FTA-09 LOCAL OPTION SALES TAXES
STAFF ANALYSIS

PROPOSAL INFORMATION			
SUBMITTING COUNTY:	Okeechobee County		
SPONSOR CONTACT:	Terry Burroughs, Commissioner; tburroughs@co.okeechobee.fl.us; 863-697-6325		
FAC COMMITTEE:	Finance, Taxation & Administration	**CROSS-CLAIMS:**	CUA
FAC STAFF:	M. Black	**DATE:**	October 2, 2026

This staff analysis is based on the proposal as submitted and does not reflect an adopted position of the Florida Association of Counties.

POLICY PROPOSAL:

FAC supports revising the Small County Surtax allowing for a 2nd penny by referendum within the eligible small counties.

I. SUMMARY:

Okeechobee County asks FAC to support revising the Small County Surtax to allow an additional 1% (or second penny) by referendum**.**

II. PRESENT SITUATION:

Local Discretionary Sales Surtaxes

Nine separate local discretionary sales surtaxes, also known as local option sales taxes, are currently authorized in law and represent potential revenue sources for county governments generally.[1] Each surtax has its own eligibility, rate, levy procedure, and permitted uses. A discretionary sales surtax is based on the rate in the county where the taxable goods or services are sold, or delivered into, and is levied in addition to Florida's sales and use tax of 6 percent. The surtax does not apply to the sales price above $5,000 on any item of tangible personal property. Counties have been granted limited authority to levy a discretionary sales surtax on all transactions occurring in the county subject to the state sales tax in ch. 212, F.S., and on communications services as defined in ch. 202, F.S.

Approved purposes for levying a surtax include:
- Operating a transportation system;
- Financing local government infrastructure projects;
- Providing additional revenue for specified small counties;
- Providing medical care for indigent persons;
- Funding trauma centers;

[1] Section 212.055, F.S.

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- Operating, maintaining, and administering a county public general hospital;
- Constructing and renovating schools;
- Providing emergency fire rescue services and facilities; and
- Funding pension liability shortfalls.

Generally, the rates range from 0.5 to 1 percent, several subject to a combined cap. Many of the levies have restrictions on what combination of taxes can be levied by a single county at one time. Referenda must be held at a general election, after an independent performance audit; and a surtax without an expiration date may be reduced or repealed by two-thirds board vote from its fourth year. The maximum potential tax rate, in 2026, that can be levied for discretionary sales surtax is 3.5%.

The individual rates are as follows: (1) Charter County/Regional Transportation, up to 1%; (2) Local Government Infrastructure, 0.5% or 1%; (3) Small County (50,000 or less in 1992), 0.5% or 1%; (4) Indigent Care and Trauma, 0.5% or 0.25%; (5) County Public Hospital (Miami-Dade), 0.5%; (6) School Capital Outlay (school board), 0.5%; (7) Voter-Approved Indigent Care, 0.5% or 1%; (8) Emergency Fire Rescue, up to 1%; (9) Pension Liability, 0.5%.

More information on the tax rates levied by each county, and the maximum potential tax rates which could be levied can be found at
https://edr.state.fl.us/content/local-government/data/county-municipal/2026LDSSrates.pdf

Small County Surtax

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 an extraordinary vote of the governing body if the proceeds are to be expended for operating purposes but requires a countywide referendum if the proceeds are to be used to service bonds (s. 212.055(3)(a)).

30 of 31 eligible counties levy the Small County Surtax, and during the 2025-26 local fiscal year, the 30 counties levying this surtax realized approximately $215 million in revenue.

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.

III. EFFECT OF THE PROPOSAL:

This proposal allows any county having a total population of 50,000 or less on April 1, 1992 to levy the Small County Surtax at higher rate, of either 1.5 or 2 percent; an additional 1% is added to the current levy by referendum. The requirement for imposing this surtax has only required voter approval by countywide referendum if the proceeds are to be used to service bonded indebtedness. The proposal specifically requests a "2nd penny by referendum within the eligible small counties," but does not provide the authorized uses or purposes.

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.[2]

IV. COUNTY IMPACT:

Counties would have the option to raise the Small County Surtax to 2% in the 31 eligible counties. All Florida discretionary sales surtaxes are permissive. Counties would be required to prepare for all referendum requirements, audit, and notice procedures.

Counties must also consider that this increased surtax is still currently subject to a combined rate limitation, and the increased small county surtax would impact this limitation.

Protective of Home Rule: Yes — the proposal expands local discretion over the rate and use of locally approved revenues and imposes no preemption.

V. FISCAL IMPACT:

- State: no direct revenue effect; DOR would update administration and form DR-15DSS.
- Local: gains are permissive and indeterminate, depending on local adoption and voter approval. For scale, EDR estimates a 1% surtax at about $6.03 billion statewide in FY 2026-27 and $9.09 million in Okeechobee County.
- Taxpayers: any new levy raises the sales tax on local purchases, subject to the $5,000 single-item limit (s. 212.054(2)(b)1.). No current REC estimate exists.

Unfunded Mandate (Art. VII, s. 18, Fla. Const.): No — the proposal requires no county or municipal expenditure and, in the aggregate, expands revenue authority.

VI. LEGISLATIVE & FAC HISTORY:

- Legislative History: 1992 (ch. 92-309, L.O.F.): created the Small County Surtax for counties with a population of 50,000 or less on April 1, 1992, at 0.5% or 1%.

1998 (ch. 98-342, CS/HB 4413): added timing rules. A change to the distribution formula takes effect at least 60 days after notice to DOR, and a referendum-approved levy takes effect at least 60 days after the referendum.

2005 (ch. 2005-242): allowed counties under 50,000 to levy the Voter-Approved Indigent Care Surtax at up to 1%, with a 1.5% combined cap alongside the Small County and Infrastructure surtaxes (s. 212.055(7)(f), F.S.).

2016 (ch. 2016-146, CS/HB 1297): created the Pension Liability Surtax and capped it, together with the Small County, Infrastructure, Indigent Care and Trauma Center, and

[2] Small County Surtax, Fla. Legis. Off. of Econ. & Demographic Rsch., 2025 Local Government Financial Information Handbook 99 (2026), https://edr.state.fl.us/Content/local-government/reports/lgfih25.pdf.

County Public Hospital surtaxes, at a combined 1%. It passed the Senate 35–1 and the House 86–23.

2000 (SB 114/HB 227): would have extended eligibility to counties with a population of 75,000 or less on October 1, 2000. It passed the Senate 38–1 and the House 106–0, and the Governor vetoed it on June 14, 2000.

2019 (HB 793, Stone): would have excluded the Small County Surtax from the combined rate cap. It had no Senate companion and died in the Local, Federal & Veterans Affairs Subcommittee. 2019 (ch. 2019-64, CS/CS/HB 5): required a referendum to adopt or amend any surtax to be held at a general election, and revised the performance audit requirement.

2025 (ch. 2025-208, HB 7031): s. 212.055(12), F.S., allows a governing body to reduce or repeal a surtax with no expiration date by two-thirds vote, beginning in the fourth year of the levy. (CS/CS/HB 1221 and CS/CS/SB 1664, Local Option Taxes): would have required surtaxes to be renewed or reenacted. HB 1221 passed the House 62–45 and died in Senate Appropriations; SB 1664 died on the Senate calendar.

2026 (ch. 2026-161, CS/CS/HB 1329): amended s. 212.055 only to conform a cross-reference in the Infrastructure Surtax; it made no change to the Small County Surtax.

- Past FAC statements: 2023—ARA-PP-06 --Small County Surtax (Franklin, Levy, Union Counties); 2022--ARA-PP-06; 2021—FTA-PP-01--Small County Surtax ▪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 Principles: Revenue (B. Local Revenue Authority): FAC supports counties reliance “on local option sales surtaxes, local option fuel taxes, tourist development taxes, special assessments, franchise fees, and user fees to meet local service, infrastructure and community needs.
- BoCC action: none indicated; the submission states it was "submitted as a placeholder for further discussion."

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