



# MIAMI BEACH

OFFICE OF THE CITY MANAGER  
NO. LTC # 080-2010

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LETTER TO COMMISSION  
CITY CLERK'S OFFICE

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager

DATE: March 9, 2010

SUBJECT: Senate Bill 2420 – Taxpayer's Bill of Rights

The purpose of this LTC is to provide the Mayor and City Commission with Senate Bill 2420, also known as TABOR, or the Taxpayer's Bill Of Rights. This bill has been filed by Senator Mike Haridopolis, and has been referenced to five Senate Committees. There is no House companion bill filed at this time.

This bill is a proposed amendment to the State Constitution, which will limit state and local government revenues and requires voter approval for new taxes and fees. This proposal restricts the growth of all local government revenues, not only property taxes, to an increase of no more than the combined rate of inflation and the rate of population change. Local government revenues are defined as taxes, fees, assessments, licenses, fines, and charges for services. It does not include bond proceeds, gifts, federal funds, pension contributions by employees, pension fund earnings, emergency reserve transfers, and property sales.

Although the revenue from the proceeds of bonds is not included in the definition of revenues, debt service on bonds shall decrease the revenue limit by the amount of annual debt service. The proposal also requires that local governments must receive advance approval by a two-thirds vote of the electors to impose a new tax, fee, assessment, or charge for services, or to incur multiple-year direct or indirect debt or other financial obligations without having adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years.

If you have any questions, or need additional information, please do not hesitate to contact me.

JMG/HF/kc

Attachments (2)

Florida Senate - 2010  
By Senator Haridopolos  
26-01510-10

SJR 2420  
20102420\_\_

1 Senate Joint Resolution  
2 A joint resolution proposing an amendment to Section 1  
3 and the creation of a new section in Article VII of  
4 the State Constitution to limit state and local  
5 government revenues and require voter approval of new  
6 taxes and fees.  
7

8 Be It Resolved by the Legislature of the State of Florida:  
9

10 That the following amendment to Section 1 and the creation  
11 of a new section in Article VII of the State Constitution are  
12 agreed to and shall be submitted to the electors of this state  
13 for approval or rejection at the next general election or at an  
14 earlier special election specifically authorized by law for that  
15 purpose:

16 ARTICLE VII  
17 FINANCE AND TAXATION

18 SECTION 1. Taxation; appropriations; state expenses, ~~state~~  
19 ~~revenue limitation.~~

20 (a) No tax shall be levied except in pursuance of law. No  
21 state ad valorem taxes shall be levied upon real estate or  
22 tangible personal property. All other forms of taxation shall be  
23 preempted to the state except as provided by general law.

24 (b) Motor vehicles, boats, airplanes, trailers, trailer  
25 coaches and mobile homes, as defined by law, shall be subject to  
26 a license tax for their operation in the amounts and for the  
27 purposes prescribed by law, but shall not be subject to ad  
28 valorem taxes.

29 (c) No money shall be drawn from the treasury except in  
30 pursuance of appropriation made by law.

31 (d) Provision shall be made by law for raising sufficient  
32 revenue to defray the expenses of the state for each fiscal  
33 period.

34 ~~(e) Except as provided herein, state revenues collected for~~  
35 ~~any fiscal year shall be limited to state revenues allowed under~~  
36 ~~this subsection for the prior fiscal year plus an adjustment for~~  
37 ~~growth. As used in this subsection, "growth" means an amount~~  
38 ~~equal to the average annual rate of growth in Florida personal~~  
39 ~~income over the most recent twenty quarters times the state~~  
40 ~~revenues allowed under this subsection for the prior fiscal~~  
41 ~~year. For the 1995-1996 fiscal year, the state revenues allowed~~  
42 ~~under this subsection for the prior fiscal year shall equal the~~  
43 ~~state revenues collected for the 1994-1995 fiscal year. Florida~~  
44 ~~personal income shall be determined by the legislature, from~~  
45 ~~information available from the United States Department of~~  
46 ~~Commerce or its successor on the first day of February prior to~~  
47 ~~the beginning of the fiscal year. State revenues collected for~~  
48 ~~any fiscal year in excess of this limitation shall be~~  
49 ~~transferred to the budget stabilization fund until the fund~~  
50 ~~reaches the maximum balance specified in Section 19(g) of~~  
51 ~~Article III, and thereafter shall be refunded to taxpayers as~~  
52 ~~provided by general law. State revenues allowed under this~~  
53 ~~subsection for any fiscal year may be increased by a two thirds~~  
54 ~~vote of the membership of each house of the legislature in a~~  
55 ~~separate bill that contains no other subject and that sets forth~~  
56 ~~the dollar amount by which the state revenues allowed will be~~

57 ~~increased. The vote may not be taken less than seventy two hours~~  
58 ~~after the third reading of the bill. For purposes of this~~  
59 ~~subsection, "state revenues" means taxes, fees, licenses, and~~  
60 ~~charges for services imposed by the legislature on individuals,~~  
61 ~~businesses, or agencies outside state government. However,~~  
62 ~~"state revenues" does not include: revenues that are necessary~~  
63 ~~to meet the requirements set forth in documents authorizing the~~  
64 ~~issuance of bonds by the state, revenues that are used to~~  
65 ~~provide matching funds for the federal Medicaid program with the~~  
66 ~~exception of the revenues used to support the Public Medical~~  
67 ~~Assistance Trust Fund or its successor program and with the~~  
68 ~~exception of state matching funds used to fund elective~~  
69 ~~expansions made after July 1, 1994, proceeds from the state~~  
70 ~~lottery returned as prizes, receipts of the Florida Hurricane~~  
71 ~~Catastrophe Fund, balances carried forward from prior fiscal~~  
72 ~~years, taxes, licenses, fees, and charges for services imposed~~  
73 ~~by local, regional, or school district governing bodies, or~~  
74 ~~revenue from taxes, licenses, fees, and charges for services~~  
75 ~~required to be imposed by any amendment or revision to this~~  
76 ~~constitution after July 1, 1994. An adjustment to the revenue~~  
77 ~~limitation shall be made by general law to reflect the fiscal~~  
78 ~~impact of transfers of responsibility for the funding of~~  
79 ~~governmental functions between the state and other levels of~~  
80 ~~government. The legislature shall, by general law, prescribe~~  
81 ~~procedures necessary to administer this subsection.~~

82 State and local revenue limits.

83 (a) DEFINITIONS. As used in this section, the term:

84 (1) "Fiscal year" means the applicable fiscal year for the  
85 state or a local government.

86 (2) "Growth" means an amount equal to a governments  
87 revenues collected in the 2010-2011 fiscal year multiplied for  
88 each subsequent fiscal year by the combined rate of inflation  
89 and rate of population change. For school districts, enrollment  
90 changes shall be used in lieu of population changes.

91 (3) "Local government" means a county, municipality, school  
92 district, or special district that has the authority to impose  
93 ad valorem taxes. Any municipal service taxing or benefit unit  
94 of a county and any special district dependent to a county shall  
95 be included in that county government. Any municipal service  
96 taxing or benefit unit of a municipality and any special  
97 district dependent to a municipality shall be included in that  
98 municipality. The term does not include any special district  
99 established at the request of or with the consent of all  
100 landowners in the district for the purpose of providing  
101 infrastructure or services to land located within the district.

102 (4) "Local government revenues" means taxes, fees,  
103 assessments, licenses, fines, and charges for services imposed  
104 by a local government on individuals, businesses, or another  
105 local government. However, the term does not include: proceeds  
106 from the issuance of bonds, gifts, federal funds, collections  
107 for another government, pension contributions by employees and  
108 pension fund earnings, emergency reserve transfers, damage  
109 awards, and property sales.

110 (5) "Rate of enrollment change" means the percentage change  
111 in each school districts student enrollment as reported by each  
112 school district. The stated percentages shall be established  
113 annually in the manner prescribed by general law, and shall be  
114 based on a comparison of the average of the school districts  
115 enrollment for the two most recent calendar years.

116 (6) "Rate of inflation" means the percentage change in the  
117 Consumer Price Index for all urban wage earners and clerical  
118 workers for the south region, or a successor index, for the  
119 preceding calendar year as calculated by the United States  
120 Department of Labor, Bureau of Labor Statistics. The stated  
121 percentages shall be established annually in the manner

122 prescribed by general law, and shall be based on a comparison of  
123 the average of the Consumer Price Index during the most recent  
124 two consecutive calendar years.

125 (7)"Rate of population change" means the percentage change  
126 in population within the boundaries of the state or a local  
127 government as estimated by the United States Census Bureau. The  
128 stated percentages shall be established annually in the manner  
129 prescribed by general law, and shall be based on a comparison of  
130 the average of the Census Bureau estimates for the most recent  
131 two consecutive calendar years.

132 (8)"State revenues" means taxes, fees, assessments,  
133 licenses, fines, and charges for services imposed by the  
134 legislature or executive branch agencies on individuals,  
135 businesses, or agencies outside state government. However, the  
136 term does not include: proceeds from the issuance of bonds,  
137 proceeds from the state lottery returned as prizes, receipts of  
138 the Florida Hurricane Catastrophe Fund and Citizens Property  
139 Insurance Corporation or their successor entities, tuition and  
140 fees charged to students by public universities and community  
141 colleges, gifts, federal funds, collections for another  
142 government, pension contributions by employees and pension fund  
143 earnings, budget stabilization fund transfers, damage awards,  
144 and property sales.

145 (b)STATE AND LOCAL REVENUE LIMIT.Except as provided in  
146 this section, state revenues collected by the state and local  
147 government and revenues collected by each local government for  
148 any fiscal year shall be limited to revenues collected in the  
149 2010-2011 fiscal year plus an annual adjustment for growth.

150 (c)PROPERTY TAX REVENUE LIMIT.The annual percentage  
151 change in each local governments property tax revenue may not  
152 exceed property tax revenue in the prior calendar year plus  
153 annual local growth, adjusted for property tax revenue changes  
154 approved by vote of the electors of the respective local  
155 governments.

156 (d)REVENUE RELATING TO BONDS.Fiscal year revenue of the  
157 state or a local government does not include the proceeds from  
158 the issuance of bonds. However, the debt service on bonds shall  
159 decrease the revenue limit by the amount of the annual debt  
160 service.

161 (e)VOTER APPROVAL TO EXCEED REVENUE LIMITS.State and  
162 local governments may not impose taxes, fees, licenses, fines,  
163 or charges for services expected to exceed the revenue limit, as  
164 projected by the state and local governments at the adoption of  
165 their respective budgets for the fiscal year. Revenue collected  
166 in excess of the revenue limit may not be spent without approval  
167 of the majority of electors residing within the boundaries of  
168 the applicable government.

169 (1)State revenue collected in any fiscal year in excess of  
170 the revenue limit shall be transferred to the budget  
171 stabilization fund specified in Section 19(g) of Article III  
172 until the fund reaches the maximum amount specified in that  
173 section. Additional excess revenue shall be held in a separate  
174 cash reserve, with such excess revenue and any investment income  
175 thereon treated as revenue in the first or second fiscal year  
176 after the collection of those revenues, as prescribed by general  
177 law.

178 (2)Revenue collected by a local government in excess of  
179 the revenue limit in any fiscal year shall be transferred to a  
180 budget stabilization fund, if such fund has been created by the  
181 applicable local government, until the fund reaches a maximum of  
182 3 percent of the last completed fiscal years revenue  
183 collection. Additional excess revenue, or revenue collected in  
184 excess of the revenue limit by a local government that does not  
185 create a budget stabilization fund, shall be held in a separate  
186 cash reserve, with such excess revenue and any investment income

187 thereon treated as revenue in the first or second fiscal year  
188 after the collection of those excess revenues, as prescribed by  
189 general law.

190 (3)The legislature shall provide criteria for withdrawing  
191 funds from budget stabilization funds created by local  
192 governments only for the purpose of covering revenue shortfalls  
193 of the general revenue fund or for providing funding in an  
194 emergency in which substantial harm occurs to the population or  
195 to property within the boundaries of a local government, as  
196 prescribed by general law. Expenditure of budget stabilization  
197 funds for emergency purposes shall require a declaration of a  
198 state of emergency by the Governor and a two-thirds majority  
199 vote of the members of the legislature or governing body of a  
200 local government by a recorded roll call vote. Funds may not be  
201 withdrawn for any purpose other than those specified in this  
202 subsection.

203 (f)EMERGENCY TAXES.

204 (1)Emergency taxes may be assessed under conditions set  
205 forth in this subsection. Emergency tax revenue shall be spent  
206 only after emergency reserves are depleted. Revenues from  
207 emergency taxes shall be refunded within 180 days after the  
208 emergency terminates if the revenues were not spent on the  
209 emergency. This subsection does not grant any new taxing powers  
210 and prohibits emergency property taxes.

211 (2)Emergency taxes may not be levied unless the Governor  
212 declares a state of emergency and the taxes are approved by a  
213 two-thirds vote of the membership of each house of the  
214 legislature or governing body of a local government. The vote of  
215 each member of the legislature or governing body of the local  
216 government must be recorded.

217 (3)An emergency tax that is not approved by a vote of the  
218 electors of a local government on the next election date  
219 occurring 60 days or more after the declaration shall terminate  
220 on or before the last day of the month in which the election is  
221 held.

222 (4)As used in this subsection, the term "emergency" does  
223 not include economic conditions, revenue shortfalls, or salary  
224 and fringe benefit increases.

225 (g)REVENUE LIMITS FOR NEW LOCAL GOVERNMENT.Local  
226 governments created after November 2, 2010, shall be subject to  
227 this section, as prescribed by general law.

228 (h)BALLOT ISSUE TO EXCEED A REVENUE LIMIT.A ballot issue  
229 for authorization to exceed a revenue limit must state the  
230 amount by which the state or local government proposes to exceed  
231 the limit in each fiscal year. The ballot issue must also state  
232 the date on which the authority to exceed a revenue limit  
233 expires. Such date must be the last day of the fiscal year.

234 (i)REVENUE LIMIT ADJUSTMENT.The legislature may provide  
235 by general law for adjustments to revenue limits to reflect the  
236 fiscal impact of the following events occurring after January 4,  
237 2011:

238 (1)A change in federal or state law which increases or  
239 decreases state or local government responsibility for the  
240 funding of governmental functions; or

241 (2)A transfer of the responsibility to fund a government  
242 function to the state or a local government.

243 (j)VOTER APPROVAL OF NEW REVENUE SOURCES.The state and  
244 local governments must receive advance approval by a two-thirds  
245 vote of the electors voting on a measure in the state or local  
246 government to:

247 (1)Impose a new tax, fee, assessment, or charge for  
248 services; or

249 (2)Incur multiple-year direct or indirect debt or other  
250 financial obligations without having adequate present cash  
251 reserves pledged irrevocably and held for payments in all future

252 fiscal years, except to refinance bonded debt at a lower  
 253 interest rate or to add new employees to a pension plan.  
 254 (k) CONSTRUCTION. This section shall be interpreted in a  
 255 manner that reasonably restrains most of the growth of state and  
 256 local governments. This section supersedes any conflicting  
 257 provisions of the State Constitution in effect prior to the  
 258 effective date of this section.

259 (l) EFFECTIVE DATE. This section shall take effect upon  
 260 approval by the electors. During the 2011 regular session of the  
 261 legislature, the legislature shall adopt implementing  
 262 legislation having an effective date of July 1, 2011.

263 BE IT FURTHER RESOLVED that the following statement be  
 264 placed on the ballot:

265 CONSTITUTIONAL AMENDMENT

266 ARTICLE VII, SECTION 1

267 ARTICLE VII

268 LIMITING STATE AND LOCAL GOVERNMENT REVENUES, VOTER  
 269 APPROVAL OF NEW TAXES AND FEES. This proposed amendment to the  
 270 State Constitution replaces the existing state revenue limit  
 271 based on Florida personal income growth with new state and local  
 272 government revenue limits based on inflation and population  
 273 changes. Property tax revenues are limited based on changes in  
 274 local growth and enrollment changes in school districts.  
 275 Revenues collected in excess of revenue limits must be deposited  
 276 in budget stabilization funds, used to reduce future taxes, or  
 277 refunded to taxpayers.

278 However, the amendment permits voters to authorize the  
 279 collection of revenues in excess of a revenue limit. The  
 280 amendment also permits the Legislature and the governing body of  
 281 a local government to approve taxes by a supermajority vote for  
 282 certain emergencies.

283 Lastly, this amendment prohibits the state or a local  
 284 government from the following without first obtaining approval  
 285 by a supermajority vote of the electors:

286 (1) Imposing new taxes, fees, assessments, or charges for  
 287 services; or

288 (2) Incurring multi-year debts or financial obligations  
 289 without adequate cash reserves.

