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From: Jan Piland <JPiland@flcities.com>
Sent: Friday, February 15, 2019 11:24 AM
To: Carol Westmoreland
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Subject: LEGISLATIVE ALERT - CRA Bill(s) have arrived at the Capitol!

Dear FRA Members:

Two legislative proposals which could significantly and negatively impact the operations of Florida CRAs were filed on the same day, February 14, for consideration by the House and Senate during the 2019 legislative session.

The FRA position as of this time is to strongly OPPOSE these bills.

Please let your senators and representatives know that these bills would be unreasonably detrimental to your CRA. **Private sector members and redevelopment companies:** we would ask that you lend your voice to the feedback to legislators – we can help anyone frame a letter, resolution, opinion piece, editorial, email or social media post concerning the impacts of these bills.

CRAs: also please *pass this on to your CRA attorneys to assess the potential impacts of these technical changes to your CRA.*

HB 9 (LaMarca – Lighthouse Point) new to the legislature, he was a Broward County commissioner 2013-2018)

SB 1054 (Lee – Plant City) long time legislator, former Senate President, filed a similar bill last year

<https://www.myfloridahouse.gov/Sections/Bills/billsdetail.aspx?BillId=64829>

<http://www.flsenate.gov/Senators/s20/?Tab=Bills>.

Click on the PDF version of each bill if you would like to copy/save/print the bills.

Note: both these bills would be effective 7/1/2019

House Bill 9

The house bill is somewhat different* than last year, and here is a cursory summary:

- I. s.112.3142(2)(c) (lines 86-95) all CRA commissioners must complete 4 hours of ethics training/calendar year as of 10/1/19.
- II. *s.163.356(1) (lines 115-212) is amended to require a county wide referendum to create a CRA, on or after 10/1/2019. The referendum would require a 2/3 in favor to pass.
- III. *s.163.357(1)(a) (lines 215-225) appears to allow a nine member board for a CRA
- IV. s. 163.370 (5) (lines 238-243) “A community redevelopment agency shall procure all commodities and services using the same purchasing processes and requirements that apply to the county or municipality that created the community redevelopment agency”.
- V. s.163.371(1) (lines 246-302) - creates an extensive list (same as last year) of new types of data and records to be included in the March 31 annual report which must be posted on the agency website.
- VI. s.163.3755 (1) (lines 305-332) - CRA's in existence as of 10/1/19 terminate on their termination date or 9/30/39, whichever is earlier, unless the governing body approves its extension by 2/3 majority vote.
- VII. (2)(a) (lines 315-328) Same as last year, prohibits extending the maturity date of any outstanding bonds after 2039, and requires a new finding of necessity to meet the remaining bond obligations of the CRA.
- VIII. (3) (lines 329-332) A CRA in existence on or before October 1, 2019 may continue to operate as provided in “this part”.
- IX. s.163.3756 (lines 335-371) same as last year, creates a new section that outlines the declaration of a CRA inactive by the state, if there are no revenues, no expenditures or debt in the Annual Financial Report filed by the city or county, to the Department of Financial Services online.
- X. s.163.387 (lines 372-510)
 - a. CRA's may not receive or spend any trust fund monies (TIF) until the ordinance creating the trust fund is created. (lines 382-396)
 - b. Appears to allow any county or city to reduce their CRA payments to CRA's to 50% by ordinance (lines 411-418)

However, the governing body ~~of any county as defined in s.125.011(1)~~ may, in the ordinance providing for the funding of a trust fund established with respect to any community redevelopment area ~~created on or after July 1, 1994~~, determine that the amount to be funded by each taxing authority annually shall be less than 95 percent of the difference between subparagraphs 1. and 2., but in no event shall such amount be less than 50 percent of such difference.

- c. As of 10/1/19, CRA expenditures must be pursuant to an annual budget and only for the purposes in s.163.387(6) – *the “including but not limited to” language is removed again this year* (lines 419-425)
- d. Same as last year, specifically states all CRAs, as dependent special districts, must comply with all the requirements of s.189.016 (budgets, reports, audits) (lines 426-428)
- e. CRA budgets and amendments must be submitted to the board of county commissioners w in 10 days after adoption (lines 429-437)
- f. The annual budget of a CRA may provide for: (lines 438-478)
 - ✓ administrative and overhead expenses necessary to implement a plan adopted by the CRA
 - ✓ current list of expenses in that subsection
 - ✓ expenses necessary to exercise the powers granted under s.163.370, as delegated under s.163.358.
- g. s.163.387(7) same as last year, dealing with funds as of the last day of the fiscal year (“3 year provision”) (lines 471-478)

(7) On the last day of the fiscal year of the community redevelopment agency, any money which remains in the trust fund after the payment of expenses pursuant to subsection (6) for such year shall be:

(d) Appropriated to a specific redevelopment project pursuant to an approved community redevelopment plan. The funds appropriated for such project may not be changed unless the project is amended, redesigned, or delayed, in which case the funds must be re appropriated pursuant to the next annual budget adopted by the board of commissioners of the community redevelopment agency which project will be completed within 3 years from the date of such appropriation.

- h. CRA Audits and Financial Reporting (8) of s.163.387 and (4)(a-b) of s.218.32 (lines 550-590)
 - ✓ Each CRA audit must include a finding by the auditor determining whether the CRA complied with the requirements of subsections of (6) and (7) AND
 - ✓ This audit must be included with the annual financial report submitted by the city or county to the Department of Financial Services whether or not they report separately to the DFS (s.218.32). (lines 479-527)

XI. Effective July 1, 2019 (line 607)

Senate Bill 1054

The bill is similar to the one filed by Senator Lee last session. Here is a cursory summary:

- I. Terminates all CRAs by 2039 unless approved by a majority vote of the city or county and limits bonding similar to 2018 (lines 366-389)
- II. Removes this language* from section s.163.340(8) (lines 266-274)

~~*“However, the term “blighted area” also means any area in which at least one of the factors identified in paragraphs (a) through (o) is present and all taxing authorities subject to s.163.387(2)(a) agree, either by interlocal agreement with the agency or by resolution, that the area is blighted. Such agreement or resolution must be limited to a determination that the area is blighted. For purposes of qualifying for the tax credits authorized in chapter, the term “blighted area” means an area as defined in this subsection.”~~
- III. Adds new limitations to list of what cannot be funded by TIF in s.163.370(3) (lines 318-330)

(3) The following projects may not be paid for or financed by increment revenues:
(d) Community redevelopment agency activities related to festivals or street parties designed to promote tourism
(e) Grants to entities that promote tourism.
(f) Grants to nonprofit entities that provide socially beneficial programs.
- IV. s.163.371(1) like last year, makes a new section for the March 31 annual report, and requires new types of data and records to be included and posted on the agency website.
- V. Appears to allow any county or city to reduce their CRA payments to CRAs to 50% by ordinance (lines 466-473)

However, the governing body ~~of any county as defined in s.125.011(1)~~ may, in the ordinance providing for the funding of a trust fund established with respect to any community redevelopment area ~~created on or after July 1, 1994~~, determine that the amount to be funded by each taxing authority annually shall be less than 95 percent of the difference between subparagraphs 1. and 2., but in no event shall such amount be less than 50 percent of such difference.
- VI. CRA budgets and amendments must be submitted to the county w in 10 days after adoption (lines 484-492)
- VII. CRA expenditures must be pursuant to an annual budget and only for the purposes in s.163.387(6) – the “including but not limited to” language is removed again this year: (lines 493-528)
- VIII. No more than 18 percent may be expended for administrative and overhead expenses with tax increment funds (TIF)
- IX. This list of what TIF can fund is exclusive, not inclusive, of anything not on that list which may be currently funded by TIF.

However, added to the list are new statutorily included types of expenditures that TIF may be expended for, by budget:

infrastructure, construction, renovation, parking lots, garages, neighborhood parks, grants and loans to businesses for façade, signage, sprinkler system upgrades, and other structural improvements.

- X. s.163.387(7) dealing with funds as of the last day of the fiscal year (“3 year provision”) (lines 533-540)

(7) On the last day of the fiscal year of the community redevelopment agency, any money which remains in the trust fund after the payment of expenses pursuant to subsection (6) for such year shall be:

(d) Appropriated to a specific redevelopment project pursuant to an approved community redevelopment plan. The funds appropriated for such project may not be changed unless the project is amended, redesigned, or delayed, in which case the funds must be re appropriated pursuant to the next annual budget adopted by the board of commissioners of the community redevelopment agency which project will be completed within 3 years from the date of such appropriation.

- XI. New requirements for CRA Audits in s.163.387((8)(b) (lines 550-566)

The audit must include a finding by the auditor as to whether the community redevelopment agency is in compliance with subsections (6) and (7)”

Note

(6) = New exclusive list of lawful expenditures

(7) = return or escrow of monies left in TIF balance at the end of the fiscal year

- XII. Effective July 1, 2019

UP NEXT: a side by side technical comparison of each of the provisions in the House and Senate bills.

Let me know if you have any questions, or if you would like to be on our legislative email/con calls lists.

THANKS for posting on social media, by linking your news with ours on #RedevelopmentWorks, or at <http://redevelopment.net/redevelopment-works/> - keep sharing the good news about redevelopment all over the state!

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