

**Florida Supreme Court Rules Referendum Required Prior to
Pledge of Tax Increment Financing**

In the case of *Strand v. Escambia County*, No. SC06-1894, September 6, 2007, the Florida Supreme Court held that any pledge of tax increment finances, including the issuance of bonds that are "payable from ad valorem taxation" is subject to the referendum requirement mandated by article VII, section 12, of the Florida Constitution.

The *Strand* case recedes from prior opinions in which the Supreme Court differentiated between a governmental entity's power to pledge ad valorem tax revenues and the same entity's power to pledge its ad valorem taxing power. In prior cases, the Supreme Court held that a governmental entity's use of statutorily authorized tax increment finances as a pledge for the issuance of bonds was not subject to referendum. In the *Strand* case, the Supreme Court held that the phrase "payable from ad valorem taxation" as contained in article VII, section 12, of the Florida Constitution, includes not only the pledge of the local body's taxing authority, but also to the pledge of ad valorem taxes.

As a result of the *Strand* case, local governing bodies will now be required to go to referendum, and seek approval from the voters, prior to issuing any bonds that are payable from ad valorem taxation.

Our office will continue to monitor the status of the case with the Florida Supreme Court. If you have any questions, please contact our office.