

HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

BILL #: CS/HB 877 Downtown Development Authority of the City of Fort Lauderdale, Broward County

SPONSOR(S): Local Administration & Veterans Affairs Subcommittee, Gottlieb

TIED BILLS: **IDEN./SIM. BILLS:**

| REFERENCE | ACTION | ANALYST | STAFF DIRECTOR or BUDGET/POLICY CHIEF |
|---|---------------------|---------|--|
| 1) Local Administration & Veterans Affairs Subcommittee | 17 Y, 0 N, As CS | Leshko | Miller |
| 2) Ways & Means Committee | | LaTorre | Aldridge |
| 3) State Affairs Committee | | | |

SUMMARY ANALYSIS

The Downtown Development Authority of the City of Fort Lauderdale is a special taxing district created to provide economic development, redevelopment, and coordination services to benefit areas of the city. To support the projects and responsibilities of the Authority, the City is authorized to levy ad valorem taxes not to exceed one mill annually. The DDA's charter defines those properties subject to taxation and excludes most actual residential property. The enabling law for the DDA is due to expire on December 31, 2030.

The bill updates the expiration date for the enabling act. The bill requires that a referendum, consistent with the requirements of ch. 2005-346, s. 18 of s. 3, Laws of Fla., of the authorized voters be held within three months of the effective date of the act, and provides the form of the referendum question.

The economic impact statement projects the bill will have no effect on state or local revenues or expenses.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

The Downtown Development Authority of the City of Fort Lauderdale (DDA) was established by special act of the Legislature in 1965.¹ The DDA serves several functions in the community, including economic development, redevelopment of blighted areas, marketing, and coordinating projects between governmental entities and the private sector.² The DDA is governed by a seven member board appointed to staggered four-year terms by the Fort Lauderdale City Commission.³ Board members must reside within the City of Fort Lauderdale and be either a landowner, leasehold tenant required to pay taxes within downtown Fort Lauderdale, or be an officer, director, or managing agent of a corporation owning or leasing land in the downtown area and responsible for paying taxes on those properties.⁴

The original charter provided the act creating the DDA would sunset on December 31, 1970.⁵ In 1969, the charter was recodified and the sunset date extended to 2010.⁶ This date again was extended, to the current expiration of December 31, 2030, in the 2005 recodification of the DDA charter.⁷

The DDA's current charter defines "downtown" as all lands described in Section 2 of the charter that are "not being used as a residence."⁸ "Not being used as a residence" is defined as all residential⁹ lands not being used as a "residence," as well as portions of nonresidential lands not being used as a "residence."¹⁰ A "residence" is defined as a building used as living quarters by one or more persons.¹¹ The executive director of the DDA determines whether property constitutes a residence.¹²

The executive director prepares an annual budget for the DDA, conforming to the fiscal year of the city and containing the information required of city departments in their respective budgets. The budget is submitted to the board of the DDA for approval. After approval, a copy of the budget is submitted to the city, with a statement of the necessary millage to fund services, as determined by the DDA board.¹³ The City Commission of Fort Lauderdale is authorized to levy an ad valorem tax of up to one mill to finance the operations of the DDA. The funds generated by this tax are deposited in the city treasury, credited to the DDA.¹⁴ The City Commission has the authority to use a "reasonable pro rata share" of the funds to defer the cost of handling and auditing.¹⁵

According to its audited financial statement for the fiscal year ending September 30, 2020, the Authority received ad valorem tax revenues of \$1,680,023 (out of total revenues of \$2,514,750) and had expenses of \$2,195,907. However, the Authority's total position net of all revenues and liabilities was a deficit of (\$1,952,069), primarily due to a continuing deficit from previous years. The auditor concluded that if the Authority maintained its current practice of spending less on current recurring operating

¹ Ch. 65-1541, Laws of Fla. The district charter was recodified in 2005. Ch. 2005-346, Laws of Fla.

² Fort Lauderdale Downtown Development Authority, *What We Do*, at <https://www.ddafl.org/> (last visited Feb. 15, 2022).

³ Ch. 2005-346, s. 5, Laws of Fla.

⁴ Ch. 2005-346, s. 6(1), Laws of Fla.

⁵ Ch. 65-1541, s. 15, Laws of Fla.

⁶ Ch. 69-1056, s. 14, Laws of Fla.

⁷ Ch. 2005-346, s. 15, Laws of Fla.

⁸ Ch. 2005-346, s. 5(a) of s. 1, Laws of Fla.

⁹ Defined as lands zoned by the City of Fort Lauderdale as R-1-A, R-1, R-1-P, R-2-A, R-2, R-3-A/RM-25, R-3-9, RM-15, R-3/RM-30, R-3-C, R-4/RM-60, or R-4-C. Ch. 2005-346, s. 5(d) of s. 1, Laws of Fla.

¹⁰ Ch. 2005-346, s. 5(b) of s. 1, Laws of Fla.

¹¹ Ch. 2005-346, s. 5(c) of s. 1, Laws of Fla.

¹² Ch. 2005-346, s. 5(b) of s. 1, Laws of Fla.

¹³ Ch. 2005-346, s. 11, Laws of Fla.

¹⁴ Ch. 2005-346, s. 12, Laws of Fla.

¹⁵ Ch. 2005-346, s. 13, Laws of Fla.

expenses than the amounts received as current recurring operating revenue, it would have sufficient funding for annual capital improvements.¹⁶

The Authority's audited financial statement for fiscal year for 2019-2020 reported two outstanding long-term bond issues with a combined outstanding balance of \$4,968,474, of which \$437,887 was due within the following year. The first was a general obligation bond, series 2000, initial issue of \$10,000,000 in 2000 payable over 20 years. In 2010 the Authority amended the bonds to extend the maturity date to September, 2029. The second bond issue was a general obligation bond, series 2020, with an initial issue of \$2,000,000 payable over 10 years.¹⁷

The Authority's proposed budget for fiscal year 2021-2022 is based on ad valorem tax levies of 0.600 mills for the general fund and 0.4755 mills for debt approved by the voters. Because the budget projects no necessary debt service for the fiscal year, the estimated revenues are \$1,180,512 from ad valorem taxes, \$178,827 from other sources, estimated expenditures are \$1,583,494, resulting in an ending positive fund balance of \$319,295.¹⁸

The DDA's charter currently is set to expire on December 31, 2030. On that date, all assets of the authority will become property of the City of Fort Lauderdale. If the Authority has any remaining outstanding debt at dissolution, the city is allowed to continuing levying ad valorem taxes authorized by the charter to retire the indebtedness.¹⁹

Effect of the Bill

The bill updates the expiration date to December 31, 2032, in the enabling act. The bill requires that a referendum, consistent with the requirements of ch. 2005-346, s. 18 of s. 3, Laws of Fla., of the authorized voters be held within three months of the effective date of the act, and provides the form of the referendum question.

B. SECTION DIRECTORY:

- Section 1: Amends ch. 2005-346, s. 15 of s. 3, Laws of Fla., by updating the expiration date for the law.
- Section 2: Requires that a referendum, consistent with the requirements of ch. 2005-346, s.18 of s. 3, Laws of Fla., of the authorized voters be held within three months of the effective date of the act, and provides the form of the referendum question.
- Section 3: Provides the bill is effective upon approval by a majority vote of the landowners within the boundaries of the Authority at a referendum held no later than three months after the effective date of the act. Provides that sections 2 and 3 become effective upon becoming a law.

II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes [] No []

IF YES, WHEN? November 7, 2021

WHERE? *Sun-Sentinel Newspaper*, Broward/Palm Beach/Miami-Dade Counties

¹⁶ Florida Auditor General, *Downtown Development Authority of the City of Fort Lauderdale Basic Financial Statements for the Year Ended September 30, 2020*, at

https://flauditor.gov/pages/specialdistricts_efile%20rpts/2020%20downtown%20development%20authority%20of%20the%20city%20of%20fort%20lauderdale.pdf (last visited Feb. 15, 2022).

¹⁷ *Id.* at 21, Note 6.

¹⁸ Fort Lauderdale Downtown Development Authority, *Budget Summary Fiscal Year 2021-2022*, at https://drive.google.com/file/d/18liBq2Rj3ov3Yzet1ll4-Y4p5_pp83M5/view (last visited Feb. 15, 2022).

¹⁹ Ch. 2005-346, s. 15, Laws of Fla.

B. REFERENDUM(S) REQUIRED? Yes No

IF YES, WHEN? No later than three months after the effective date of the act.

C. LOCAL BILL CERTIFICATION FILED? Yes No

D. ECONOMIC IMPACT STATEMENT FILED? Yes No

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

The bill neither requires nor provides authority for administrative agency rulemaking.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On February 14, 2022, the Local Administration & Veterans Affairs Subcommittee adopted an amendment and reported the bill favorably as a committee substitute. The amendment updates instead of removing the expiration date in the enabling act and requires a referendum of the authorized voters. The amendment further provides the bill is effective upon approval by a majority vote of the landowners within the boundaries of the Authority at a referendum held no later than three months after the effective date of the act. Provides that section 2 and 3 will become effective upon becoming a law.

This analysis is drafted to the committee substitute as passed by the Local Administration & Veterans Affairs Subcommittee.