



BUILDING CODES/ CONSTRUCTION

Permit Fees

CS/SB 1144 (Perry) and **CS/CS/HB 725** (Williamson) require local governments to publish permit and inspection fee schedules and reports on their website. The bills also require the building permit and inspection report to include direct and indirect costs incurred by local government to implement the Florida Building Code. CS/CS/HB 725 was amended to require local municipalities to publish the permit reports on their website by December 31, 2019.

ECONOMIC DEVELOPMENT

Community Redevelopment Agencies

CS/HB 17 (Raburn) and **SB 432** (Lee) increase audit, ethics, reporting and accountability measures for community redevelopment agencies (CRAs). The bills require CRAs to annually submit additional reporting information to the state, including performance data for each CRA plan, number of projects started, total number of projects completed, commercial property vacancy rates, amount expended on affordable housing, etc. The bills require CRA procurement to comport with city and county procurement procedures. Of specific concern to cities, CS/HB 17 outlines a process by which CRAs can be phased out, unless reauthorized by a super majority vote of the body that created the CRA. Additionally, CS/HB 17 prohibits the creation of a new CRA unless authorized by a special act of the Legislature. SB 432 differs from CS/HB 17 in that it does not provide for the phase out of existing CRAs or require legislative approval of new CRAs. SB 432 contains additional provisions that would cap administrative

spending at 18 percent. In addition, SB 432 prohibits tax increment expenditures on festivals, street parties, grants to promote tourism, and grants to socially beneficial programs. SB 432 would also change CRA board composition by requiring the appointment of two non-elected members. Lastly, SB 432 would require CRAs to create lobbyist registrations for individuals who lobby the CRA.

Economic Development and Tourism Development Accountability CS/CS/HB 3

(Grant, M.) was significantly amended in the House Ways and Means Committee on January 9. The bill defines economic development agencies to include public agencies, including cities, and third-party organizations that receive public funds and are engaged in economic development activities. The new definition of economic development activities includes, among other things, direct financial incentives, indirect financial incentives, fee or tax-based incentives, and below-market leases or deeds for real property. The bill provides new operational standards for economic development agencies that include financial disclosure requirements of directors, officers and board members; procedures for handling conflicts of interest; salary limitations for board members and staff; and travel restrictions for economic development agency members. Finally, the bill contains significant transparency measures, including reporting requirements associated with contracts and audit requirements.

ETHICS

Repeal of Local Government Advisory Council

HB 6003 (White) and **CS/SB 614** (Montford) repeal the Participant Local Government Advisory Council. The six-member council was created by the Legislature in 2008, following an unanticipated liquidity crisis in Florida PRIME, to regularly review the administration of Florida PRIME and make recommendations regarding its administration.

Travel Expenses, Reporting and Financial Disclosure

CS/HB 815 (Avila) and **SB 1180 (Steube)** would impose travel prohibitions, travel reimbursement limits and travel reporting requirements on municipal officers and employees, and also revise elections reporting requirements and financial disclosure requirements for elected municipal officers and candidates for elected municipal office.

Travel: The bills require any out-of-state travel request by a municipal public officer to be approved by the municipal governing body at a public meeting. The travel request must be included on the public meeting agenda, along with an itemized list of anticipated travel expenses and

costs. An opportunity for public testimony must be provided prior to a vote on the request. Authorized travel expenses may include only those expenses incurred by the officer 24 hours prior to the event and within 24 hours after the event necessitating the travel. SB 1180 would limit lodging reimbursement for travel within or outside the state by municipal officers or employees to \$120 per day. The bills prohibit reimbursement of any expenses for foreign travel by municipal offices or employees. Finally, the bills would require all municipal public officers to file travel expense reports, including an explanation of the necessity for the travel, with the municipality's or county's ethics commission, or with the state Commission on Ethics if a county or municipal ethics commission is not established. HB 815 was amended to exclude elected county constitutional officers from the travel restrictions and reporting requirements of the bill, and the \$120 cap for lodging costs was removed.

Financial Disclosure: SB 1180 would require all elected municipal officers, as well as candidates for elective municipal office, to file full public disclosure of financial interests (Form 6). Beginning January 1, 2019, HB 815 would require all elected municipal officers to file full public disclosure of financial interests (Form 6). In addition, the bills would require a current elected municipal officer who is a candidate for elective office to provide any reports filed pursuant to the Florida Elections Code to the municipality that he or she serves for posting on the municipality's website.

Government Accountability

CS/HB 11 (Metz) and **CS/SB 354** (Stargel) require local governments to establish and maintain internal controls, and require municipalities to maintain specified budget documents on the government's website for a designated time. The bills define "abuse," "fraud" and "waste" to be used in the establishment and maintenance of the internal controls. The bills expand the definition of "local governments" to include tourist development councils and county tourism promotion agencies and expand the auditor general's authority for audits to include those entities. The bills prohibit a board or commission from requiring an advance copy of testimony or comments from a member of the public as a precondition to being given the opportunity to be heard at a public meeting. The bills require an independent certified public accountant to determine whether the local government's annual financial report is in agreement with the audited financial statements. If the report and statement are not in agreement, the accountant shall specify and explain the significant differences. If an audit report includes a recommendation that was included in a previous financial audit report but remains unaddressed, the governing body of the audited entity must indicate, during a regularly scheduled public meeting, the intended corrective action and explain its decision to not take corrective action. The bills change the composition of the audit committee to include

at least one member of the governing body and prohibit city employees from serving on the committee. The bills also add additional requirements to the selection of an external auditor. The bills require certain public entities, including municipalities, to report public officer and employee travel information in the “statewide travel management system” which is to be required by the Department of Management Services.

FINANCE & TAXATION

Local Government Fiscal Transparency

HB 7 (Burton) and **SB 1426** (Lee) amend multiple provisions related to local government financial transparency. The bills expand public notice and public hearing requirements for local option tax increases, other than property taxes and new long-term tax-supported debt issuances. The language requires each local government to prominently post on its website the voting records on any action taken by its governing board related to tax increases and new tax-supported debt issuance. The bills impose requirements on county property appraisers and local governments relating to TRIM notices, millage rate history and the amount of tax levied by each taxing authority on each parcel.

Additionally, local governments are required to conduct a debt affordability analysis prior to approving the issuance of new long-term tax-supported debt. The analysis would, at a minimum, calculate a debt affordability ratio to gauge the effects of the new debt issuance on the government’s debt service to revenue profile. The debt affordability ratio is the annual debt service for outstanding tax-supported debt divided by total annual revenues available to pay debt service on outstanding debt.

The bills require the local government annual audit reports to include information regarding compliance with the requirements of this newly created section of law. Failure to comply could ultimately result in the withholding of state-shared revenues.

The bills revise the local government reporting requirements for economic development incentives. They require each municipality to report to the Office of Economic and Demographic Research whether the incentive was provided directly to an individual business or by another entity on behalf of the local government and the source of dollars obligated for the incentive (including local, state and federal). The bills also revise the statutory classes of economic development incentives.

Public Deposits Act

HB 769 (Trumbull) and **SB 1258** (Hutson) allow the state's chief financial officer to designate credit unions as qualified public depositories if certain conditions are met.

Financial Reporting

CS/HB 1019 (La Rosa) requires the Joint Legislative Auditing Committee (JLAC) to schedule a hearing, following a failure of a local government entity to comply with statutory provisions, to determine if further state action is needed. The bill clarifies that local government final budgets and amended budgets must be posted on the local government's website for five years. The bill changes the timeline for the submission of an audit, from 9 to 6 months after the end of the fiscal year. The bill also requires, beginning in 2018-2019 fiscal year, each municipality to have an annual financial audit of its accounts and records.

Beginning in the 2018-19 fiscal year, the bill requires a municipal budget officer to electronically submit information regarding the final budget to the Office of Economic and Demographic Research (EDR) within 30 days after its adoption. The bill also requires that the budget officer electronically submit to the clerk of the court a copy of the information that was submitted to EDR, a copy of the final budget that was posted on the municipality's website and a statement certifying that the requirements were completed in a timely fashion. The municipality must also submit to the clerk of the court a copy of its annual financial report and a statement clarifying that the report was timely filed with the department. If a local government entity fails to submit information to the clerk of the court as required, the clerk of the court shall notify the local finance officer to suspend future salary payments for the head of that local government entity. The clerk shall notify the appropriate local fiscal officer to resume payments when the clerk receives the information. The bill gives authority to the Department of Financial Services to extend the deadline for the annual financial report and audit report by an additional 90 days if the governor declares a state of emergency.

Finally, the bill requires EDR to prepare, by June 15, 2018, forms local governments will use to submit the budget information. By December 1, 2018, EDR also must submit a report to the president of the Senate and the speaker of the House of Representatives identifying a structure to create unique profiles for local governments that would assist the public in making comparisons between those governmental entities, as well as a recommendation for metrics that can be used to rank the local governments based on the final budget information.

Sales Tax on Commercial Leases

SB 60 (Hukill) and **HB 939** (Toledo) reduces the sales tax rate on commercial leases from 5.8 to 5.0 percent. The negative fiscal impact of these bills is estimated to be \$12.69 million annually.

Property Tax Exemption and Assessment: Manufacturing Equipment SJR 136 (Stuebe) proposes an amendment to the state constitution authorizing the Legislature to exempt certain manufacturing equipment from the tangible personal property tax or to allow manufacturing equipment to be assessed at less than just market value pursuant to an accelerated depreciation method established by general law. This proposed amendment requires 60 percent approval for passage.

Taxation of Internet Video Service

SB 1210 (Brandes) and **HB 1245** (Brodeur) define “internet video service” and exclude this type of service from the definition of “communications services” and therefore exclude internet video services from the communications services tax. Under these bills, internet video service means a subscription video programming service received by the end-user customer by means of a wired or wireless internet connection. Additionally, the bills prohibit a government from levying or collecting any tax, charge, fee or other imposition on the purchase of any internet video service.

Statewide Travel Management System

HB 5203 (House Government Operations and Technology Appropriations Subcommittee) conforms to the proposed FY 2018-2019 House General Appropriations Act, which includes funding for operations and maintenance of the Statewide Travel Management System. The bill requires that each “reporting entity” report monthly any information relating to all travel resulting in an overnight stay by a public officer or employee, including: name and position title; purpose of travel; dates and location of travel; mode of travel; and, total travel cost. The term “reporting entity” is defined to include any municipality, county, local constitutional officer, county school district, state college, state university, and water management district. **CS/HB 11** (Metz) and **CS/SB 354** (Stargel) include similar language requiring the reporting of travel expenses.

Department of Financial Services

CS/HB 1073 (Hager) **CS/SB 1292** (Stargel) make various changes to statutes relating to the Department of Financial Services. Of note to municipalities, the bills outline the intent of the Legislature to create the Florida Open Financial Statement System, an interactive repository for governmental financial statements. The bills allow the Chief Financial Officer (CFO), working with stakeholders, to design and implement the Florida Open Financial Statement System. The CFO may choose contractors to build one or more extensible Business Reporting Language (XBRL) taxonomies suitable for state, county, municipal, and special district financial filings and to create a software tool that enables financial statement filers to easily create XBRL documents. If the Chief Financial Officer deems the work products adequate, all local governmental financial

statements pertaining to fiscal years ending on or after January 1, 2023, must be filed in XBRL format and must meet the validation requirements of the relevant taxonomy.

Tourist Development Tax

HB 585 (Fine) and **SB 658** (Brandes) expand the allowable uses of tourist development tax revenues by authorizing counties to use the revenues relating to improving or bringing into service public facilities within the boundaries of the county or subcounty special taxing district. The public facilities must be needed to increase tourist-related business activities in the county or subcounty special district and are recommended by the county tourist development council. "Public facilities" is defined to mean major capital improvements that have a life expectancy of five or more years, including, but not limited to, transportation, sanitary sewer, solid waste, drainage, potable water and pedestrian facilities. In addition, HB 585 authorizes the use of tourist development tax revenues to finance estuary or lagoon improvements.

Ad Valorem Taxation: Damaged Properties

SB 1600 (Passidomo) and **HB 1375** (Eagle) provide that certain residential properties damaged or destroyed in 2017 by a natural disaster can receive an abatement of certain property taxes. SB 1600 includes all natural disasters, and HB 1375 covers only those properties damaged or destroyed by Hurricane Irma. The bills outline the procedures for property owners to apply for the abatement and for the property appraiser to investigate the claim. If the property appraiser determines the property owner is entitled to the abatement, the property appraiser must issue an official written statement to the tax collector by April 1, 2019. The tax collector must calculate the damage differential and the disaster relief credit and reduce the property taxes initially levied on the residential property by an amount equal to the disaster relief credit. If the value of the credit exceeds the taxes levied in 2019, the remaining value of the credit shall be applied to taxes due in subsequent years until the value of the credit is exhausted. The bills outline the calculation for determining the amount of the disaster relief tax credit. By May 1, 2019, the tax collector must notify the Department of Revenue and the governing board of each affected local government of the total reductions in taxes for all properties that received an abatement.

Property Tax Exemptions

HB 727 (Grall) and **SB 934** (Hukill) increase the property tax exemption, from \$500 to \$5,000, for homesteaded residents who are widows, widowers, blind, or totally and permanently disabled. The bills have an estimated negative fiscal impact on municipalities of \$5.47 million per year.

Sales Tax Holiday

SB 686 (Perry) creates a 10-day back-to-school sales tax holiday. Between July 27- August 5, 2018, sales tax cannot be collected on specified items, including certain clothing, personal computers and school supplies.

Local Tax Referenda

CS/CS/SB 272 (Brandes) and **CS/CS/HB 317** (Ingoglia) amend when a local government may put a local discretionary surtax ballot initiative before the voters. The bills were amended to require a referendum to adopt or amend a local discretionary surtax be held at a general election, and would require a simple majority of voter approval for passage.

Local Business Tax

HB 603 (Gonzalez) and **SB 910** (Garcia) create new exemptions from the local business tax for veterans, certain spouses of veterans and low-income people. SB 910 exempts businesses with fewer than 25 people if an exempt individual owns a majority interest in the business. HB 603 exempts businesses with fewer than 100 people if an exempt individual owns a majority interest in the business. HB 603 also allows certain cities that impose a local business tax on merchants measured by gross receipts to continue to impose the tax.

Increase of Homestead Portability Timeframe

SJR 452 (Brandes) and **HJR 501** (Ahern) proposes an amendment to the state constitution to increase the period from two to three years when accrued Save-Our-Homes benefits may be transferred from a prior homestead to a new homestead. This proposed amendment requires 60 percent approval for passage.

Implementation of Increase of Homestead Portability Timeframe

SB 454 (Brandes) and **HB 503** (Ahern) increase the period from two to three years when accrued Save-Our-Homes benefits may be transferred from a prior homestead to a new homestead. This change only takes effect if SJR 452, HJR 501 or a similar amendment having the substantially same specific intent and purpose, is approved by the voters at the November 2018 general election.

INSURANCE

Firefighter Cancer Benefit

SB 900 (Flores) and **HB 695** (Latvala, C.) entitle firefighters that receive a diagnosis of cancer, at no cost to the firefighter, to coverage under a group health or self-insurance policy. The policy must use the same health care network as all other employees, be available to the fighter for at least 10 years after leaving employment, and have a cash payout of \$25,000. If the

firefighter participates in an employee-sponsored retirement plan, the plan must qualify the firefighter as totally and permanently disabled if he or she is prevented from rendering useful and effective service as a firefighter and is likely to remain disabled continuously and permanently due to the diagnosis or treatment of cancer. The retirement plan must qualify the firefighter as “died in the line of duty” if he or she dies as a result of the cancer or treatment of cancer. If the firefighter did not participate in an employee-sponsored retirement plan, the employer must provide a disability retirement plan that provides at least 42 percent of annual salary, at no cost to the firefighter, until the firefighter’s death. The employer must provide a death benefit, for at least 10 years, to the firefighter’s beneficiary totaling at least 42 percent of the firefighter’s most recent annual salary. Additionally, firefighters who die as a result of cancer or cancer treatment are considered to have died in the manner described in section 112.191 (2) (a), F.S., for purposes of statutorily required death benefits. To qualify for these benefits, the firefighter must be employed by the employer for at least five continuous years, may not have used tobacco products in the preceding five years, and may not have been employed in any other position that is proven to create a higher risk for any cancer in the preceding years. For determining employer policies and the provision of benefits, a firefighter’s cancer diagnosis must be considered an “injury or illness incurred in the line of duty.” The bills also require the Division of State Fire Marshal within the Department of Financial Services to adopt rules to establish employer best practices for preventing or reducing the incidence of cancer among firefighters.

Workers' Compensation Benefits for First Responders/Mental or Nervous Injury

HB 227 (Willhite) and **CS/SB 376** (Book) provide that a mental or nervous injury suffered by a law enforcement officer, firefighter, emergency medical technician or paramedic is compensable under the workers’ compensation law if the mental or nervous injury was shown to meet the criteria for post-traumatic stress disorder. CS/SB 376 was amended in the Senate Banking and Insurance Committee to lower the evidentiary standard for compensability from clear and convincing evidence to a preponderance of evidence. The clear and convincing evidence standard requires that the evidence be substantially more likely to be true whereas the preponderance of evidence standard requires that the evidence be mostly true (above 50 percent). This has the potential to impact cities because it is a less stringent standard of proof. Additionally, the amendment eliminates the requirement that an employee must initiate mental health treatment within 15 days after the incident. Finally, the amendment to CS/SB 376 expands the instances that qualify for compensability by allowing a first

responder to arrive at the scene of a murder, suicide, fatal injury or child death, rather than witnessing a qualifying act.

Workers' Compensation Benefits for First Responders

SB 126 (Torres) and **HB 629** (Asencio) provide that a mental or nervous injury suffered by a law enforcement officer, firefighter, emergency medical technician or paramedic is compensable under the workers' compensation law if the mental or nervous injury was demonstrated by a preponderance of the evidence.

Workers Compensation

HB 7009 (House Commerce Committee) makes numerous changes to the state's workers' compensation laws, primarily in response to recent court decisions. The legislation requires a good faith effort by claimants and their attorneys to resolve disputes prior to filing petitions for benefits. The bill specifies that injured workers may receive up to 260 weeks of temporary total disability or temporary partial disability. The bill substantially revises attorney fees provisions. It caps the maximum hourly rate that may be applied by a judge of compensation claims to \$150 per hour. The bill also mandates a specified notice regarding attorney fees be signed by the claimant that states the injured worker may be responsible for any remaining attorney fees. In addition, the bill removes the restriction for an injured worker to enter a fee agreement with an attorney.

LAND USE & COMPREHENSIVE PLANNING

Impact Fees

CS/SB 324 (Young) and **CS/HB 697** (Miller) prohibit local governments from collecting impact fees prior to the issuance of a certificate of occupancy for the property that is subject to the fee. The bills specify that the collection of the impact fee be no earlier than the issuance of the building permit for the property that is subject to the fee. In addition, the dual rational nexus test is codified in the bills. The rational nexus test requires that the expenditures of funds collected by an impact fee and the benefits that are accrued to the new construction (both residential and commercial) should be reasonably connected to the need for additional capital used for a major facility, and should be connected to the increased impact caused by said new construction. CS/HB 697 was amended to require that impact fees be connected to (have a rational nexus with) the money spent from the funds collected, and be connected to the benefits of the new residential commercial construction. The bills require local governments to specifically earmark funds collected by the impact fees for use in acquiring, constructing or improving capital facilities to benefit the "new users." Finally, the bills prohibit the use of impact fee revenues to pay

existing debt or for prior approved projects, unless the expenditure is reasonably connected to, or has a rational nexus with, the increased impact generated by the new residential or commercial construction.

RETIREMENT & PENSION

Publicly Funded Retirement Plans

SB 980 (Brandes) and **HB 1363** (McClure) make numerous changes to the reporting requirements for publicly funded retirement plans. The bills revise the minimum requirements for actuarial reports for retirement systems or plans to include a list of pre-retirement and post-retirement benefits provided to employees. The bills expand the requirements of the statement by the enrolled actuary to include an analysis of the assumed rate of return established by the plan's governing body, and specific recommendations regarding the assumed rate of return. For a retirement system or plan that comes into existence after October 1, 2018, the unfunded liability must be amortized within 30 years of the first plan year. The bills require the recommended contribution rates be stated as a percentage of the annual revenue of the plan sponsor. The bills also provide that it fulfills an important state interest.

State-administered Retirement Systems

SB 7014 (Governmental Oversight and Accountability Committee) establishes the contribution rates paid by employers participating in the Florida Retirement System (FRS) beginning July 1, 2018. These rates are intended to fund the full normal cost and the amortization of the unfunded actuarial liability of the FRS.

Special Risk Class

HB 379 (Willhite) and **SB 606** (Stuebe) adds 911 public safety telecommunicators to the special risk class of the Florida Retirement System. The bills require that their retirement benefits be calculated with the provisions of the regular class members.

Florida Retirement System

SB 722 (Garcia) and **HB 665** (Clemons) specify the minimum amount of the factor used to calculate the cost-of-living adjustment of benefits for a retiree or a beneficiary of the Florida Retirement System retiring on or after July 1, 2011, with service credit earned before July 1, 2011. The bills state the factor calculated may not be a product of less than two.

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