.

PROPOSED POLICY: SUPPORT legislation that allows fiscally constrained counties to place a referendum on the ballot for voters to determine whether or not that County can levy the Small County Surtax at a combined rate up to 2% in combination with the levy of another discretionary sales surtax.

BACKGROUND: Counties that levy the Small County Surtax cannot levy the Local Government Infrastructure Surtax, Indigent Care and Trauma Center Surtax, and County Public Hospital Surtax in excess of a combined rate of 1%. With slow population growth and slow economic development in Florida's small counties, gains in ad valorem tax revenue have been minimal. Allowing more flexibility in the mix of sales tax options available to small counties would allow them to use the existing revenue for existing expenses, but to raise additional funds for dedicated programs or projects. If approved by voters, proceeds from the levy of the tax may be used to service bonded indebtedness, to finance, plan and construct infrastructure and acquiring land for public recreation, conservation, or protection of natural resources.

Infrastructure means any fixed capital expenditure associated with the construction, reconstruction, or improvement of public facilities having a life expectancy of more 5 years or more, and any related land acquisition, land improvement, design, and engineering costs.

ANALYSIS: All authorized counties currently levy the Small County Surtax at the maximum rate of 1%, except Flagler at .5%. Levying this surtax at 1% prevents the county from levying other surtaxes and, thus, from accessing the full capacity to apply surtax under the law.

Of the currently discretionary sales taxes authorized by Florida law, the small county surtax is the only tax whose use is not limited to designated purposes and may be used for "any public purpose" authorized by an ordinance adopted by the county. However, under current law, counties sacrifice tax capacity that could be accessed if other taxes could be levied in conjunction with the small county tax.

FISCAL IMPACT: In Okeechobee County, an additional 1% allocated to local government infrastructure surtax would equal an estimated \$3-4M a year. Okeechobee County is in the process of building the replacement of our aging jail of over 30 years due to the facility not meeting the needs of the public. We would use this money to service bonded indebtedness to lessen



the burden on the ad valorem taxpayers and spread the tax burden across the overall residential population.

FAC STAFF NOTES:

- FAC 2022 Policy Conference:
 - The Committee recommended to adopt ARA-PP-06 as amended
- Statutes
 - [s. 212.055](#), F.S. provides the framework for local governments to levy discretionary sales tax
 - Subsection (3) specifically refers to the small county sales tax
 - Authorizes small counties (population of 50,000 or less as of April 1, 1992) to levy a discretionary sales tax of 0.5 or 1 percent
 - Levy of the surtax to fund county operating expenses shall be pursuant to county ordinance
 - Levy of the surtax for purposes of debt service shall be subject to a county referendum
 - Per subsection (3)(f), a county shall not levy the small county sales tax concurrently with the following taxes in excess of 1 percent:
 - Local Government Infrastructure Surtax
 - Indigent Care and Trauma Center Surtax (only available to Counties with a population greater than 800,000 – not including Duval or Miami-Dade)
 - County Public Hospital Surtax
 - A small county shall not levy the Small County Surtax concurrently with the Voter-approved Indigent Care Surtax in excess of 1.5 percent
- Previous FAC Statements & Guiding Principles:
 - FTA-PP-01 (2021) Small County Surtax
 - SUPPORT legislation that allows counties that levy the Small County Surtax to exceed a combined rate of more than 1% in combination with the levy of the Local Government Infrastructure Surtax
 - Guiding Principle ARA 1. The Florida Association of Counties recognizes the unique fiscal challenges of Florida’s rural counties and state-designated fiscally constrained counties. The Association is dedicated to preserving established programs that provide critical resources for essential programs and infrastructure needs of these counties.

SUBMITTING COUNTY AND CONTACT: Okeechobee – Terry Burroughs
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ASSIGNED COMMITTEE: ARA

BOARD SUPPORT: Yes

UNFUNDED MANDATE: N/A



PROTECTIVE OF HOME RULE: N/A