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THE FLORIDA SUPREME COURT ISSUES ITS REVISED OPINION IN STRAND V ESCAMBIA COUNTY

A REFERENDUM IS NOT REQUIRED TO PLEDGE TAX REVENUE FOR LONG TERM DEBT

The Florida Supreme Court Opinion issued its revised opinion in the case of *Strand v. Escambia County*, on September 18, 2008. This revised opinion provides that Escambia County may pledge tax increment revenue to fund long term debt without holding a referendum, provided that it complies with all other legal requirements for issuing bonds or incurring indebtedness.

On September 28, 2007, the Florida Supreme Court first issued its opinion in the *Strand v. Escambia County* case. At that time the Court held that a referendum was required prior to Escambia County pledging tax increment revenue to fund long term debt. In its September, 2007 opinion, the Florida Supreme Court ruled that pursuant to Article VII, Section 12 of the Florida Constitution, Escambia County must hold a referendum because the funds used to secure a long term debt were considered to be derived from ad valorem taxation.

As a result of the revised opinion issued on September 18, 2008, the Supreme Court has returned to precedent the Supreme Court established in the case of *State v. Miami Beach Redevelopment Agency*, 392 So.2d 875 (Fla. 1980). The *Miami Beach* case holds that a governmental entity, such as a Community Redevelopment Agency, may pledge its own tax increment revenue to secure a long term debt without holding a referendum. The resultant effect of the reversal of the *Strand* decision is that once again, a local government entity may finance and fund projects by pledging its tax increment revenue without seeking voter's approval through a referendum at either the city or the county level.