



St Lucie County Fire District

Legal Division

District Funding Sources

Under Florida Statutes and its statutory charter, the Fire District is authorized to collect funding through any of the following methods:

1. Levy up to 3.0 mils of ad valorem taxes;
2. Receive up to 1% discretionary sales surtax, if statutory process is followed;
3. Borrow money through bank financing, up to \$1.5 Million in a year;
4. Issue bonds, up to \$4 Million in a year or a total of \$5 Million;
5. Collect special assessments, such as MSBU's or MSTU's, under various restrictions;
6. Charge user fees, such as ambulance billings or building/fire inspection fees;
7. Obtain State or federal grants;
8. Create enterprise funds; and
9. Impose impact fees and exactions to only pay for costs of new development.

Any additional funding methods would require changes to general Florida law by the Florida Legislature.



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Discretionary Sales Surtaxes/Fire Rescue Services

Under Chapter 2009-182, enacted by the Florida Legislature last year, Florida counties, such as St. Lucie County, are authorized to adopt by ordinance, and then submit to a county-wide referendum, up to 1% discretionary sales surtax for fire/EMS services.

If the ordinance is adopted by St. Lucie County, an Interlocal Agreement between the County and the Fire District re distribution of sales tax proceeds would be required.

It would then be required to be passed by a county-wide referendum vote at a regularly scheduled election.

Sales surtax would be collected by the State Department of Revenue, starting on January 1st of the next year. DOR would receive an administrative fee of approx. 4% . DOR would distribute the remaining proceeds to St. Lucie County, which would also be authorized to keep a 2% administrative fee.

If the Fire District receives sales surtax proceeds under this arrangement, it would be required to reduce its ad valorem tax levy for all subsequent years, equal to the amount of sales surtax revenues received.



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Pros of Discretionary Sales Surtax Process

1. Political capital generated from reducing property taxes by partially substituting sales taxes.
2. If the public is agreeable to authorizing the Fire District's millage rate to be initially set at a level necessary to fund the budget, the next year's millage rate will be automatically reduced, based on the amount of sales taxes generated during that initial year.
3. Increased state and county revenues through collection of administrative fees from Fire District revenues.
4. Substitution of sales taxes for property taxes would not occur until the year after it is enacted.



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Cons of Discretionary Sales Surtax Process

1. Fire District budget deficit would **NOT** be reduced, unless millage rate is initially raised with the promise to reduce rate the next year.
2. The current process requires St. Lucie County to first enact ordinance and hold county-wide referendum vote on Fire District's behalf.
3. To allow the Fire District to collect sales taxes directly would require an amendment to general Florida law.
4. Collection of the sales tax could not begin until at least 2012.
5. Problematic impact of reducing property tax millage rate caused by Amendment One.
6. Procedures to collect sales tax revenues are cumbersome and create uncertain income stream.
7. Administrative fees would reduce Fire District revenues by approximately 6%.
8. Cost of drafting and arranging the execution of an Interlocal Agreement between St. Lucie County and Fire District.



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Enterprise Funds

Revenues could be augmented by creating additional enterprise funds, over and above the Fire Prevention Bureau.

Public /private ventures can use assets owned by the Fire District to generate revenues to the Fire District, such as:

1. Leasing Fire District facilities, such as Fire Station Nos. 1 and 3 or portions of the Administrative Complex, to other entities for purposes such as offices or movie productions;
2. Selling GIS, fire inspection data, or other properties for public consumption;
3. Continuing with tower co-location lease agreements;
4. Paid advertising on Fire District vehicles, equipment, buildings or towers; and
5. Operating a fire museum and/or eatery out of a Fire District building, such as former Fire Station No. 2.



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Special Assessments

Municipal Service Taxing Unit's ("MSTU's") are considered ad valorem special assessments, while Municipal Service Benefit Unit's ("MSBU's") are considered non-ad valorem special assessments.

MSTU's would increase the Fire District's millage rate, but MSBU's would not.

In City of North Lauderdale v. SMM Properties, 825 So. 2d 343 (Fla. 2002), the Florida Supreme Court held that EMS services cannot be funded through MSTU's, because they do not benefit parcels of property.

However, MSBU's can be established by the Fire District , but only after a referendum vote of affected *property owners*.

MSBU's can only be created for a particular purpose, other than EMS, and for a specified period of time, and usually in areas less than county-wide.

However, MSBU's can be used to pay for fire-related operational costs.



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Documentary Stamp Tax

In addition to the statutorily authorized financing methods previously described, an increased documentary stamp tax, or real estate transfer tax, has been cited as an alternative to property taxes.

Use of a documentary stamp tax for fire/EMS services would require authorization under general Florida law by the Florida Legislature.

However, the Florida Legislature has, on more than one occasion, failed to authorize such a tax.



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Labor Agreement Savings Clause

During Union negotiations involving the 2007-2010 Articles of Agreement , Article 20, Wages, Section B, was agreed to by the parties in order to incorporate a savings clause, and to read as follows:

“In the event there is a change in the means of calculating the amount of revenue received by the District from ad valorem or other tax sources, because of a change in applicable laws, which would result in a decrease in revenue received by the District, the District shall have the right to reopen any or all of the Articles covering any or all of the economic items or benefits. . .”



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Labor Agreement Savings Clause

Invoking this procedure would require several steps:

1. A change in law must occur which causes the Fire District to not be able to fund the economic items or benefits covered by the Articles of Agreement.
2. Notice by Fire District that it intends to reopen economic items in the Articles of Agreement has to be given to the Union within 45 days after receipt of notice of a change in law.
3. If a new Agreement is not reached, and the parties go to impasse, a special master is selected who takes into account various factors listed in Section 447.405, Florida Statutes, to determine an outcome. One of those factors is "availability of funds."
4. "Availability of funds" has been determined by the Courts to mean that the Fire District would have to prove that it "does not have a dime" to pay for any of the economic items or benefits covered by the Labor Agreement.
5. That is an almost impossible standard to satisfy. The decision to not raise taxes has not be deemed sufficient justification.
6. Articles of Agreement are currently in place until September 30, 2012.