POLK COUNTY

Infrastructure and Property Tax Reform Plan

A Locally Controlled Strategy for Infrastructure Investment, City Partnership, Property-Tax Relief and Fiscal Resilience

COMPREHENSIVE POLICY CHANGES

Summary

Polk County has an opportunity to pursue a comprehensive local tax reform that is larger than any single statewide constitutional amendment. The proposal combines a dedicated 1% Local Government Infrastructure Surtax, a negotiated revenue-sharing partnership with Polk's municipalities, a measurable annual property-tax offset, an orderly transition from the existing 0.5% indigent-care surtax, and a legislative initiative to give local voters the ability to consider the reform at a special election rather than waiting for a general election.

The plan should proceed regardless of whether Amendment 3 passes or fails. Amendment 3 changes the size and composition of Polk's ad valorem base, but it does not eliminate the County's need for roads, drainage, public-safety facilities, vehicles, communications systems, government facilities and other long-lived capital assets. Nor would it eliminate all County property-tax revenue. Under current working assumptions, homestead property represents roughly 30% of the property-tax base, while non-homestead property represents the substantial majority. Even under a larger homestead exemption, taxable value above the exemption would continue producing County ad valorem revenue. Those figures must be validated against the final constitutional language and current tax roll before public use.

The central fiscal concept is simple:

Use the infrastructure surtax to pay eligible capital costs that otherwise compete for property-tax-supported resources, then use the resulting fiscal capacity to reduce the County's ad valorem levy through the annual budget and TRIM process.

If Amendment 3 fails and the property-tax base remains substantially intact, the County should target a dollar-for-dollar reduction in the following year's County ad valorem levy equal to the County's actual net infrastructure surtax receipts from the prior completed year. If Amendment 3 passes and already provides substantial property-tax relief, the County would measure that relief and determine annually what additional offset can be responsibly provided without compromising public safety, constitutional obligations, debt service or essential services.

Revenue sharing with the cities is fundamental. Florida law provides that infrastructure surtax proceeds are distributed between the County and municipalities either under an interlocal agreement between the County and municipalities representing a majority of municipal population, or—if no agreement exists—under the statutory formula in §218.62, Florida Statutes. The interlocal agreement should therefore be treated as one of the principal policy documents in the entire package, not as an administrative afterthought.

Current law creates a timing obstacle: §212.055(10), Florida Statutes, requires a discretionary sales surtax referendum to be held at a general election. This paper recommends making a statutory amendment authorizing a properly safeguarded special-election option a major Polk County legislative priority. The objective is not to avoid voter approval; it is to allow Polk voters to decide the issue sooner when the County has completed the required audit, public process and fiscal work.

For planning purposes, the desired transition remains:

Date	Planning objective
December 31, 2027	Existing 0.5% indigent-care surtax terminates.
January 1, 2028	New voter-approved 1% infrastructure surtax begins, but only if all legal, legislative, election, audit and Department of Revenue requirements make this date available.

Those dates are targets, not legal conclusions. Special-election authority and the existing 180-day performance-audit timetable are the principal timing issues that must be solved.

Recommended Policy Direction

- Proceed with development of a 1% Local Government Infrastructure Surtax regardless of Amendment 3.
- Make city revenue sharing and a county-city interlocal agreement central to the plan.
- Adopt a separate annual Property Tax Offset Policy based on prior-year actual County surtax receipts.
- Use a 100% offset as the target when Amendment 3 fails and County fiscal conditions permit.
- If Amendment 3 passes, measure the property-tax relief it provides and determine additional relief annually.
- Retain a narrowly defined fiscal safety valve, preferably requiring a supermajority Board vote to materially depart from the annual offset target.
- Pursue a statutory amendment to §212.055(10) authorizing a special-election option for discretionary sales surtax referenda, with appropriate safeguards.
- Confirm that the performance-audit timetable and Department of Revenue implementation rules are compatible with the desired special-election schedule.
- Develop and publish a detailed infrastructure project program, annual audit, citizen oversight mechanism and Property Tax Offset Report.
- Design a responsible transition from the indigent-care surtax that addresses existing claims, contracts, reserves and essential safety-net services.

1. Purpose and Governing Principles

This proposal is intended to restructure how Polk County finances long-lived public assets while reducing the County's reliance on ad valorem taxes. It is not simply a request for an additional sales tax, and it should not be presented as one.

The plan rests on five governing principles:

1. Infrastructure requires a stable, long-term capital funding source.
2. The tax base supporting infrastructure should be broader than property owners alone.
3. Cities must be meaningful partners because surtax revenue is shared by law and infrastructure needs cross jurisdictional boundaries.
4. New infrastructure revenue should not simply increase total government revenue when the property-tax base remains strong; it should create measurable room for property-tax relief.
5. Local officials must preserve enough annual flexibility to protect essential services during a recession, disaster or serious revenue shock.

2. The Complete Reform Package

Component	Policy purpose
1% Infrastructure Surtax	Create a voter-approved, dedicated capital revenue source for qualifying infrastructure.
City Revenue-Sharing Agreement	Establish a negotiated County-city allocation and project framework that creates countywide support and avoids defaulting unintentionally to the statutory formula.
Property Tax Offset	Use prior-year actual County surtax receipts as the target for reducing the following year's County ad valorem levy when fiscally sustainable.
Indigent-Care Transition	Terminate the existing 0.5% surtax in an orderly manner and address existing obligations and essential safety-net functions. Establish reserve spending plan and drawdown.
Legislative Change	Seek authority for a special-election surtax referendum and ensure the audit/notice timetable is workable.
Accountability	Use published projects, audits, citizen oversight and an annual public tax-offset report.

3. Current Legal Authority for the Infrastructure Surtax

Section 212.055(2), Florida Statutes, authorizes the governing authority of each county to levy a discretionary sales surtax of 0.5% or 1%. The levy requires an ordinance enacted by a majority of the County Commission and approval by a majority of county electors voting in the referendum.

The ballot must include a brief general description of the projects to be funded and conform to Florida ballot-summary requirements. For surtaxes approved by referendum on or after July 1, 2020, the levy may not exceed 30 years. A 15- or 20-year term should be modeled so the County can compare project-delivery, bonding and voter-control implications.

Current law also contains a combined-rate limitation for certain local-option surtaxes. County Attorney and bond counsel should confirm Polk's complete current and proposed surtax stack before the rate or effective date is finalized.

4. What the 1% Infrastructure Surtax Can Fund

Under §212.055(2)(d), surtax proceeds may be used to finance, plan and construct infrastructure; acquire land for public recreation, conservation or natural-resource protection; and for other specifically authorized purposes. For levies approved on or after July 1, 2025, the definition of infrastructure is especially useful to Polk because it expressly includes governmental vehicles and qualifying equipment.

Category	Illustrative Polk applications
Transportation	Road construction or reconstruction, intersections, bridges, right-of-way and related qualifying capital costs.
Drainage / resilience	Regional stormwater systems, flood mitigation, drainage structures and hardened emergency infrastructure.
Fire / EMS	Fire stations, EMS facilities, fire vehicles, EMS vehicles and qualifying equipment.
Sheriff / public safety	Sheriff's Office vehicles, qualifying equipment, public-safety facilities and communications infrastructure.
Government facilities	General governmental office buildings, major qualifying reconstruction, courthouse-related facilities where authorized, and animal shelters.
Parks / conservation	Land acquisition and qualifying public recreation or conservation infrastructure.
Emergency shelter improvements	Certain improvements to private facilities made available as public emergency shelters or emergency-response staging areas, subject to statutory conditions.
Affordable housing land	Land acquisition for qualifying residential housing projects meeting statutory affordability conditions.
Economic development option	Up to 15% may be allocated for qualifying economic-development projects if the ballot statement indicates that intent; this should be separately evaluated before inclusion.

The proceeds generally may not be used as unrestricted operating revenue. That limitation is central to the design: the County gains property-tax relief not by transferring surtax dollars into the General Fund, but by shifting eligible capital costs to the surtax and then lowering the ad valorem levy separately.

5. Revenue Sharing With Polk's Municipalities

Revenue sharing is one of the most important features of the proposal. The 1% infrastructure surtax is a countywide tax, but the County Commission does not automatically retain all proceeds.

Section 212.055(2)(c) provides two distribution paths:

6. An interlocal agreement between the County and municipalities representing a majority of the County's municipal population; or
7. If there is no interlocal agreement, the statutory distribution formula in §218.62, Florida Statutes.

Under §218.62, the default formula uses population. The County's share is based on the unincorporated population plus two-thirds of the incorporated population, divided by total county population plus two-thirds of incorporated population. Each municipality's share is its population divided by that same denominator.

This means the County-city negotiation should begin early. It is not merely about dividing money. It should determine which projects are best delivered locally, which are regional, how cities participate in the public case for the referendum, how changes are made, and how every jurisdiction reports results.

5.1 Recommended Interlocal Agreement Structure

- A defined distribution formula for the full term or for an initial period with scheduled reviews.
- A distinction between direct jurisdictional allocations and a regional/countywide project pool, if desired.
- Eligibility rules consistent with §212.055(2).
- An initial project schedule for County and municipal projects.
- Rules for regional roads, drainage, emergency communications and facilities that benefit both incorporated and unincorporated residents.
- Annual reporting and audit standards applicable to every recipient.
- A process for material project substitutions.
- A dispute-resolution process.
- A requirement that any future change in the distribution formula be coordinated with the Department of Revenue notice requirement.
- An agreement on how the County and cities will describe the program publicly so voters see a countywide infrastructure plan rather than a competition among jurisdictions.

5.2 Property-Tax Relief and the Cities

The County's annual Property Tax Offset should be calculated only from the net infrastructure surtax revenue actually received by Polk County government. Revenue distributed to municipalities cannot responsibly be promised as a County property-tax reduction because the Board does not control those municipal budgets.

However, the interlocal agreement should encourage each municipality receiving surtax proceeds to consider its own property-tax or debt-reduction policy. If several cities participate, the proposal becomes a broader Polk County property-tax reform initiative rather than a County-only program.

A useful negotiating principle would be: every jurisdiction receives a predictable share, every jurisdiction publishes how its share is used, and every jurisdiction is encouraged to demonstrate whether the new infrastructure funding permits reduction of ad valorem taxes, debt, assessments or other capital burdens.

6. The Annual Property Tax Offset

The defining feature of this proposal is that the new revenue should create measurable property-tax relief when the existing ad valorem base remains fiscally sufficient.

The County should adopt a separate Property Tax Offset Policy rather than place a rigid millage formula in the surtax referendum. The surtax ordinance governs the infrastructure tax. The Board's annual budget and millage process governs the property-tax reduction.

> **The recommended formula is:**
>
> **Prior completed year's actual net infrastructure surtax receipts received by Polk County government = target reduction in the following year's County ad valorem levy.**

Illustration only: if the countywide surtax produced $200 million and the County's net share after municipal distributions were $125 million, the following year's target County property-tax levy reduction would be $125 million. Staff would calculate the millage rate necessary to produce that reduction using the certified tax roll.

The lookback avoids promising tax relief based on optimistic forecasts. It also creates a clean public accounting because the offset is tied to actual dollars already received.

6.1 Why the Offset Should Be Policy, Not Ballot Language

A rigid voter-enacted formula could make it difficult for the County to respond to a severe recession, hurricane, public-safety emergency, major unfunded mandate or unexpected collapse in another revenue source. The better approach is a strong, measurable policy commitment with a narrowly defined safety valve.

The target should be 100% when Amendment 3 fails and County fiscal conditions permit. Any material departure should require public findings and consideration of a supermajority Board vote.

6.2 Proposed Fiscal Safety Valve

The Board could provide less than the full target offset only after a public finding that one or more extraordinary circumstances materially threaten essential County functions. Examples include:

- Major recession or significant revenue contraction.
- Declared hurricane, flood or other disaster.
- Extraordinary public-safety requirements.
- Significant unfunded state or federal mandate.
- Debt covenant or legally unavoidable contractual obligation.
- Material unexpected loss of taxable value or another recurring revenue source.
- Other extraordinary circumstances documented by the County Manager and reviewed publicly by the Board.

The policy should require staff to quantify the amount of the proposed reduction from the target and explain why lesser measures are inadequate.

7. Amendment 3: Two Scenarios, Same Infrastructure Strategy

The infrastructure surtax should not be contingent on Amendment 3. The infrastructure need exists under either outcome.

7.1 If Amendment 3 Fails

Polk proceeds with the 1% surtax. The County calculates its actual net share each year and uses that amount as the following year's property-tax offset target. This creates a locally controlled property-tax reform rather than waiting for the State to impose one.

7.2 If Amendment 3 Passes

Polk still proceeds with the infrastructure surtax, but the annual property-tax offset must take account of the property-tax relief already produced by the constitutional change. The County should calculate remaining ad valorem revenue, relief already delivered, required recurring expenditures, and the additional offset that can responsibly be provided.

Under current working assumptions supplied for policy development, homestead property accounts for roughly 30% of the property-tax base, while non-homestead property represents the substantial majority. In addition, homesteads with taxable value above the expanded exemption would continue producing some County property tax; a preliminary working estimate discussed for planning purposes is approximately $30 million to $40 million???. These figures are not validated in this paper and should not be published as final until confirmed by the Property Appraiser and County budget staff.

The key policy point is that Amendment 3 would not eliminate County property taxation. It would change the base and likely reduce collections, while leaving significant non-homestead and above-exemption taxable value.

8. Transition From the Existing Indigent-Care Surtax

The existing 0.5% indigent-care surtax is legally restricted to its authorized health-care purposes and cannot simply be renamed or redirected. The transition therefore requires its own legal and operational plan.

Planning target:

Target date	Action
December 31, 2027	Terminate the existing 0.5% indigent-care surtax.
January 1, 2028	Begin the new 1% infrastructure surtax, only if legally and administratively available.

Before termination, staff should identify recurring surtax collections separately from total fund balances and should inventory claims run-out, provider contracts, restricted reserves, federal or state pass-through funds, hospital assessments and other obligations. Essential safety-net functions should be evaluated on outcomes, public-health effect, emergency-room diversion and availability of alternative funding.

The public message should not suggest that restricted health-care reserves are automatically available for infrastructure. They remain subject to their governing legal restrictions. Important point, the indigent care tax serves a very small fraction of the county.

9. Legislative Priority: Special-Election Authority

Current §212.055(10), Florida Statutes, requires a referendum to adopt, amend or reenact a local discretionary sales surtax to be held at a general election. If Polk cannot complete the package in time for the next general election, the statutory restriction could postpone implementation substantially.

Polk should therefore make special-election authority a major legislative priority. The request should be framed as a local-control and voter-access issue, not as a way to avoid voter approval. The voters would still decide the tax. The Legislature would simply allow counties to present the question at a properly noticed special election after all safeguards have been satisfied.

9.1 Preferred Legislative Approach

Seek a statewide general-law amendment rather than a Polk-only exception if practicable. A statewide option is easier to defend as policy and may attract support from other growing counties with time-sensitive infrastructure needs.

Conceptual statutory approach:

Allow a discretionary sales surtax referendum to be held at a general election or, after an enhanced vote of the county governing authority, at a special election conducted under Florida election law and subject to the same voter-approval, ballot, audit and transparency requirements.

Possible safeguards Polk could support include:

- Four-fifths vote of the county governing body to call the special election.
- County responsibility for incremental election costs.
- Retention of the independent performance audit.
- A substantial minimum notice period.
- Full ballot-summary and public-information requirements.
- A limit on repeated special surtax elections within a defined period.

- Certification by the Supervisor of Elections that the proposed date is administratively feasible.

9.2 The 180-Day Audit Issue Must Be Addressed

Section 212.055(11) currently requires the County to provide the final resolution or ordinance to OPPAGA at least 180 days before the referendum. OPPAGA then procures an independent certified public accountant, and the performance audit must be completed and posted at least 60 days before the referendum. Failure to comply with key timing requirements renders the referendum void.

Therefore, obtaining special-election authority alone may not solve Polk's timing problem. The legislative package should also confirm that the performance-audit process can operate within the intended special-election schedule. Polk should not ask to eliminate the audit; it should ask for a timetable that preserves a meaningful independent review while allowing a practical special-election pathway.

9.3 Legislative Advocacy Plan

8. Make the statutory amendment a formal Polk County legislative priority.
9. Obtain a sponsor in both the House and Senate.
10. Engage the Polk legislative delegation early.
11. Request bill drafting from legislative counsel.
12. Consult the Florida Department of Revenue regarding tax start dates and administration.
13. Consult the Supervisor of Elections and statewide election officials regarding feasible special-election notice and ballot timelines.
14. Seek Florida Association of Counties support.
15. Identify other counties that would benefit from the same authority.
16. Prepare testimony emphasizing that voter approval remains mandatory.
17. Advance special-election authority and audit-timing changes together so the reform is practically usable.

10. Implementation Timeline

Phase	Principal actions
Phase I - Policy Development	Legal analysis; validate tax base; model 1% revenue; develop County project list; begin city negotiations; design indigent-care transition; draft Property Tax Offset Policy.
Phase II - Legislative Session	Pursue special-election authority and workable audit timetable; coordinate with delegation, FAC, DOR, elections officials and legislative staff.
Phase III - Local Preparation	Finalize interlocal agreement, project program, surtax ordinance, health transition, audit materials, public reporting framework and ballot language.
Phase IV - Referendum	If special-election authority is enacted, use the earliest lawful and administratively feasible special election; otherwise proceed at the next lawful general election.
Phase V - Transition	Terminate indigent-care surtax, complete claims and contract run-out, provide DOR notice, establish infrastructure accounts and oversight.
Phase VI - Implementation	Begin 1% surtax; publish collections and distributions; deliver projects; calculate first annual Property Tax Offset after a completed collection period.

The December 31, 2027 / January 1, 2028 dates should remain the desired planning target, but the Commission should not promise those dates publicly until the special-election law, audit schedule, referendum date and Department of Revenue implementation requirements are resolved.

11. Accountability and Voter Protections

Published Project Program: Identify major project categories and an initial multi-year project schedule before the referendum.

Annual Independent Audit: Audit collections, distributions and expenditures and present results publicly.

Citizen Oversight: Create a small advisory committee with geographic and professional diversity.

Public Dashboard: Show collections, County and municipal distributions, project status, expenditures and changes.

Change Control: Require a public process and enhanced Board approval for material project substitutions where legally permissible.

Sunset: Use a defined term and automatic expiration absent renewed voter approval.

Debt Discipline: Do not finance assets beyond their useful life or the surtax term; publish debt assumptions.

Tax Offset Report: Publish the prior-year County surtax receipts, target offset, actual offset, resulting millage and explanation for any variance.

12. Annual Polk County Property Tax Offset Report

Before adoption of the tentative millage each year, staff should publish a one-page report containing at least:

Measure	Annual disclosure
Countywide infrastructure surtax collections	$_______
Municipal distributions	$_______
Net surtax received by Polk County government	$_______
County ad valorem levy before offset	$_______
Calculated offset target	$_______
Actual offset recommended/adopted	$_______
Millage without offset	_____ mills
Millage with offset	_____ mills
Explanation of variance, if any	Plain-language explanation and fiscal findings.

This report should also show representative property-tax savings at several taxable values. If Amendment 3 passes, the report should separately identify relief attributable to the constitutional change and additional relief attributable to County policy.

13. Required Fiscal Model Before Final Board Action

Before finalizing the referendum package, the Board should receive a side-by-side model covering at least ten years, with conservative, base and high-growth scenarios.

Required analysis	Minimum contents
Surtax baseline	At least ten years of taxable-sales history if available, monthly volatility, recession sensitivity and DOR-based forecast.

County/city distribution	Default §218.62 shares; proposed interlocal shares; regional project pool if proposed; effect on County net receipts.
Property-tax baseline	Taxable value by homestead/non-homestead category, current levy, rolled-back rate, revenue by major fund.
Amendment 3 scenarios	Near-term and long-term property-tax effects, residual homestead taxable value and non-homestead revenue.
Capital displacement	Which qualifying capital costs can move from property-tax-supported sources to surtax funding.
Offset scenarios	100% target, partial offset under Amendment 3, recession stress case and emergency safety-valve case.
Health-care transition	Claims, contracts, reserves, recurring obligations, alternatives and run-out costs.
Debt capacity	Pay-as-you-go versus bonding, debt service, interest and useful-life matching.
Taxpayer incidence	Illustrative household/business impacts and visitor/non-property-owner contribution.

Illustrating the Tax Shift for an Individual Property Owner

A simple household example helps illustrate why the proposed reform is not equivalent to replacing a dollar of property tax with a dollar of sales tax paid by the same taxpayer.

Assume a Polk County property owner currently pays $2,000 per year in County property tax and that Amendment 3, for purposes of this illustration, reduces that County property-tax obligation to zero. The property owner would therefore receive $2,000 in annual property-tax relief.

At a 1% infrastructure surtax rate, that same taxpayer would have to make $200,000 in purchases subject to the 1% local surtax in order to personally pay $2,000 through the infrastructure surtax:

$200,000 x 1% = $2,000

The taxpayer's actual total spending would generally have to be greater than $200,000 because not every household expenditure is subject to Florida sales tax. In addition, Florida's discretionary sales surtax generally applies only to the first $5,000 of the sales amount on a single item of tangible personal property, subject to statutory rules and exceptions. This limits the local surtax on many large individual purchases.

The example demonstrates an important distinction in the reform plan. Property-tax relief is concentrated on property owners, while the infrastructure surtax is collected across a much broader economic base that includes property owners, renters, businesses, commuters, visitors, and others making taxable purchases in Polk County.

Accordingly, a homeowner receiving $2,000 of County property-tax relief would not ordinarily be expected to return that same $2,000 to Polk County through the 1% surtax unless that individual generated approximately $200,000 of surtax-taxable purchase amounts during the year. The broader tax base, rather than the individual property owner alone, finances the infrastructure program.

This illustration is intended to explain tax incidence and should not be represented as an estimate of the average household's savings or sales-tax burden. Actual results depend on taxable value, exemptions, purchasing patterns, statutory sales-tax exemptions, and the application of Florida's discretionary surtax rules.

14. Public Explanation: The Taxpayer Bargain

The proposal must be explained in a way that is accurate and simple. It should not be described merely as replacing a half-cent tax with a one-cent tax. The complete bargain is broader:

> **A countywide 1% sales surtax funds long-lived infrastructure; the proceeds are shared with cities under a negotiated or statutory formula; eligible capital costs move away from property-tax-supported sources; and the County targets a measurable annual reduction in its property-tax levy when fiscal conditions permit.**

Four messages should remain consistent:

- Infrastructure is visible and accountable. Voters receive a project program, audit, oversight and sunset.
- Cities share in both the revenue and the responsibility. The program is countywide, not County-government-only.
- Property-tax relief is measurable. The County publishes the prior-year surtax receipts and the following year's offset calculation.
- The County retains a narrowly defined emergency safety valve so essential services are not jeopardized by an unforeseen fiscal crisis.

15. Principal Risks and Responses

Concern	Recommended response
"This is a tax increase."	Acknowledge that the sales-tax rate increases from the current 0.5% indigent-care levy to a 1% infrastructure levy. Explain the corresponding property-tax offset policy and show the net effect with actual numbers rather than slogans.
"The cities will take too much."	Publish the proposed interlocal agreement and explain the statutory default formula. Emphasize regional projects and that city residents are County residents.
"The County will never lower property taxes."	Adopt the offset policy before the referendum, publish the annual calculation, and require public findings/supermajority action for material departures.
"Infrastructure is a blank check."	Use a detailed project program, audit, citizen oversight, public dashboard, change-control rules and sunset.
"Health care is being abandoned."	Publish a separate transition plan, identify essential services and legal obligations, and explain alternative funding/partnerships.
"A special election is designed for low turnout."	Support enhanced Commission approval, strong notice, audit requirements and County-paid election costs; emphasize that voters still decide.
"Amendment 3 already solves property taxes."	Show the remaining ad valorem base, non-homestead share and ongoing infrastructure needs; adjust the annual offset to avoid an unsustainable double reduction.

16. Recommended Board Direction

Suggested direction for discussion:

> **Direct the County Manager, County Attorney, budget staff and return to the Board with a legally compliant Polk County Infrastructure and Property Tax Reform Plan that includes the following:**

18. A voter-approved 1% Local Government Infrastructure Surtax under §212.055(2), Florida Statutes.
19. A comparison of 15- and 20-year terms and any other term staff recommends.
20. A countywide infrastructure project eligibility and prioritization framework.
21. A ten-year revenue model and long-term capital delivery plan.
22. Negotiation of an interlocal revenue-sharing agreement with municipalities representing the required municipal population, including comparison with the default §218.62 formula.
23. A specific analysis of the County's expected net share and each municipality's expected share under proposed and statutory formulas.
24. Options for regional/countywide project funding within the interlocal agreement.
25. A formal annual Property Tax Offset Policy based on prior-year actual net County surtax receipts.
26. A 100% offset target when Amendment 3 fails and fiscal conditions permit.
27. A methodology for determining additional property-tax relief if Amendment 3 passes.
28. A fiscal safety valve with options for a supermajority Board vote to materially depart from the annual target.
29. An orderly plan to terminate the existing 0.5% indigent-care surtax and address claims, contracts, reserves and essential health-care functions.
30. A legislative proposal amending §212.055(10) to allow a discretionary sales surtax referendum at a special election under appropriate safeguards.
31. Any companion statutory change needed to make the 180-day performance-audit requirement workable for a special election while preserving independent review.
32. Consultation with OPPAGA, DOR, the Supervisor of Elections, legislative counsel and bond counsel on timing and implementation.
33. Planning for December 31, 2027 termination of the indigent-care surtax and January 1, 2028 commencement of the infrastructure surtax if legally and administratively feasible.
34. Independent audit, citizen oversight, public dashboard, project-change procedures and automatic sunset.
35. Draft ordinances, resolutions, interlocal agreement terms and ballot-language alternatives for Board consideration.

17. Decision Points for the Commission

Decision	Options to resolve
Surtax term	15 years / 20 years / other supported term.
City distribution	Default statutory formula / negotiated population formula / negotiated formula with regional project pool.
Property-tax offset	100% target with supermajority safety valve / alternative target.
Amendment 3 treatment	Full offset if it fails; calibrated additional relief if it passes.
Special-election legislation	Statewide general law preferred; Polk-specific fallback only if necessary.
Audit timing legislation	Maintain 180 days / create special-election alternative timetable preserving independent review.

Health transition	Define essential services and sustainable replacement funding before termination.
Effective dates	December 31, 2027 / January 1, 2028 target, subject to legal feasibility.

18. Conclusion

Polk County does not need to choose between infrastructure investment and property-tax reform. It can change the way those responsibilities are financed.

The 1% infrastructure surtax would provide a broad, voter-controlled revenue source for long-lived public assets. Revenue sharing would make the municipalities genuine partners in the program and would spread visible benefits across Polk County. The annual Property Tax Offset would make the new revenue accountable by converting available fiscal capacity into measurable ad valorem relief rather than simply expanding government. The lookback protects taxpayers by relying on actual collections; the safety valve protects essential services from an unforeseen fiscal shock.

Amendment 3 changes the numbers but not the strategy. If it fails, Polk can lead with its own property-tax reform. If it passes, Polk can recognize the relief already provided, preserve substantial remaining non-homestead and above-exemption property-tax revenue, and determine what additional relief is sustainable.

The immediate legal obstacle is referendum timing. Current law requires a general election. Polk should therefore pursue a legislative change allowing a properly safeguarded special election and should ensure the performance-audit timetable is workable. That legislative effort should be treated as an integral part of the reform package, not a side issue.

The policy objective can be summarized in five lines:

- Fund infrastructure reliably.
- Share the program fairly with the cities.
- Reduce reliance on property taxes.
- Give voters and taxpayers measurable annual accountability.
- Preserve local flexibility for genuine emergencies.

That combination would position Polk County not merely as reacting to state property-tax policy, but as designing a locally controlled model for infrastructure finance and property-tax reform.

Appendix A - Key Legal Authorities

The following authorities should be reviewed by County Attorney and bond counsel in the final legal memorandum:

Authority	Relevance
§212.055(2), Florida Statutes	Local Government Infrastructure Surtax: 0.5% or 1% authority; voter approval; ballot description; distribution; eligible uses; duration; combined-rate limitation.
§212.055(10), Florida Statutes	Current requirement that local discretionary sales surtax referenda be held at a general election.
§212.055(11), Florida Statutes	Independent performance audit; final ordinance/resolution to OPPAGA at least 180 days before referendum; audit posted at least 60 days before referendum.

§218.62, Florida Statutes	Default population-based distribution formula when no interlocal agreement governs distribution.
§200.065, Florida Statutes	Annual TRIM/millage-setting process through which the County would implement the property-tax offset.
§101.161, Florida Statutes	Ballot title and summary requirements.
§212.054, Florida Statutes	Taxable transactions, administration and distribution mechanics for discretionary surtaxes.
Polk County 2016 indigent-care ordinance and ballot materials	Must be reviewed for termination provisions, duration, existing obligations and transition requirements.
Florida Department of Revenue discretionary sales surtax guidance	Implementation, notice, collection and distribution requirements.

Appendix B - Default §218.62 Distribution Formula

If Polk County and the municipalities do not enter into an interlocal distribution agreement, §218.62 provides the default formula. In simplified form:

> **County share = (unincorporated population + 2/3 of incorporated population) ÷ (total county population + 2/3 of incorporated population).**
>
> **Each municipality's share = municipal population ÷ (total county population + 2/3 of incorporated population).**

Because the default allocation can materially affect the County's net revenue—and therefore the size of the County property-tax offset—the final fiscal model should show both the statutory formula and each proposed negotiated alternative.

Appendix C - Draft Legislative Concept

For legislative counsel review only:

> **Amend §212.055(10), Florida Statutes, to authorize a referendum to adopt, amend or reenact a local government discretionary sales surtax at either a general election or a special election called by an enhanced vote of the county governing authority, subject to applicable election law, voter approval, ballot requirements, independent performance audit, public notice and any additional safeguards established by law.**

The companion legislation should review §212.055(11) to ensure the audit timetable preserves meaningful independent review while allowing a practical special-election schedule. The County should not seek to eliminate voter approval or independent audit requirements.

Appendix D - Sources and Research Basis

- Florida Statutes §212.055, Discretionary Sales Surtaxes; Local Government Infrastructure Surtax; referendum timing; performance audit.
- Florida Statutes §218.62, Distribution Formulas.
- Florida Statutes §200.065, Method of Fixing Millage.
- Florida Statutes §101.161, Referenda and ballot summaries.

- Florida Department of Revenue, discretionary sales surtax guidance.
- Polk County Policy White Paper, "A Strategic Conversion of the Indigent Care Sales Surtax to an Infrastructure Surtax," July 2026, supplied as the foundation document for this revision.
- Polk County budget, tax-roll, Property Appraiser and indigent-care program data to be inserted and validated by staff before final public presentation.

Research note: The infrastructure-use provisions in this paper reflect the current codified statutory text available from the Florida Legislature as of August 7, 2026, including the 2025 amendment applicable to levies authorized by vote of the electors on or after July 1, 2025. Final counsel review should confirm whether any 2026 legislation has become effective but is not yet incorporated into the displayed annual statutes.

EXPANDED LEGISLATIVE REFORM PACKAGE

Special-election authority, broader voter-approved uses, operational flexibility, and a countywide health-care partnership

The legislative strategy should be broader than obtaining permission to hold the surtax referendum at a special election. If Polk County asks the Florida Legislature to amend the discretionary surtax law, the County should simultaneously seek greater flexibility over the purposes that Polk voters may authorize. The objective is not simply to create another revenue source. It is to create a locally controlled financing tool capable of replacing selected property-tax-supported capital and operating expenses while preserving infrastructure investment, municipal participation, and a sustainable countywide health-care safety net.

1. A Four-Part Legislative Request

Polk County should seek legislation addressing four related issues in one coordinated package:

- Authorize discretionary surtax referenda at a properly noticed special election, while preserving voter approval and reasonable audit and notice safeguards.
- Expand the lawful uses of the voter-approved surtax beyond traditional capital infrastructure to additional essential local-government functions identified in the referendum.
- Permit voter-approved operational expenditures for designated County and municipal functions, including parks, recreation, and other similar public-service divisions.
- Authorize a defined share of County and municipal surtax distributions to support a countywide indigent-health-care program, including eligible inmate medical expenses.

2. Expanded Uses Should Be Voter-Approved

The preferred legislative approach is not unlimited authority for a future County Commission to redirect the surtax. Instead, state law should permit Polk voters to approve a broader list of local-government purposes in the referendum ordinance. This preserves accountability while giving local voters more control over how locally generated revenue is used.

Potential voter-approved categories should include:

- Roads, bridges, intersections, transportation, drainage, and stormwater.
- Fire, EMS, emergency management, emergency communications, and other public-safety functions.
- Sheriff, corrections, and qualifying jail-related governmental costs.
- Parks, recreation, libraries, natural resources, and community facilities.
- Government buildings, fleet, equipment, technology, and cybersecurity.
- Water, wastewater, solid-waste, and other qualifying public infrastructure.
- Indigent health care and eligible inmate medical care.
- Other specifically identified essential County or municipal functions approved by the voters.

3. Operational Expense Authority

Current infrastructure surtax authority is principally capital-oriented. That limitation reduces the surtax's usefulness as a property-tax reform tool because many County responsibilities are recurring operating expenses. Polk should ask the Legislature to permit surtax proceeds to pay operational expenses of governmental functions specifically identified and approved by voters.

Parks and recreation should be expressly included. Eligible expenditures should be broad enough to cover park and facility operations, maintenance, grounds, recreation programs, utilities, equipment, repairs, and personnel directly associated with those services. Similar flexibility should be available for other voter-approved divisions and public functions.

The policy purpose is substitution, not expansion: as surtax proceeds assume expenses that otherwise would be supported by ad valorem revenue, the annual Property Tax Offset process should recognize the resulting fiscal capacity and reduce reliance on property taxes.

4. County-City Revenue Sharing Remains a Central Pillar

Municipal revenue sharing should remain central to the reform package. The cities are partners in a countywide surtax and should have a meaningful role in both the distribution formula and the uses of their shares. The County should negotiate a comprehensive interlocal agreement before the referendum whenever practicable.

The interlocal agreement should address:

- County and municipal distribution percentages.
- Regional and jurisdiction-specific infrastructure priorities.
- Permitted capital and, if authorized by the Legislature, operating expenditures.
- A common countywide indigent-health-care contribution.
- The treatment of eligible inmate medical costs.
- Annual audit, reporting, and public accountability requirements.
- Encouragement of municipal property-tax relief or other taxpayer-benefit policies using each city's own share.

5. Countywide Health-Care Contribution

The end of the existing 0.5% indigent-care surtax should not be presented as the end of Polk County's health-care responsibility. The new framework should preserve a smaller, sustainable safety net financed from a defined portion of the new surtax, if the Legislature grants the necessary authority.

Polk should seek statutory authority allowing the interlocal agreement and referendum to require both the County and each municipality receiving surtax proceeds to contribute an agreed percentage of its distribution to a countywide health-care fund.

That fund could support, as authorized by law:

- A redesigned indigent-health-care safety net focused on high-value and legally appropriate services.
- Emergency-room diversion, primary and urgent care, essential prescriptions, and other approved health services.
- Eligible inmate medical expenses, including hospital, physician, pharmacy, mental-health, specialty-care, and medical-transport costs.
- Other countywide health obligations specifically authorized by the Legislature and approved by Polk voters.

6. Inmate Medical Costs

Inmate medical costs are a recurring governmental obligation and should be specifically addressed in the legislative request rather than assumed to be permissible under current infrastructure authority. Polk should request express statutory authority to use the designated health-care share for eligible net inmate medical expenses after insurance, inmate reimbursement, or other legally available recoveries are pursued.

7. Illustrative Health-Care Sharing Mechanism

The precise percentage should be established only after financial modeling. Conceptually, however, each recipient government would contribute the same agreed percentage of its surtax distribution to a countywide health-care fund.

Illustration only: if Polk County government receives $125 million and the municipalities collectively receive $75 million, a 10% health-care contribution would produce $12.5 million from the County and $7.5 million from the cities, for a $20 million countywide health-care fund. These figures are illustrative and are not revenue forecasts or recommended allocation percentages.

8. Relationship to the Property Tax Offset

Expanded spending authority can increase the amount of recurring property-tax-supported expense that can lawfully be shifted to the surtax. That potentially increases Polk's ability to reduce its ad valorem levy. The annual lookback should therefore disclose not only surtax receipts but also municipal distributions, health-care contributions, capital expenses assumed by the surtax, operating expenses shifted from property taxes, and the resulting property-tax offset.

The County's offset should continue to be based on the County's own net fiscal position after required municipal distributions and any dedicated countywide health-care contribution. This prevents the County from promising tax relief based on dollars that belong to cities or are committed to another voter-approved purpose.

9. Protecting Against Government Growth

Broader operational authority creates a legitimate concern that the surtax could become a vehicle for expanding recurring government. The reform plan should answer that concern directly. Before implementation, the County should establish baseline expenditures for the functions proposed to be shifted to the surtax. Annual reports should show how much surtax revenue replaced existing property-tax-supported spending and how much translated into lower ad valorem requirements.

New programs or material expansion of voter-approved operating categories should be separately identified in the annual budget so taxpayers can distinguish tax substitution from governmental growth.

10. Revised Legislative Agenda

Polk County's legislative request should therefore seek:

- Special-election authority for discretionary surtax referenda.
- A performance-audit and notice timetable that makes a special election practically usable.
- Expanded voter-approved eligible uses beyond traditional capital infrastructure.
- Authority for operational expenditures of parks, recreation, and other specifically voter-approved local-government functions.
- Express authority for a countywide indigent-health-care allocation.
- Express authority for eligible inmate medical expenses within that health-care allocation.
- Authority for an interlocal agreement to require a defined contribution from County and municipal surtax distributions to the countywide health-care fund.

- Sufficient local flexibility to allocate among voter-approved purposes while maintaining audits, transparency, and statutory safeguards.

11. Legislative Message

The request to Tallahassee should not be framed as asking the Legislature to impose another tax. The Legislature would provide the legal framework; Polk County voters would still decide whether to approve the surtax and its permitted purposes.

The central message should be: Give Polk County voters greater control over when they vote, what local-government purposes they may approve, how County and city governments share the proceeds, how a countywide health-care obligation is maintained, and how the new revenue can be used to reduce dependence on property taxes.

12. Revised Overall Model

The complete reform model becomes:

ONE COUNTYWIDE 1% VOTER-APPROVED SURTAX

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COUNTY + CITY REVENUE SHARING

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INFRASTRUCTURE + VOTER-APPROVED OPERATING FUNCTIONS + COUNTYWIDE HEALTH-CARE CONTRIBUTION

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REDUCED DEPENDENCE ON PROPERTY TAXES

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ANNUAL PROPERTY TAX OFFSET AND PUBLIC ACCOUNTABILITY

13. Additional Commission Direction

In addition to the previously recommended actions, the Board should direct the County Manager, County Attorney, legislative affairs staff, and appropriate budget and health-care staff to develop proposed legislation expanding the permissible uses of a voter-approved local discretionary surtax. The proposal should include voter-approved operational expenditures for parks, recreation, and other designated local-government functions; authority to dedicate a portion of County and municipal distributions to a countywide indigent-health-care program and eligible inmate medical expenses; authority to establish those contributions through an interlocal agreement; and other statutory changes necessary to maximize the ability of the surtax to replace expenditures otherwise supported by ad valorem taxation.