

**MUNICIPAL SERVICE BENEFIT UNIT (MSBU)  
CREATION & ADMINISTRATION POLICY 16-01**

**PURPOSE:**

The purpose of this policy is to provide an orderly and efficient method for utilizing the statutory authority in §125.01(1)(q) and §197.3632, FS, when the Board of County Commissioners acts and County staff facilitate in 1) creating and establishing Municipal Service Benefit Units (MSBU) pursuant thereto; 2) adopting MSBU budgets and assessment rolls; 3) levying and collecting MSBU assessments; 4) processing appeals of assessments; and 5) processing requests for installing additional street lighting within established street lighting MSBUs.

**POLICY:**

There is hereby established a policy for the creation of MSBUs and annual procedure for levy, collection, and adjustment of non-ad valorem assessments, and process for adding street lighting within existing MSBUs as outlined below:

**I. AUTHORITY**

**A. SECTION 125.01 (1) (q), FS**

**1. Creation by the Board of County Commissioners**

The legislative and governing body of a county shall have the power to carry on county government. To the extent not inconsistent with general or special law, this power shall include, but shall not be restricted to, the power to establish and subsequently merge or abolish those created hereunder, municipal service taxing or benefit units for any part or all of the unincorporated areas of the county, within which may be provided specified services. If a proposed MSBU service is not specified in the statute or otherwise authorized under Florida law, staff will not recommend establishment of a MSBU.

**B. SECTION 197.3632, FS**

1. Non-ad valorem assessments may be collected in the same manner as ad valorem taxes, provided the Board of County Commissioners enters into a written agreement with the Property Appraiser and Tax Collector providing for reimbursement of necessary administrative costs, and provided the Board adopts a resolution at a public hearing prior to January 1 of each year stating its intent to use the uniform method of collecting such assessments.

## **C. SUPPLEMENTAL AUTHORITY**

In the specific circumstances of dual taxation issues between a county and a municipality, §125.01(6)(a), FS, authorizes a petition procedure for resolving such issues, under which creation of an MSBU is one option. For petitions submitted pursuant to §125.01(6)(a) regarding remedy of dual taxation issues, this policy will apply generally to the administration of any MSBU created thereunder, and the statutory procedure will control only in the case of and only to the extent of conflict.

## **II. CREATION**

- A. It shall be the policy of the Board of County Commissioners to require the Board approved petition form signed by at least two-thirds of the property owners' of the area requesting a specified service as recorded by the Property Appraiser's office. Such petition will define the exact service area requested (map or plat and legal description attached); however, the Board, at its discretion, may establish a minimum service area requirement. The petition must also specify the particular service requested. The Board may also, at its discretion, increase the required percentage of signatures on a petition.
- B. Upon filing of such petition, the Office of Management & Budget shall verify that the petition contains signatures of at least two-thirds of the property owners' within the proposed unit boundaries. Such verification shall be accomplished by comparing the petition with the existing tax rolls of the Property Appraiser.
- C. Upon verification of the petition, the Board of County Commissioners shall respond within 90 days to the petition representative as to acceptance or rejection of the petition. If accepted (petition meets minimum requirements), Staff shall proceed with preparing a preliminary cost estimate and budget for petitioned project. If rejected (petition does not meet minimum requirements), the petitioner must meet minimum requirements within six months of the date the petition was submitted in order to keep the petition active.

D. CAPITAL IMPROVEMENT PROJECTS (PAVING, FIRE HYDRANTS, ETC.)

The Office of Management & Budget shall develop a "Scope of Project" along with the County Engineering Office. An engineering cost estimate will be prepared based on the project scope, and the Office of Management & Budget will prepare a preliminary budget and assessment rate based on the engineering estimate.

On roads that are maintained by Hernando County, the affected property owners will be responsible for two-thirds of the construction cost, while the County will contribute one-third of the construction cost of road paving projects only. On roads that are not county maintained, the affected property owners will be responsible for 100 percent of the construction costs. Construction cost does not include engineering services such as permits, surveys, inspections, testing and design. At the discretion of the County Engineer, engineering services may be contracted out. The full cost of these items are the responsibility of the affected property owners.

Any additional property that is required to complete a paving and drainage project (i.e. right-of way, drainage retention areas, etc., as determined by Property Management and Engineering) should be donated to the county prior to the design phase of the project.

OPERATION & MAINTENANCE PROJECTS

Street Lighting

1. Established Subdivisions (All lots sold and developer no longer involved).

The Office of Management & Budget shall develop a "Scope of Project" and request a lighting survey from the power company. The Scope of Project shall include but not be limited to:

- a. Legal Description
- b. Plat of Project Area
- c. Lighting Location Design
- d. Number of Affected Lots/Parcels
- e. Installation Cost
- f. Monthly Utility Cost

2. New Subdivisions.

The developer shall provide to the Office of Management & Budget the Scope of Project same as (1.) above.

Upon receipt of the Scope of Project, an estimated budget for the project shall be compiled including:

- a. Power Company's Cost
- b. Capital Costs
- c. Utility Costs
- d. Administrative fees for County Administration, Clerk of Court, Property Appraiser, and Tax Collector.

Other Operation & Maintenance Projects (Grounds Maintenance):

- A. Property owners determine boundaries of proposed unit and estimated cost to maintain desired area. The Office of Management & Budget will prepare a preliminary budget and assessment rate based on the cost estimate provided.
- B. MSBUs for Grounds Maintenance are limited to a designated area within or contiguous to the MSBU boundaries pursuant to legal requirements.

**F. OTHER SERVICES AUTHORIZED UNDER SECTION 125.01(1)(q)**

1. The Office of Management & Budget shall develop a recommended project scope and assessment method with input from the petitioners' representative for submitting to the Board of County Commissioners.
2. The project scope shall include but not be limited to the following:
  - a. Legal description.
  - b. Plat of project area.
  - c. Location plan (if applicable).
  - d. Number, type, and cost of hydrants (if applicable).
  - e. Operational and capital budget.

G. Upon receipt of the Scope of Project, the Office of Management & Budget will recommend to the Board the procedures for implementing and funding the MSBU (per front foot assessment, per lot assessment, per parcel assessment) and recommend a date for a public hearing.

H. The Office of Management & Budget shall request an assessment roll for the affected area from the Property Appraiser and shall certify the correctness of the roll for submitting to the Board of County Commissioners at the same time the ordinance is adopted.

- I. The Office of Management & Budget shall prepare an ordinance creating the MSBU for review by the County Attorney's Office.
- J. The Office of Management & Budget will ensure the proper advertisement of a public hearing for the purpose of adopting the ordinance creating the MSBU. The notice shall be published at least once 10 days prior to the scheduled hearing date. The Clerk's Office shall be responsible for actual placement of the advertisement. The Petitioner shall be responsible for paying the cost of the advertisement directly to the newspaper.
- K. The Office of Management & Budget will ensure the proper notice to each affected property owner by first class mail advising them of the date and time of the public hearing for the purpose of adopting the ordinance creating the MSBU. The Board of County Commissioners may require the notice to be sent by certified mail. The petitioner shall pay the cost of such mailing.
- L. Upon adoption of the ordinance, the Clerk's Office will ensure that the said ordinance is mailed to the Department of State within ten (10) days after adoption. Upon receipt of the officially filed ordinance from the Clerk's Office, the Office of Management & Budget shall distribute copies to the Property Appraiser, Tax Collector, and Finance Office. The ordinance shall also be recorded in the Official Records of Hernando County, the cost of which shall be borne by the Petitioner.
- M. Between June and September of each year, the County will hold a public hearing to adopt the proposed non-ad valorem assessment roll for each MSBU created during the preceding calendar year. This public hearing shall be noticed in a local newspaper at least 20 days prior to the hearing. In addition, first class mail notice shall be sent to each person owning property within the proposed MSBU boundaries. The notice requirement and conduct of the hearing will be in conformance with the provisions of Section 197.3632, FS. In addition, a similar public hearing will be required in following years whenever there are changes in the boundaries or the purpose of the MSBU as outlined in Section 197.3632 (4)(a).
- N. For all service contracts, the Chairman of the Board of County Commissioners shall execute the contract with the providers, subject to review by the County Attorney as to legal sufficiency. The Office of Management & Budget shall submit the proposed contract to the Board of County Commissioners for approval. All applicable County purchasing policies will be followed prior to contract approval.

- O. An MSBU may be created at any time during the fiscal year. However, implementation shall coincide with the adoption of the annual County budget October 1. Valid petitions should be submitted by July 1 of the preceding year. All new MSBUs must be created (ordinance adopted) by January 1 of each year in order to be implemented the following October. Capital Improvement projects, i.e, road paving, may take longer.
- P. Prior to January 1 of each year the Board of County Commissioners must adopt a resolution at a public hearing stating its intent to utilize the uniform method of collection of non-ad valorem assessments for all new MSBU's created during the preceding calendar year. The Board must publish notice of its intent to adopt such a resolution weekly in the newspaper designated to publish the County's legal advertisements for four (4) consecutive weeks preceding the hearing. The content of the resolution and conduct of the public hearing must in accordance with FS Chapter 197.3632(3)(a).

### **III. AMENDMENTS TO EXISTING MSBU'S**

Any change in an existing MSBU, such as additional street lights, fire hydrants, maintenance services, etc., must be reviewed by the Office of Management & Budget and the MSBU's designated spokesperson(s). Any proposed revision resulting in an increase or decrease in the services provided by the unit shall be reviewed by Staff, which shall determine if a public hearing is necessary prior to approval of the revision. A change in the method of calculating an MSBU assessment, an increase in an MSBU assessment, or a change in MSBU boundaries or purpose may also require a public hearing pursuant to § 197.3632, FS

### **IV. ADMINISTRATIVE PROCEDURE FOR ADOPTION OF MSBU BUDGETS AND ASSESSMENT ROLLS**

- A. The Office of Management & Budget shall prepare the budget for the MSBU's during the annual budget hearings and ensure that they are presented and adopted by the County Commission at the same time and fashion as the adoption of the County's General Fund Budget. The Office of Management & Budget shall prepare the resolutions documenting the Board's approval of the MSBU budgets at the final public hearing to adopt the County-wide budget.

- B. The Office of Management & Budget shall cause notice of the two public hearings (tentative and final) to consider adoption of the proposed MSBU budgets to be published in the form of a legal advertisement in a newspaper of general circulation. To ensure ample notification, the Office of Management & Budget shall further cause such notice to be mailed to the active homeowners'/civic association and/or petition representative by first-class mail. The two public hearings on the adoption of the MSBU budgets shall also serve as the hearings to adopt the MSBU assessments.
- C. The Office of Management & Budget shall prepare the MSBU assessment rolls annually and present them to the Board of County Commissioners for adoption at the same time as the resolutions and County-wide budget. The Office of Management & Budget will ensure that the assessment roll certifications are submitted to the Property Appraiser and Tax Collector for collection as set forth by FS Chapter 197.3632.
- D. Upon the annual adoption of the MSBU assessment rolls, such rolls shall be certified by the Office of Management & Budget to the Property Appraiser and Tax Collector by September 15 for billing and collections for that year. (Authority under Chapter 197, FS.)
- E. Prior to assessment bills being mailed, the Office of Management & Budget shall prepare a summary listing of all existing MSBU's, giving existing pertinent facts regarding the MSBU's in order that simple questions may be answered by County Offices receiving inquiries.
- F. The Tax Collector shall bill and collect the special assessments in the same fashion as the tax rolls are billed and collected between November 1 through March 31. Non-ad valorem assessments are subject to the same discounts as taxes.
- G. Assessments become delinquent after April 1, and failure to pay may result in a lien levied against the property and may result in the sale of a tax certificate in accordance with 197.432, Florida Statutes.

## **V. METHODOLOGY FOR LEVYING NON-AD VALOREM ASSESSMENTS**

### **1. STREET LIGHTING AND MULTIPURPOSE MSBU'S**

- A. All street lighting and multipurpose MSBU's are funded by an equal assessment levied against each lot or parcel of record within the platted subdivision. All government-owned lots are exempt. If multiple lots are combined to form a parcel according to the Property Appraiser's records, even if there is only one residence, each lot still has an assessment levied against it.

- B. Commercial property is also assessed the same as residential property, with the assessment being levied against the tract or parcel, however, it is reflected on the tax roll. All assessments are equal amounts, regardless of whether it is a lot or parcel.
- C. In the case of subdivisions which are completed in phases, as soon as a new phase or unit is platted and the plat is recorded, each lot is assessed. Until the plat is recorded, the assessment is levied against the acreage parcel, i. e., a particular MSBU may encompass 250 lots comprising Units 1-3 and 3 individual tracts consisting of 60 acres each. In this case, there would be 253 units assessed an equal assessment.
- D. In the case of condominium properties, the assessment is levied against the condominium parcels and not upon the condominium property as a whole. No special assessment may be separately assessed against recreational facilities or other common elements if such facilities or common elements are owned by the condominium association or are owned jointly by the owners of the condominium parcels. Each condominium parcel shall be separately assessed for special assessments as a single parcel per FS 718.120(1).
- E. Church properties are not exempt from non-ad valorem assessments unless specifically stated in the enabling ordinance.

**2. FIRE PROTECTION SERVICES**

**A. HERNANDO BEACH FIRE MSBU**

This MSBU levies an equal per lot assessment rather than using a rate formula like the Hernando County and Central Hernando County Fire District MSBUs. Therefore, each lot whether improved or vacant is assessed equally. If a residence straddles two lots, rendering one of the lots unusable for a second structure, there is only one assessment. Boat slips are not subject to the assessment.

**B. HERNANDO COUNTY FIRE AND RESCUE MSBU AND CENTRAL HERNANDO FIRE PROTECTION DISTRICT MSBU**

The assessment rate structure for the Hernando County Fire & Rescue and the Central Hernando Fire Protection District is as follows:

**1. VACANT PARCEL:**

For purposes of this policy and the administration of fire assessments, a parcel would be any properties contained within a single designated property key number as assigned by the Hernando County Property Appraiser's office.

A vacant parcel shall mean a parcel of land which does not currently have a structure located within its boundaries that would meet the requirements of either the "Improved Residential" or "Commercial" classifications listed below. If said parcel could be legally developed to contain either a residence or commercial building under the zoning laws of Hernando County and the State of Florida, said lot parcel would be subject to an assessment.

**2). IMPROVED RESIDENCE:**

A parcel of land with one (1) or more residential units (single and multi-family structures and apartment buildings) within its boundaries, regardless of physical occupancy.

**3).COMMERCIAL:**

A parcel of land with one (1) or more buildings located within its boundaries used for commercial retail sales or service, business offices, places of public assembly, or other uses permitted in any commercial or office-professional zoning district under the Hernando County Code of Ordinances, Appendix A, whether or not actually located in such designated district, unless such use is specifically classified separately in another section of this policy. The assessment for said structures shall be based on the total "under roof square footage.

**4). INDUSTRIAL/WAREHOUSE/GOVERNMENT**

A parcel of land with one (1) or more buildings located within its boundaries used for industrial, manufacturing, storage, warehousing or government service. The assessment for said structures shall be based on the total "under roof" square footage.

**5). HOSPITAL/NURSING HOME:**

A parcel of land with one (1) or more buildings located within its boundaries used for hospitals, psychiatric hospitals or nursing homes. The assessment for said structures shall be based on the total "under" roof square footage.

## **6). RELIGIOUS ESTABLISHMENTS**

A parcel of land with one (1) or more buildings located within its boundaries, constituting a religious establishment as currently defined in the Hernando County Code of Ordinances, Appendix A, excluding those buildings used as residential units. The assessment for said structures shall be based on the total “under roof” square footage, with a maximum rate set annually by the Board.

## **7). AGRICULTURAL BUILDINGS:**

A parcel of land which currently has one (1) or more buildings located within its boundaries, which is used for the production of food products or crops and is routinely staffed with workers, and equipped with fixed machinery. Agricultural buildings would include chicken barns, dairy barns, feed plants and juice plants.

## **8). PARCEL BASE FEES:**

Every parcel that is located within the Hernando County Fire and Rescue and the Central Hernando Fire Protection districts shall be assessed a parcel base fee in addition to the specific use assessment of the property.

## **9). MULTIPLE CATEGORIES:**

- a. Mixed Residence and Commercial:**  
In cases where there are both residential and Commercial buildings on the same parcel, they shall be assessed separately for both classifications based on the current rates.
- b. Multiple Residences:**  
In cases where there is more than one (1) residential unit on a parcel of land, said parcel shall be assessed at the current rate multiplied by the total number of residential units.
- c. Outbuildings:**  
In cases where there are buildings such as sheds or barns which are not used for commercial means, said structures shall be deemed “Incidental” and therefore not assessed.

### 3. SOLID WASTE ASSESSMENT

The County Wide Solid Waste Assessment is intended to generate funds to pay for the disposal of residentially generated solid waste in Hernando County. The Solid Waste Assessment applies to all improved residential property in Hernando County.

- a. Residential solid waste is generated by occupants of a property. For the purpose of the assessment, it is assumed that property with no residence on it generates no solid waste. Therefore, there is no assessment levied on unimproved residential property.
- b. Solid waste assessments may be created at any time during the fiscal year and implementation shall coincide with the month the final inspection is completed on a new residential unit.
- b.
- c. All habitable residences are assumed to be occupied and are assessed at the current rate per residential unit. As such, a single parcel may have more than one assessment applied to it depending on the number of occupiable residences it contains. There is no provision made for reduction or elimination of the assessment for unoccupied residences or residences occupied only part time.
- d. Mobile homes and outbuildings, including storage buildings and workshops on a residential property, that are not connected to a water and wastewater system or that is otherwise non-occupiable, are not subject to the Residential Solid Waste Disposal Assessment.
- e. All commercial properties are assumed to either haul their own solid waste to the landfill or have commercial solid waste collection service. In either case, they are not subject to the Residential Solid Waste Assessment, and as such, pay the current per ton tipping fee for disposal of their solid waste at the landfill.
- f. Apartments, townhouses, and condominiums of four (4) units or less are considered residential property and are assessed at the multiple family dwelling rate. This reduced assessment is based on an assumed reduction of waste from grounds keeping and various other factors associated with multiple family dwellings.
- g. Apartments, townhouses, and condominiums of five (5) units or more are considered commercial property. It is recommended that these properties have dumpsters. However, if there is no dumpster present, and residential solid waste hauling service (curbside garbage collection) is used instead, then the properties will be subject to the Residential Solid Waste Disposal Assessment. Each unit will be assessed the current multiple family dwelling rate.

- h. Mobile home parks, in which the residents rent the property from the owner are considered commercial property, except that Wesleyan Mobile Home Village shall be permitted to retain its long-standing residential solid waste collection service, with the single family assessment charged for each mobile home. Dumpsters are recommended for other mobile home park properties. However, if there is no dumpster present, and residential solid waste hauling service (curbside garbage collection) is used instead, then the properties will be subject to the Residential Solid Waste Disposal Assessment, with the owner of the real property being assessed the current single family dwelling rate for each unit.
- i. Mobile home parks in which the residents own their lot are considered single family homes, and as such, are assessed at the single family rate except for Camper's Holiday RV Park, which operates its own solid waste collection service and has been permitted to continue this system. Their residents do not pay the solid waste assessment. They pay the current per ton tipping fee for all solid waste delivered to the landfill.
- j. Religious establishments are assessed the single family rate if they have a residence on the property and/or there is no dumpster present. If there is a dumpster present, then the religious establishment is considered as commercial and is not subject to the assessment.
- k. Model homes and "spec" homes are considered habitable residences and are assessed at the current rate per residential unit.

## **VI. ADJUSTMENTS TO MSBU ASSESSMENTS**

### **A. APPEALS OF ASSESSMENTS**

1. Property owners wishing to appeal or request a review of their assessment may contact the Office of Management & Budget. The Office of Management & Budget personnel shall complete a "Non-Ad Valorem Assessment Review Request" form to document the nature of the request.
2. All requests received prior to the deadline set forth by Florida Statutes (30 days after certification of the tax roll) each year shall be handled so as to allow payment of taxes before they become delinquent.

3. Staff shall investigate the request in consultation with the Property Appraiser, Building Division, and field investigation, if necessary, and make a determination as to whether or not an adjustment is warranted.
4. In the event staff determines that an adjustment to the assessment is warranted, a "Certificate of Correction" shall be completed and distributed to the Tax Collector, Property Appraiser, and appropriate MSBU official. For requests received prior to the deadline, revised tax bills will be sent by the Tax Collector reflecting the adjusted assessment.
5. Adjustments to assessments resulting from appeal/review requests received after the deadline will be entered into the computer and documented on a "Certificate of Correction" by the County Special Assessments staff; however, no change will be made to the current tax bill. The adjustment will be reflected on the next year's tax bill.

#### **B. REIMBURSEMENT OF ASSESSMENT PAYMENTS**

Property owners who have received adjustments to their assessments may request a reimbursement for previous years' assessment overpayments upon providing the Office of Management & Budget with sufficient proof of those overpayments.

1. Reimbursement will only be made for three years' prior assessments.
2. Reimbursement of non-ad valorem assessments will be reviewed and processed by the County Special Assessments staff, with the funding source being the appropriate MSBU budget.

### **VII. PROCEDURES FOR ADDITIONAL STREET LIGHTING INSTALLATIONS**

#### **1. INITIAL REQUESTS**

- A. All requests for additional street lights to be installed/added within established street lighting MSBU districts are to be in writing from the developer, spokesperson, or owners association of each MSBU district and submitted to the Special Assessments Office.

1. Developers of subdivisions within street lighting MSBU districts which have not been completely built out are to provide the number of units/phases anticipated to be platted before September 1 and number of lots and street lights to be activated during the ensuing fiscal year (developer is responsible for installation costs of lights).
  2. Residents of subdivisions within street lighting MSBU districts in which the developer is no longer involved shall submit a request to their MSBU's designated spokesperson or owners' association for consideration. If the spokesperson/owners association approves the individual's request for street light(s), the spokesperson/owners association is to submit a request to the Special Assessments Office indicating the proposed location of requested street light(s).
- B. All requests for additional street lights submitted to the Special Assessments Office will be forwarded to the affected electric company for review.
1. Within those subdivisions where the developer is involved, confirmation is requested from the electric company that the number of street lights within a subdivision that are to be transferred over from the developer to the MSBU is accurate and an addendum/contract prepared accordingly for submittal to the Board of County Commissioners for approval.
  2. Within those subdivisions where the developer is no longer involved, staff will forward the requests for street lighting to the affected electric company for confirmation that the requested location is acceptable. The electric company will confirm location where the street light(s) should be installed on a map and an addendum/contract prepared accordingly for submittal to the Board of County Commissioners for approval.

## **2. STREET LIGHTING REQUEST APPROVAL**

- A. All addendums/contracts for additional street lighting approved and executed by the Board of County Commissioners will be returned to the affected electric company.
1. Those street lights approved for transfer from the developer's account into the affected MSBU's account will be effective October 1 of the next fiscal year.

2. Street lighting installations approved for subdivisions where the developer is no longer involved can be installed immediately if the budget can support the operation of street light(s) for the remaining fiscal year. Otherwise, the installation will require budgeting for the next fiscal year and installed thereafter.

### **3. SPRING HILL STREET LIGHTING MSBU**

- A. The Spring Hill Street Lighting MSBU budgets for installation of 50 additional street lights each fiscal year. The following procedure has been developed based on the large number of requests received from residents within this MSBU district.
  1. All requests for street lighting withing the Spring Hill Street Lighting MSBU are processed by the Hernando County Special Assessments Coordinator.
  2. A citizen must contact the Special Assessments Office to submit a request for street lighting by giving their name, address, phone number, requested location of street light, WREC account number and state if there is an existing pole or not.
  3. Once 25 requests are received, each request is compared with the WREC street lighting location map provided to determine if the request is in an appropriate location. If the map does not indicate a pole at the requested location, the light is put on the next closest proposed location.
  4. After all 25 requests are checked, a letter listing all requested/proposed street lighting locations are forwarded to WREC for their review and approval.
  5. If WREC determines that all locations requested are appropriate, an addendum will be forwarded for Board of County Commission execution authorizing WREC to install each light/pole. Again, if a request is not appropriate, it will be placed on the next closest proposed location.
  6. After the addendum is received, a consent agenda memo to the Board will be prepared by the Special Assessments Office requesting approval and execution of the addendum, to authorize WREC to begin installation of the requested street lights.

7. Once the addendum is executed by the Board, the addendum is sent back to WREC with a letter asking them to begin installation immediately.
8. Installation of approved street lights may take up to two months after WREC receives the executed Addendum from Hernando County.
9. Requests will only be presented for final approval to the Board of County Commissioners every six months unless more than 25 requests are received within a six-month period.

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