

Florida Government Finance Officers 2017 Legislative Review May 16, 2017

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Overview

- Review of 2017 Legislative Session
- 2017 Legislative Highlights
- SFY 2017-18 Budget
- 2018 Preparation and Outlook
- Additional Resources & Information



Joint Resolutions That Passed



Increased Homestead Exemption

HJR 7105 (Ways & Means)

- Proposes a constitutional amendment that creates a new, expanded \$25,000 homestead exemption.
- This expanded homestead exemption applies to the assessed value greater than \$100,000 and up to \$125,000 for non-school property taxes.
- If approved by 60% of voters is this will be an estimated negative \$644 million impact on cities, counties and special districts.
- HJR 7105 is not subject to veto by the governor and will be on the November 2018 general election ballot.



Nonhomestead Property Tax Relief

CS/HJR 21(Burton)

- Proposes a constitutional amendment that permanently extends the 10% assessment limitation on most nonhomestead properties.
- In 2008, Florida voters approved a constitutional amendment limiting annual assessment increases for most nonhomestead.
- Unless renewed, the 2008 amendment is set to expire on January 1, 2019.
- Existing constitutional language directs the legislature to propose a constitutional amendment, for the 2018 general election.



Bills Implementing Constitutional Amendments



New Homestead Exemption

HB 7107 (Ways & Means)

- Implements the additional homestead exemption, if approved by 60% of voters.
- Modifies the calculation for the first year of implementation- meaning it requires the value lost to the additional homestead be added back into the tax roll.
- This will artificially decrease the rolled-back rate and if a millage rate higher than the rolled-back rate is adopted it must be advertised as a tax increase and could require an extraordinary vote to approve.
- Directs the Legislature to appropriate funds to offset ad valorem tax revenue losses in fiscally constrained counties.



Implementation of Solar CS/SB 90 (Brandes)

- Implements Amendment 4 (2017) which gives additional property tax relief for owners of renewable energy devices installed on nonresidential property or are taxed as tangible personal property.
- For nonresidential properties, 80% of the value attributable to the renewable device installed after January 1, 2018 cannot be considered for determining value.
- For all properties, 80% of the assessed value of the renewable energy device on any property is exempt from tangible person property taxes.
- Exclude certain utility scale renewable energy projects that are in a fiscally constrained county .
- Applies the tangible personal property tax exemption retroactively to a renewable energy source device that was installed after August 30, 2016, on municipal land as part of a project incorporating other renewable energy source devices under common ownership on municipal land.
- Establishes safety, performance and reliability standards for the installation of certain renewable energy source devices and establishes disclosure requirements and penalties related to agreements to sell, finance or lease such devices.



Disabled First Responders

CS/CS/HB 455 (Metz)

- Implements Amendment 3, approved by voters in November 2016, which authorized a property tax exemption for first responders who are “totally and permanently disabled” from injuries they received in the line of duty.
- The first responder is required to be a permanent resident of Florida on January 1 of the tax year for which the exemption is being claimed.
- Specifies information to be included in an application and the documentation required to receive the exemption.



Bills That Passed



Public Employees

SB 7022 (Gov. Oversight & Accountability)

- Comprehensive benefits package for state employees including pay raises, modifications to the FRS, and changes to the State Group Insurance Program.

State Employees Raises:

- \$1,400 increase if their current salary is below \$40,000 a year, or
- \$1,000 if their salary is above \$40,000 a year.
- Additionally, most law enforcement officers will receive a 5% increase in salary,
 - Most correctional officers will receive a \$2,500 increase in salary, judges and
 - Elected State Attorneys and Public Defenders will receive a 10% increase in salary.
 - Other attorneys working for the guardian ad litem program or the Department of Legal Affairs and certified nursing assistants working at the Department of Veterans Affairs will receive increases.



Public Employees Continued

Florida Retirement System:

- Permits renewed membership in the investment plan or one of the optional annuity retirement plans for certain former participants of those plans.
- Expands the survivor benefit for investment plan members killed in the line of duty, including Special Risk Class, by making it retroactive to 2002.
- Closes the Senior Management Service Optional Annuity Program to new hires.
- Changes the default from the pension plan to the investment plan for non-Special Risk members of the FRS initially enrolled after January 1, 2018 and extends the initial election period from 6 to 9 months after being hired.
- Provides adjustments to the contribution rates that fund the FRS's normal costs and unfunded actuarial liability.



Public Employees Continued

State Group Insurance Program:

- 2020- Employees in the SGIP with a choice of health insurance coverage levels of at least a certain actuarial value:
 - Platinum – 90 %, Gold – 80 %, Silver – 70 %, and Bronze – 60 %.
 - If the state’s contribution is more than the premium cost of the health plan selected by the employee, the employee will be permitted to allocate unused state health insurance contributions to other benefits or as salary.
- Implementation plan must be produced by January 1, 2019
- 2017- Requires calculation of alternative premium rates that reflect the differences in costs to the Program for each of the health maintenance organizations and the preferred provider organization plan options for the 2018 plan year.
- 2018- Authorizes offering of new types of health care products and services., including an online cost comparison for health care services and providers and inclusive services for surgery and other medical procedures.
- 2019- Requires the DMS to determine and recommend premiums for enrollees that reflect the differences in costs to the Program for each of the health maintenance organizations and the preferred provider organization plan options.



Tax Cut Package

HB 7109 (Ways & Means)

- The Tax Relief Package for the 2017 Session totals \$178.6 million and provides for a wide-range of tax reductions that are designed to impact both households and businesses.
- The largest component is a reduction of the "business rent tax," which is the sales tax on commercial leases from 6.0 to 5.8%.
- Includes a three-day back-to-school holiday and a three-day disaster preparedness sales tax holiday and includes multiple new or expanded sales tax exemptions.
- For property tax purposes, the bill allows low-income residents of homes for the aged to prove their income by providing an affidavit to the property appraiser and provides a 50% discount in property taxes to certain multifamily, low-income housing projects.



Clerks of the Court

SB 2506 (Appropriations)

- A budget conforming bill provides for additional funds for clerks and a mechanism to adjust for budget fluctuations during the year.
- Removes the LBC from the process of reviewing and approving the clerks' budgets and the CCOC budget.
- Require the CCOC to approve the clerks' budgets and prepare an annual report.
- Requires the CCOC to detail the budget development for the clerks and reconcile actual versus projected expenditures for each clerk.
- Combined budgets of the clerks may not exceed the revenue estimates established by the REC.
- Permit the corporation to improve increases and decreases to the clerks' individual budgets.
- Redirect the \$295 fee paid by a certain parties who files a pleading for affirmative from the GR Fund to the clerk's fine and forfeiture fund.



Public Records Reform

CS/CS/SB 80 (Steube)

- Requires the court to award reasonable costs of enforcement and attorney fees in a public record lawsuit if the agency unlawfully refused to allow a record to be inspected or copied *and* the complainant provided written notice to the agency's custodian of records five business days before filing the civil action.
- The notice provision applies only if the agency has posted the contact information for the agency's custodian of records in its primary administrative building where public records are usually created, maintained and requested, and on the agency's website.
- Requires the court to assess and award reasonable costs of enforcement and attorney fees against the complainant if the request or lawsuit was filed for an improper purpose.
- Clarifies that Ch. 119 does not create a private right of action authorizing the award of monetary damages for a person who brings an action to enforce the provisions of the public record law.
- Payments by the responsible agency may only include the reasonable cost of enforcement, including reasonable attorney fees, directly attributable to a civil action brought to enforce the public record law.



Wireless Facilities in Public Right-of-Way

CS/CS/HB 687 (La Rosa)

- Preempts local government control of taxpayer-owned rights of way for the placement of "small" or "micro" wireless antennas and equipment.
- Sets an arbitrary cap on the cost to collocate the wireless communications infrastructure to \$150 per attachment per year.



Public Works Projects Preemption

CS/CS/HB 599 (Williamson)

- Prohibits local government contracts for public works projects from including restrictive conditions on contractors, subcontractors or material suppliers or carriers if 50% or more of the project is paid for with state-appropriated funds.
- Local governments cities could no longer require contractors to pay employees a predetermined wage rate, provide employees a specified type or amount of benefits, limit the amount of staffing on a particular job or require that employees be recruited, trained or hired from a designated source.
- Prevents local governments from prohibiting any contractor, subcontractor or material supplier who is qualified to perform the work from submitting a bid on a public works project.



Drones

CS/HB 1027 (Yarborough)

- Preempt local governments from enacting or enforcing any ordinance or resolution relating to the design, manufacture, testing, maintenance, licensing, registration, certification or operation of an unmanned aircraft system.
- Retain authority to enact and enforce local ordinances relating to nuisances, voyeurism, harassment, reckless endangerment, property damage or other illegal acts arising from the use of unmanned aircraft systems as long as the ordinances do not specifically relate to the use of an unmanned aircraft system



Transportation Network Companies

CS/HB 221 (Sprowls)

- Preempts local governments from regulating transportation network companies (TNCs) such as Uber or Lyft.
- Establishes a statewide regulatory scheme that includes insurance coverage standards, fare and rate disclosure requirements, antidiscrimination policies, minimum background checks (Level 2 not required) and other provisions.
- Prohibits local governments from imposing a tax, requiring a license, or subjecting a TNC or a driver to the governmental entity's rate, entry, operational or any other requirements.
- Allows seaports in addition to airports to collect pickup fees as long as they do not exceed what a seaport or an airport charges taxis.



Lake Okeechobee/ Everglades Funding

CS/SB 10 (Bradley)

- Prioritizes water storage projects surrounding Lake Okeechobee, including the assemblage of land south of Lake Okeechobee for the construction of a reservoir capable of storing 60,000 acre-feet of water.
- The total cost of the plan amounts to about \$1.5 million, with the state and federal government each paying half.
- The state's portion will be funded with an appropriation of \$64 million for the 2017-2018 fiscal year, and with bond financing of \$800 million of Florida Forever money.



Public Notification of Pollution

CS/CS/SB 1018 (Grimsley)

- Requires the Department of Environmental Protection to be notified within 24 hours of specified pollution incidents, and requires the agency to notify the public of such incidents.
- The bill was amended to incorporate the substance of CS/SB 532 (Galvano).



Law Enforcement Body Cameras

CS/HB 305 (Harrison)

- Requires law enforcement agencies to develop guidelines allowing a law enforcement officer to review body camera footage of an incident before writing a report or providing a statement.



Health Care

SB 2514 (Appropriations)

Conforming Bill SB 2514 Relating to Health Care:

- Imposes an annual deadline of October 1 for the AHCA to certify local contributions of funds for the Low Income Pool (LIP), Disproportionate Share Hospital (DSH), and similar Medicaid programs.
- This means that local governments wishing to voluntarily contribute funds toward such programs have until October 1 of each year to make their contributions.
- Appropriates \$1.5 billion for the LIP program for the 2017-2018 year.
 - The funds are placed in reserve contingent on federal approval and a proposed distribution of funds to reimburse hospitals for charity care they provide to uninsured individuals with incomes below 200% of the federal poverty level.
- Authorizes new Program for All-inclusive Care for the Elderly (PACE) programs to serve up to 300 senior citizens in certain counties.



Economic Development

HB 5501 (Transportation & Tourism Approps.)

Conforming Bill HB 5501- Displaced Homemakers:

- Appropriates \$25 million for Visit Florida's operations.
 - This is \$50 million less compared to the current year.
- Appropriates \$16 million for Enterprise Florida's operations, but no funding for business incentives to attract out-of-state companies to Florida.
- Limits individual employee compensation at both entities to no more than the Governor's annual salary (\$130,000), and requires Senate confirmation of new agency CEOs.
- New contracts entered into by the agencies must be posted on Transparency Florida—a website maintained by Florida Chief Financial Officer—and all contracts of \$750,000 must receive legislative approval.



Bills That Died



Preemption of Home Rule Powers

CS/HB 17 (Fine) & SB 1158 (Passidomo)

- Would have eliminated local government home rule powers as applied to businesses, professions and occupations.
- Died in Committee and failed to reach the House and Senate floor.



Constitutional Officers

SJR 134 (Artiles) & HJR 721 (Fischer)

- Proposed amendments to the State Constitution to remove authority for a county charter to provide for choosing constitutional county officers in a manner other than election.



Ethics: Employment Activities

CS/HB 7083 (Public Integrity & Ethics)

- Would have prohibited any public officer or employee from soliciting any employment or contractual relationship prohibited under the state Code of Ethics.
- Would have clarified that the current lobbyist registration process for the executive branch did not require an officer or employee of a political subdivision to register if the officer or employee was acting in the normal course of his or her official duties.
- Would have restricted using an elected official's image or other symbol of office in public service announcements in specified timeframes before elections.



Ethics: Local Government

CS/HB 7021 (Public Integrity & Ethics)

- Would have required elected certain municipal to file the full public disclosure of financial interests (Form 6) rather than the current requirement to file the lesser detailed financial disclosure (Form 1).
- Would have modified the current law restriction on conflicting employment or contractual relationships.
- Would have prohibited a municipal, county or other local public officer from "participating" in a measure inuring to the officer's benefit.
- Would have established a statewide registration and reporting process for lobbyists of local governmental entities.



Local Government Fiscal “Responsibility”

HB 7063 (Ways & Means)

- Would have restricted local governments' ability to issue new, tax-supported debt and increase taxes, including property taxes.
- Creates a new statutory maximum millage rate for local governments other than school districts.
- Required voter approval for certain new, tax-supported debt. This voter approval, as well as local-option taxes that currently require voter approval, would have been required to be held at a general election with a 60 percent threshold for approval.
- Prohibited cities and counties from enacting, extending or increasing local option taxes other than property taxes, if they had adopted a millage rate in excess of the rolled-back rate in any of the three previous years.
- Amended the process for approval of a school capital outlay discretionary surtax to require it to be approved by a 4/5 majority of the school board.



Local Government Fiscal Transparency

CS/HB 7065 (Ways & Means)

- Required additional public notices, public hearings, analysis and reporting for tax increase and new tax supported debt.
- Required new reporting requirements for economic incentives.



Local Surtax Referenda

CS/CS/SB 278 (Steube) & CS/CS/HB 139 (Ingoglia)

- Neither bill dealing with when local governments can hold referendum for local discretionary sales surtax tax passed.
 - CS/CS/SB 278(Steube) required that the surtax ballot question at a general election and pass by a simple majority or if the surtax is revenue-neutral is could have been held at a special election or conducted by mail ballot with a majority needed for passage.
 - CS/CS/HB 139 (Ingoglia) required referendum for surtaxes to be held at 1) a general election with a majority for passage, 2) a primary election with 60 percent for passage, or 3) a primary election if revenue-neutral to the county or special district with a majority for passage. CS/CS/HB 139 also defined revenue-neutral.



Communication Services Tax

SB 1636 (Artiles) & HB 1377 (Miller, M.)

- Would have defined "internet video service" and excluded this type of service from the definition of "communications services" and therefore from the communications services tax (CST).
- By exempting internet video services from the CST, the bill would have prevented any future interpretation of the CST statutes that would treat those services as equivalent to other video communications services, and thus prevents tax policy to keep up with changes in technology.



Local Business Tax Exemptions

CS/CS/SB 330 (Steube) & CS/CS/HB 487 (Renner)

- Would have created new exemptions for veterans, certain spouses of veterans and low income people from the local business tax.
- Exempted certain businesses when an exempt individual owned a controlling or majority interest.
- CS/CS/HB 487 also allowed certain cities that impose a local business tax on merchants measured by gross receipts from to continue imposing the tax.



Red Light Cameras Repeal

SB 178 (Artiles) & HB 6007(Avila)

- Would have repealed existing law and preempted local government authority relating to the installation and use of traffic infraction detectors to enforce red light infractions.
- SB 178 was reported unfavorable by the Senate Transportation Committee (2-2).
- HB 6007 passed the House (91-22) and subsequently died in Senate messages.



Concealed Weapons and Firearms

Government and Other Facilities:

- **SB 908**(Baxley) and **HB 803** (Hahnfeldt) would have authorized persons holding licenses to carry concealed weapons or firearms in secure and restricted areas of seaports and deleted a number of current restrictions.

Government Facilities:

- **SB 626**(Steube) would have authorized a concealed weapons or firearms licensee to carry a concealed weapon or firearm into any meeting of the governing body of a county, public school district, municipality or special district.

Open Carry/Government Facilities:

- **SB 140**(Steube) would have allowed a person with a concealed weapon or firearm permit to openly carry a handgun.



Community Redevelopment Agencies

CS/CS/CS/HB 13(Raburn) & CS/SB 1770 (Lee)

- Would have severely restricted the ability of Community Redevelopment Agencies (CRAs) to conduct their original purpose.
- Provided that the creation of new CRAs on or after October 1, 2017, could only occur by special act of the Legislature.
- Required the reauthorization of an existing CRA past the year 2037 by a supermajority vote of the entity which created the CRA.



Procurement of Professional Services

CS/HB 789 (Stone)

- Would have amended the Consultants Competitive Negotiation Act (CCNA) to allow cities to consider bid amounts for architects, engineers and other designated professionals after selecting finalists for the project.
- Died in the House Government Accountability Committee.



Public Notices

HB 897 (Stark) & SB 1444 (Stewart)

- Would have allowed a local government to publish legal notices or advertisements on its website in lieu of purchasing ad space in a newspaper.
- Died in committee.



Public Meetings

- **SB 914** (Baxley) amended the Sunshine Law and codified case law by specifying conditions under which members of any board or commission may participate in certain fact-finding exercises or excursions without violating the state's open meetings law.
- **CS/HB 843** (Donalds) exempted meetings between two members of any board or commission of at least five members from certain public meetings and public records requirements.



Workers' Compensation

CS/SB 1582 (Bradley) & CS/HB 7085 (Ins. & Banking)

- Would have made numerous changes to the state's workers' compensation laws, primarily in response to recent court decisions.
- While the bills were not identical they would have addressed benefit levels and would have substantially revised the attorney fees provisions under workers' compensation.



Workers Compensation

SB 1088(Torres), SB 516 (Perry) & HB 1019 (Miller)

- Would have provided that a mental or nervous injury suffered by a law enforcement officer, firefighter, emergency medical technician or paramedic was compensable under the workers' compensation law if the mental or nervous injury under certain circumstances.
- The bills died in committee.



Firefighter Cancer Disability Presumption

SB 158(Latvala),HB 143(Fitzenhagen) & CS/SB 7030 (GOAC)

- Would have established a cancer disability presumption for firefighters.
- Would have provided that any condition or impairment of health of a firefighter caused by multiple myeloma, non-Hodgkin's lymphoma, prostate cancer or testicular cancer was presumed to be suffered in the line of duty, unless the contrary was shown by competent evidence.
- Required the firefighter:
 - Successfully pass a physical examination (except current firefighters);
 - Been employed with his or her current employer for at least five continuous years;
 - Not have used tobacco products for at least five years; and
 - Not have been employed during the preceding five years in any other position that had been proven to create a higher risk for a covered cancer.



FRS: Local Government Participation

HB 353 (Fischer) & SB 428 (Brandes)

- Would have provided that employees of a governing body of a municipality, metropolitan planning organization or special district that applied to participate in the Florida Retirement System on or after January 1, 2017, could be enrolled only in the defined contribution program, and could not be enrolled in the defined benefit pension plan.
- Employees of a governing body participating, or that had applied to participate, in the Florida Retirement System before January 1, 2017, could continue to enroll in the defined benefit pension plan.
- The bills died in committee.



Defined Benefit Retirement Plans

CS/HB 603 (Fischer) & SB 632 (Brandes)

- Would have defined "long-range return rate" to mean an actuarial assumed rate of return that is expected to be realized at least 50% of the time over the next 30-year period.
- Would have required extensive reporting for any plan that had an actuarial assumed rate of return greater than the long-term return rate.
- SB 632 would have required plans to be funded under the long-range rate of return.



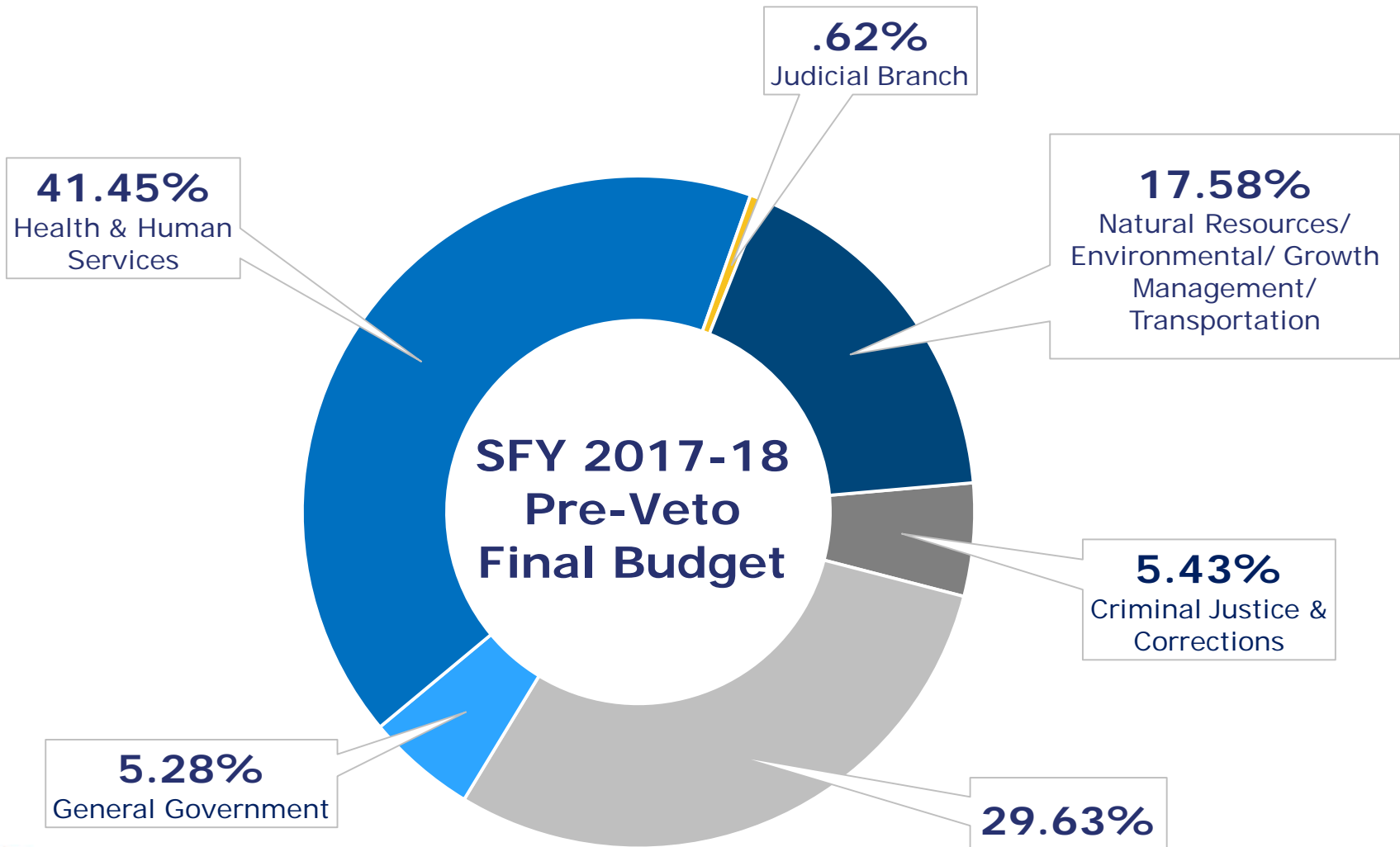
General Appropriations Act

SB 2500 (Appropriations)

BUDGET COMPARISON BY SECTION <i>(in millions)</i>	CURRENT YEAR <u>SFY 2016-17</u>	PROPOSED YEAR <u>SFY 2017-18</u>	\$ DIFFERENCE <u>SFY 2016-17 vs. SFY 2017-18</u>	\$ DIFFERENCE <u>SFY 2016-17 vs. SFY 2017-18</u>
Section 1. Education	\$1,783,000,000	\$1,984,687,536	\$201,687,536	11.31%
Section 2. Education	\$22,005,103,065	\$22,434,855,928	\$429,752,863	1.95%
Section 3. Health & Human Services	\$34,298,935,641	\$34,164,925,924	(\$134,009,717)	-0.39%
Section 4. Criminal Justice & Corrections	\$4,439,602,000	\$4,478,902,256	\$39,300,256	0.89%
Section 5. Natural Res./ Environmental/ Growth/ Transportation	\$14,563,828,145	\$14,488,224,532	(\$75,603,613)	-0.52%
Section 6. General Government	\$4,542,487,122	\$4,352,194,595	(\$190,292,527)	-4.19%
<u>Section 7. Judicial Branch</u>	<u>\$521,700,000</u>	<u>\$514,668,134</u>	<u>(\$7,031,866)</u>	<u>-1.35%</u>
TOTAL BUDGET	\$82,154,655,973	\$82,418,458,905	\$263,802,932	0.32%

**SFY 2017 Total does not account go Back of the bill vetoes*





SFY 2017-18 FRS Normal Rates

FRS Contribution Rates (SB 7022): Required employer contribution rates for each membership class of the FRS (Defined Benefit and Defined Investment) are amended as follows:

Class	FY 2017-18 Normal Rate	FY 2016-17 Normal Rate
Regular	2.90%	2.97%
Special Risk	11.86%	11.80%
Special Risk Admin. Support	3.83%	3.87%
Elected Officers (legislators)	6.45%	6.63%
Elected Officers (judges)	11.67%	11.68%
Elected Officers (county officers)	8.54%	8.55%
Senior Management	4.29%	4.38%
DROP	4.17%	4.23%



SFY 2017-18 FRS UAL Rates

To address **unfunded actuarial liabilities** (UAL) of the system, the SB 7022 amends the employer contribution rates for each membership class of FRS as follows:

<u>Class</u>	<u>FY 2017-18 UAL Rate</u>	<u>FY 2016-17 UAL Rate</u>
Regular	3.30%	2.83%
Special Risk	9.69%	9.05%
Special Risk Admin. Support	29.08%	22.47%
Elected Officers (legislators)	42.69%	33.75%
Elected Officers (judges)	26.25%	23.30%
Elected Officers (county officers)	35.24%	32.30%
Senior Management	16.70%	15.67%
DROP	7.43%	7.10%



2018 Outlook

- Communication Services Tax
- Limitations on Property Taxes
- Sales Tax Exemption on Commercial Leases
- Government Accountability & Ethics
- Additional Restrictions on Home Rule
- Economic Development?



Additional Resources & Information

Associations

Florida Association of Counties (www.fl-counties.com)

Florida League of Cities (www.flcities.com)

Florida School Boards Association (www.fsba.com)

State and Legislative

My Florida (www.myflorida.com)

Online Sunshine (www.leg.state.fl.us)

Office of Economic & Demographic Research (<http://edr.state.fl.us>)

News & Events

Sayfie Review (www.sayfiereview.com)

The News Service of Florida (<http://www.newsserviceflorida.com>)

Florida Channel (<http://wfsu.org/tfc>)



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