



FTA-PP-05: SUPPLEMENTAL DISTRIBUTION FULL FUNDING

COMMITTEE RECOMMENDATION: ADOPT

PROPOSED POLICY: SUPPORT creating a separate statutory allocation of a percentage of state sales tax necessary to provide \$2.5 Million for the Supplemental Distribution to achieve full formula funding for those counties eligible to receive funds from the Supplemental Distribution while preserving the current percent of sales tax provided to small counties through the Emergency Distribution.

BACKGROUND & ANALYSIS:

Calculate Supplemental Distribution According to Statutory Formula. - The Legislature is requested to increase the allocation of funding to provide full funding of the Supplemental Distribution. The current full allocation using the formula in section 218.65(8) to the supplemental distribution is in excess of \$2 million which should be appropriated from the amount deposited to the Local Government Half-Cent Sales Tax Clearing fund pursuant to section 212.20(5)(d)3. The Supplemental Distribution within the Local Government Half-cent Sales Tax revenue sharing program has been funded at \$592,958 in the annual GAA and has been at that level for decades, leaving a gap in excess of \$1.7 million. The amount funded results in 17 small counties that qualify for the Supplemental distribution having their projected allocation prorated down from the \$2,335,546 derived from the formula to the \$592,958 appropriated in the GAA. The proration results in the "loss" of \$1,742,589 of additional funding contemplated by the formula.

[Local Government Financial Information Handbook 2021](#) - Pages 55 through 73 provide a description, summary and distribution charts for the Local Government Half-cent Sales Tax Program Sections 202.18(2)(c), 212.20(6), 218.60-.67, and 409.915, Florida Statutes

Authorized in 1982, the Local Government Half-cent Sales Tax Program generates the largest amount of revenue for local governments among the state-shared revenue sources currently authorized by the Legislature.¹ It distributes a portion of state sales tax revenue via three separate distributions to eligible county or municipal governments.

The program's primary purpose is to provide relief from ad valorem and utility taxes in addition to providing counties and municipalities with revenues for local programs. The program includes three distributions of state sales tax revenues collected pursuant to ch. 212, F.S.

- The ordinary distribution to eligible county and municipal governments is possible due to the transfer of 8.9744 percent of net sales tax proceeds to the Local Government Half-cent Sales Tax Clearing Trust Fund [hereinafter Trust Fund].²
- The emergency and supplemental distributions are possible due to the transfer of 0.0966 percent of net sales tax proceeds to the Trust Fund.³ The emergency and



supplemental distributions are available to select counties that meet certain fiscal-related eligibility requirements or have an inmate population of greater than seven percent of the total county population, respectively.

A county government, which meets certain criteria, participates in the monthly emergency and supplemental distributions, and such qualification is determined annually at the start of the fiscal year.

- Participation in the emergency distribution is dependent on the existence of a defined fiscal emergency. The Legislature has declared that a fiscal emergency exists in any county that meets both conditions listed below.

1. The county has a population of 65,000 or less; and

2. The monies distributed to the county government pursuant to s. 218.62, F.S., for the prior fiscal year were less than the current per capita limitation, based on the county's population.

- Any county having an inmate population greater than seven percent of its total population is eligible for a supplemental distribution for that year from funds expressly appropriated by the Legislature for that purpose. Inmate population means the latest official state estimate of the number of inmates and patients residing in institutions operated by the federal government, the Florida Department of Corrections, or the Florida Department of Children and Families.
- At the beginning of each fiscal year, the DOR calculates a supplemental allocation for each eligible county equal to the current per capita limitation pursuant to s. 218.65(4), F.S., multiplied by the county's inmate population. If monies appropriated for the current year's distribution are less than the sum of the supplemental allocations, each eligible county receives a share of the appropriated total that is proportional to its supplemental allocation. Otherwise, each eligible county receives an amount equal to its supplemental allocation.

FISCAL IMPACT:

Distribution of Local Government Half-cent Sales Tax for the year ending Sept. 1, 2022

- Ordinary distribution - \$2,363,675,000 distributed to eligible counties and municipalities.
- Emergency Distribution - \$27,307,042 distributed to 20 eligible counties.
- Supplemental Distribution - \$592,958 distributed to 17 eligible counties. *,**.

*Full funding of the supplemental distribution according to the statutory formula would total \$2,335,547.



** In accordance with the statutes, the supplemental distribution allocation was decreased by \$1,742,589 through a proration to the amount appropriated in the GAA. (\$592,958)

FAC STAFF NOTES:

- FAC 2022 Policy Conference
 - The Committee recommended that FTA-PP-05 be incorporated into the FAC Guiding Principles. The proposed Guiding Principle will be incorporated as part of FTA-02
 - Previously FTA-PP-08
- Statutes:
 - [S. 212.20\(6\)\(d\)](#), F.S.
 - Provides for the allocation of 0.0966 percent of sales tax proceeds within participating half-cent sales tax counties into the Local Government Half-cent Sales Tax Clearing Trust Fund (hereinafter Trust Fund)
 - Funds are subsequently distributed according to s. 218.65, F.S.
 - [S. 218.65](#), F.S.
 - Subsection (2) provides for the emergency distribution of Trust Fund moneys to eligible counties that meet the following criteria:
 - The county has a population of 65,000 or less
 - Moneys distributed to the county pursuant to [s. 218.62](#), F.S. for the prior fiscal year were less than the current per capita limitation
 - Subsection (8) provides for the supplemental distribution of Trust Fund moneys for any county in which the inmate population is greater than 7 percent.
 - Both the distributions in subsection (2) and subsection (8) are subject to appropriation by the Legislature
 - At the beginning of each fiscal year, the Department of Revenue (DOR) calculates the supplemental and emergency allocations for all eligible counties, based on a statutory formula
 - If the statutory calculation is less than the amount appropriated by the legislature, the appropriation amount is prorated among the counties based on their proportional share of the allocations
- FY 2022-23 Budget Appropriations:
 - In the 2022 General Appropriations Act (GAA), specific appropriation 3103 designated \$592,958 for supplemental distribution from the Trust Fund
 - The supplemental allocation as calculated by DOR for this fiscal year was \$2,335,547
 - Accordingly, 17 eligible counties had their allocations prorated—a collective “loss” of \$1,742,589
- FAC Guiding Principles
 - FTA 2:



- The Florida Association of Counties supports policies that consider impacts to state revenues shared with counties for the provision of local services and is opposed to permanent modifications to state shared revenue sources or related funding formulas that would significantly impact the counties' ability to continue to fund local services.

SUBMITTING COUNTY AND CONTACT: Bradford, Calhoun, Madison –Chris Dougherty, Scott Monlyn, and Ronnie Moore

ASSIGNED COMMITTEE: FTA

BOARD SUPPORT:

UNFUNDED MANDATE: No

PROTECTIVE OF HOME RULE: N/A