



## **PRIORITIES**

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- **Annexation**
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- **Affordable Housing**
- **Discharges to Surface Waters**

## **POLICY POSITIONS**

- **Digital Divide**
- **Mobility Plans**
- **Cybersecurity**
- **Transportation Funding**
- **Resilient and Sustainable Florida**



## Sales Tax Fairness

### Priority Statement:

The Florida League of Cities SUPPORTS legislation to update Florida’s sales and use tax laws that apply to online/e-commerce sales from out-of-state retailers. Changes are needed to ensure in-state retailers are treated equitably and that the Florida sales and use tax law is equally enforced.

### Background:

Forty-five states and the District of Columbia levy taxes on the sale of goods and certain services, including those sold remotely. Florida’s sales and use tax is a 6 percent levy on retail sales of most tangible personal property, admissions, transient lodgings, commercial rentals and motor vehicles. Additionally, Florida has nine types of local discretionary sales surtaxes (also referred to as local option sales taxes) which are currently authorized in law and represent potential revenue sources for counties, municipalities and school districts. The local discretionary sales surtaxes apply to all transactions subject to the state tax imposed on sales and use tax. The local discretionary sales surtax rate varies from county to county, depending on the particular levies authorized in that jurisdiction.

On June 21, 2018, the U.S. Supreme Court issued an opinion in *South Dakota v. Wayfair*, overturning its earlier precedents in *National Bellas Hess* and *Quill*, and eradicated the decades-old “physical presence” requirement for sales and use tax nexus. The case centered on a South Dakota law that imposes sales tax collection obligations on certain remote sellers, based on the dollar amount or volume of sales into the state. This “economic nexus” case impacts thousands of state and local jurisdictions across the United States that impose a sales or use tax.

The issue of fairness is an important one. Local businesses, which sponsor youth sports teams or help sponsor local fireworks displays or other activities for communities, are forced to collect and submit sales taxes on items they sell in their communities. The cost of these goods then can be higher because the out-of-state or international seller is not collecting or remitting sales taxes. This gives these “foreign” businesses an unfair advantage. Local businesses ultimately become nothing more than local showrooms for goods ultimately bought online.

**Contact:** Amber Hughes, Sr. Legislative Advocate – 850-701-3621 – [AHughes@flcities.com](mailto:AHughes@flcities.com)



## **Annexation**

### **Priority Statement:**

The Florida League of Cities SUPPORTS legislation that facilitates the municipal annexation of unincorporated areas while protecting private property rights and respecting municipal boundaries.

### **Background:**

- The Florida Constitution authorizes the Legislature to develop procedures for the municipal annexation of unincorporated territory by general or special law.
- The Legislature passed the “Municipal Annexation or Contraction Act,” in 1974, which provides a mechanism for municipalities to annex territory and to recede from territory by contraction.
- Currently, the annexation process makes it difficult for cities to annex certain unincorporated enclaves and unincorporated areas where city services are already being provided.
- Additionally, the processes of taking a vote of the electors of the area proposed to be annexed prior to annexation has frustrated annexation efforts to the detriment of property owners desiring to be annexed.

**Contact:** David Cruz, Legislative Counsel – 850-701-3676 - [dcruz@flcities.com](mailto:dcruz@flcities.com)

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## Short-Term Rentals

### Priority Statement:

The Florida League of Cities SUPPORTS legislation providing for a collaboration between the Florida Department of Business and Professional Regulation and cities to ensure that short-term rental properties abide by state and local regulations, are properly licensed and insured, and comply with state and local taxation requirements as well as industry-accepted safety practices. The Florida League of Cities SUPPORTS legislation clarifying that existing, grandfathered municipal short-term rental ordinances can be amended without penalty.

### Background:

- Cities were preempted from regulating short-term vacation rentals in 2011. Cities with an existing ordinance at that time were “grandfathered” and allowed to keep what was already in place.
- Cities without an ordinance lost the ability to regulate the location of these properties resulting in a proliferation of short-term rentals in areas that had traditionally been long-term residential neighborhoods.
- Currently available solutions for cities are inadequate and will not solve the problems that many communities are facing.
- The restoration of zoning authority will allow cities to implement smart, targeted solutions to problems caused by vacation rentals and will ensure the preservation of traditional residential communities and neighborhoods.

**Contact:** Casey Cook, Director of Legislative Affairs – 850-701-3609 – [ccook@flcities.com](mailto:ccook@flcities.com)



## **Affordable Housing**

### **Priority Statement:**

The Florida League of Cities SUPPORTS legislation that requires all monies from the Sadowski State and Local Housing Trust Funds be used only for Florida’s affordable housing programs.

### **Background:**

- In 1992, the Florida Legislature enacted the Sadowski Act (the Act) to ensure a dedicated revenue source for affordable housing. The source of funding is the documentary stamp tax collected on the transfer of real property in Florida. The Act creates two separate trust funds under the umbrella of the affordable housing trust, the State Housing Trust that funds housing programs statewide and the Local Government Housing Trust that funds two programs: the State Housing Initiatives Program (SHIP) and State Apartment Incentive Loan program (SAIL). The funding for these two trust funds were purposefully linked to documentary stamp collections so trust fund dollars would increase as real estate costs escalated, thus providing more affordable housing funding when it was most needed. And it is definitely needed now.

**Contact:** Jeff Branch, Sr. Legislative Advocate – 850-701-3655 – [jbranch@flcities.com](mailto:jbranch@flcities.com)



## Discharges to Surface Waters

### Priority Statement:

The Florida League of Cities SUPPORTS legislation that establishes reasonable time frames for utilities to eliminate, to the extent possible in compliance with regulatory requirements and with specified exceptions, discharges to surface waters unless a utility demonstrates it is not environmentally, technically or economically feasible.

### Background:

- Bills in the 2020 session would have prohibited utilities from discharging effluent, reclaimed water, or reuse water to surface waters beginning January 2026.
- The bills exempted the following “beneficial” discharges and certain fiscally constrained local governments:
  - Indirect potable reuse projects;
  - Domestic wastewater treatment facility discharges during wet weather which occur in accordance with the applicable department permit;
  - Discharges into a stormwater management system which are subsequently withdrawn by a user for irrigation purposes;
  - Domestic wastewater treatment facilities located in fiscally constrained counties;
  - Projects where reclaimed water is recovered from an aquifer recharge system and subsequently discharged into a surface water for potable reuse;
  - Wetlands creation, restoration, and enhancement projects;
  - Minimum flows and levels recovery or prevention strategy plan projects;
  - Domestic wastewater treatment facilities with reuse systems that provide a minimum of 90 percent of a facility’s annual average flow for authorized reuse purposes;
  - Domestic wastewater treatment facilities located in municipalities that have less than \$10 million in total revenue; or
  - Domestic wastewater treatment facilities located in municipalities that are entirely within a rural area of opportunity.
- Utilities that have invested in advanced wastewater treatment or that are subject to “ocean outfall” statutory requirements were not exempted from the discharge prohibition.
- The cost to utilities to comply is estimated at \$28 billion. A later version of the bill softened this impact in some respects by allowing utilities to develop plans to

**Contact:** Rebecca O'Hara, Deputy General Counsel – 850-701-3692 - [rohara@flcities.com](mailto:rohara@flcities.com)

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implement the mandate over a period of time, with exemptions if a utility could demonstrate that available alternatives were not environmentally, economically or technically feasible.

- State funding assistance will be essential to meeting the costs of this unfunded mandate.
- The bills did not pass in 2020 but this issue remains a priority for the Senate President and legislation is expected to be filed in 2021.



## Digital Divide

### Policy Position Statement:

The Florida League of Cities SUPPORTS legislation that reduces the digital divide and expands broadband Internet access to all areas of the state. This includes:

- identifying areas of Florida that are underserved by traditional broadband providers;
- removing statutory barriers for cities to provide telecommunication services and open competition for affordable Internet service; and
- increasing public funding for construction of broadband infrastructure.

### Background:

- Reliable and affordable access to the Internet has become vitally important to Florida's municipalities and its citizens.
- Access to the Internet is now part of our everyday lives and impacts economic development and the health safety and welfare of our citizens.
- A lack of reliable broadband mapping has made it unclear what areas of Florida are underserved or lack reliable and affordable Internet access.
- Private companies will not invest in areas of our state where it is not profitable causing a market failure, and municipalities have industry driven and unnecessary statutory hurdles that must be overcome for them to be the broadband provider.
- For cities, a digital divide is a barrier to urban and economic revitalization and the full realization of a "smart city" vision.
- Universal access to affordable broadband cannot be achieved through deregulation and preemption of local authority but will require partnerships and robust and dedicated funding to accelerate universal broadband deployment.

**Contact:** Amber Hughes, Sr. Legislative Advocate – 850-701-3621 – [AHughes@flcities.com](mailto:AHughes@flcities.com)



## Mobility Plans

### Policy Position Statement:

The Florida League of Cities SUPPORTS legislation that defines mobility plans and fees in order to provide the clarity and consistency needed to assist Florida's cities in implementing alternative modes of transportation.

### Background:

- In 2009, the state convened a multi-member panel to look at alternatives to concurrency.
- That panel specifically attempted to find options to assist urban infill and redevelopment rather than current practices that focused on development everywhere.
- In 2013, the Legislature decided to clarify the several types of transportation mitigation systems under Florida law and created Mobility Fees as a legally viable alternative.
- Each system required that the fee charged be consistent with rational nexus based on established case law, now codified by the 2019 legislation, and that Backlog could not be included in the formula. However, there is no case law on Mobility Plans/Mobility Fee and no new definitions were created in the statute.

**Contact:** David Cruz, Legislative Counsel – 850-701-3676 – [dcruz@flcities.com](mailto:dcruz@flcities.com)

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## Cybersecurity

### Policy Position Statement:

The Florida League of Cities SUPPORTS legislation dedicating state resources for the development and enhancement of municipal cybersecurity by providing funding for technical assistance, threat assessments, employee training, infrastructure improvements and data protection, including the protection of exempt and confidential information such as law enforcement personnel information and plans for government buildings and other critical infrastructure.

### Background:

- Local governments are routinely entrusted with gigabytes of personally identifiable, confidential, and proprietary information about the businesses and citizens who live and operate within their jurisdictions. A number of high-profile cyber-incidents in the public sector have highlighted the emerging and costly challenges that cities face in protecting these data.
- The “hidden” impact on local government operations when a system is compromised, whether it is longer response times for police and fire personnel, delays in service delivery to utility customers, or holdups in the permitting process for businesses, often are more significant than any ransom payment. The loss of personally identifiable, confidential, and proprietary information about businesses and citizens have their own critical and personal cost impacts, but also contribute to the public losing trust in its government.
- Local governments urgently need help from the state in three primary areas: technical assistance, training, and infrastructure improvements. Outside experts should be retained to conduct threat assessments to identify operational and system vulnerabilities so that all are irrevocably addressed before they are exploited. Local governments should increase training for employees, emphasize the importance of being a cyber-aware organization, and develop response plans in the event of a security breach. Finally, many cities and counties must devote resources to improving critical cyber-infrastructure to ensure that hardware and software are impenetrable.

**Contact:** Casey Cook, Director of Legislative Affairs – 850-701-3609 – [ccook@flcities.com](mailto:ccook@flcities.com)



## Transportation Funding

### **Policy Position Statement:**

The Florida League of Cities SUPPORTS legislation that will allow cities to have greater local decision-making and flexibility on transportation funding to ensure we meet our ever-changing transportation demands.

### **Background:**

Transportation infrastructure is paramount to the prosperity of all cities. It greatly affects quality of life by influencing people's decisions about where to live, work and spend their free time. For more than 60 years, the federal government has helped states pay for highway repair and construction through the Highway Trust Fund (HTF), which relies primarily on federal gas tax revenue. But in recent years inflation and the growth in the number of both electric and more fuel-efficient gas-powered vehicles means that drivers are buying less gasoline and paying less gas tax.

With over 126 million visitors each year and more than 900 people moving to Florida each day, the state's transportation infrastructure is rapidly declining. Our roads and bridges are getting older and falling into disrepair, costing more to maintain and improve. Some of these increased costs are directly attributable to technological advancements that are necessary to implement a "smart transportation infrastructure" where train stations, bus stops, airports, and car- and bike-sharing stations become integrated parts of one big open high-speed connected communications network.

Transportation projects are often the catalyst for economic development and the result of growth within a community. Florida's municipalities need a transportation program that adequately funds our state's transportation needs, takes a smart approach to all forms of transportation and provides local governments with the certainty they need for planning and funding transportation projects.

**Contact:** Jeff Branch, Sr. Legislative Advocate – 850-701-3655 – [jbranch@flcities.com](mailto:jbranch@flcities.com)



## Resilient and Sustainable Florida

### Policy Position Statement:

The Florida League of Cities SUPPORTS legislation that promotes a resilient and sustainable Florida, including:

- Funding for water quality improvements.
- Establishing policies and funding for alternative water supply development.
- Providing for intergovernmental coordination and planning on strategies to address climate challenges such as drought, coastal flooding and inland flooding.
- Enabling local authority to implement natural resource protection strategies.

### Background:

#### *Water Quality & Alternative Water Supply*

- The development of alternatives to ground and surface water for public users will be critical for meeting the demands of population growth while accommodating needs of agricultural and industrial users.
- To provide safe and sustainable sources for water supply, Florida must plan and develop alternative water sources that can sustain water supplies in times of drought. Such sources should include the consideration of incorporating reclaimed water as a reliable and sustainable source integral to a wholistic “one water” approach to water supply.
- CS/CS/SB 712, passed in 2020, requires local governments to undertake additional projects to improving water quality. The bill establishes a wastewater grant program but does not provide a source of dedicated funding.
- Concern is growing about the presence of Per- and Polyflouro Alkyl Substances (“PFAS”) in soil, groundwater, and drinking water. Local governments will face significant financial challenges in addressing potential PFAS contamination.
- State funding assistance can help offset the financial challenges for municipalities in developing alternative water supplies, improving water quality, and addressing the growing threat of PFAS.
- For FY 2020-21, the legislature appropriated \$40 million for alternative water supplies, \$25M in matching grants for septic-to-sewer conversions and wastewater upgrades, \$50 million for springs restoration and \$25 million for the Total Maximum Daily Load program.
- Increased state funding assistance may be limited by budget constraints in 2021. If so, the legislature should strive to at least maintain its current level of commitments.

**Contact:** Rebecca O'Hara, Deputy General Counsel – 850-701-3692 - rohara@flcities.com

### *Coastal and Inland Flooding*

- Florida's local governments face increasing threats to property and infrastructure from sea level rise, coastal flooding, and inland flooding from extreme weather events.
- A 2019 Annual Report from Florida's Chief Resiliency Officer stated efforts to address resiliency in Florida are disjointed, led largely through siloed local efforts, and that the state lacks a statewide strategy.
- Communities are overwhelmed by the demands of addressing resiliency challenges alone and need a place to turn for guidance, information sharing, financial and technical assistance.
- Florida would benefit from interagency program to assist the state and local governments in assessing and responding to the effects of climate change, including development of an annual Resiliency Plan to assess climate effects and to make recommendations on mitigation strategies.

### *Natural Resource Protection Strategies*

- Local government tree protections benefit natural habitats, climate adaptation and mitigation, nutrient uptake and filtration, stormwater management, open space, quality of life and community character.
- Section 163.045, Florida Statutes, is intended to provide a limited exemption for residential property owners to remove an imminently dangerous tree without a local permit. Vague and undefined terms in the statute have led to conflict and abuses, including the removal of trees on empty lots to accommodate new development.
- The statute should be clarified to close loopholes to address ongoing abuses of the law that are jeopardizing essential natural resource protection strategies.