

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

Date: April 14, 1998 Revised: _____

Subject: Educational Facilities

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>O'Farrell</u>	<u>O'Farrell</u>	<u>ED</u>	<u>Favorable</u>
2.	<u>Lombardi</u>	<u>Wilson</u>	<u>GO</u>	<u>Favorable/CS</u>
3.	_____	_____	<u>WM</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

The committee substitute will authorize school boards to rent or lease buildings or space within buildings for educational purposes, even if the buildings were originally constructed for some other purpose. Additionally, the school board, by resolution, may sell and lease back educational facilities to either a private or non-for-profit corporation for purposes of repairing, remodeling and providing site improvement. Prior to occupying such buildings, a board would have to hold a public meeting to adopt a resolution certifying that the educational facilities are needed, the lease or rental agreement is the most economically feasible way to acquire the needed facilities, the buildings or building space meet safety and health standards, and that the buildings or space have been examined by a licensed architect and a licensed structural engineer. The board could use operating funds or revenue from the 2 mill discretionary ad valorem levy for capital purposes to pay for the rental or lease agreements. The agreements would be exempt from the state excise tax.

This bill amends sections 201.24, 235.04, 235.056, and 236.25 of the Florida Statutes.

II. Present Situation:

Section 235.056(2), F.S., authorizes district school boards to rent or lease educational facilities or sites for school purposes for a period of up to one year. Any rental agreement for a period longer than one year that is to be paid for by ad valorem tax revenue is subject to an approving local referendum. Section 230.23(9)(b)5, F.S., also requires, notwithstanding any other statutes, referendum approval of any lease or rental agreement extending beyond 12 months that is to be paid for from ad valorem tax revenue. Such agreements and accompanying building plans must also be approved by the Department of Education.

School boards may use operating funds or revenue from the discretionary 2 mill district ad valorem tax authorized by s. 236.25(2), F.S., to pay for a facilities lease or rental agreement. Facilities and sites acquired in this manner must meet the following conditions:

- They must be inspected and be in compliance with either the state minimum building code pursuant to ch. 553, F.S., and the life safety codes pursuant to ch. 633, F.S., or the State Uniform Building Code for Public Educational Facilities Construction that is contained in the State Requirements for Educational Facilities (SREF);
- Plans for renovation or remodeling of any leased space must conform to either the state minimum building code and life safety codes, or the State Uniform Building Code for Educational Facilities Construction; and
- Annual inspection for any fire safety deficiencies and corrections.

Section 236.25(2), F.S., authorizes school boards to levy up to 2 mills of ad valorem taxes, without a referendum, for a variety of capital purposes, including the rental or lease of educational facilities and sites. Effective July 1, 2004, the expenditure of revenue from this millage levy will be restricted to the following:

- The construction, renovation, remodeling, and repair of educational facilities that provide space for the instruction of students;
- For the purchase, lease or lease-purchase of equipment, buildings, and materials directly related to the delivery of student instruction in such facilities; and
- The purchase, lease-purchase, or lease of school buses.

Chapter 97-384, L.O.F., which was enacted by the Legislature during the 1997 Special Session, requires the Department of Education to prepare a report on the use of leased facilities in each of the 67 school districts. The report is due on July 1, 1998, and must include information on: the number of students instructed in leased space, the number of permanent and leased spaces available for relocation, the number of prekindergarten student stations in permanent facilities, the physical condition of the leased facilities, how the leases are being financed, and any recommendations the department may have for change.

Section 201.24, F.S., exempts school boards that enter into rental, lease, or lease-purchase agreements for educational facilities and sites, under authority of s. 235.056(2), F.S., from the excise tax on any documents that result from the agreements.

III. Effect of Proposed Changes:

The committee substitute authorizes school boards to rent or lease for educational purposes buildings, or space within buildings, originally constructed or used for other purposes.

Additionally, the school board, by resolution, may sell and lease back educational facilities to either a private or non-for-profit corporation for purposes of repairing, remodeling and providing site improvement.

A building meeting all state minimum building codes and life safety codes is considered as meeting the requirements for use as an education facility. Prior to entering into such an agreement a school board is required to hold a public meeting and adopt a resolution certifying that the following circumstances prompted the action:

- The growth in school age population in the district has created a need for a new educational facility in a neighborhood where there is little or no vacant land;
- The vacant space in existing buildings meets the current state minimum building codes and life safety codes;
- The acquisition and conversion of existing buildings to educational facilities is a cost savings means of providing needed classroom space as verified by a comparison of the costs of new construction with the cost of rental or lease and conversion of existing buildings.
- A licensed structural engineer has examined the building(s) for suitability, safety, and conformance with state minimum building and life safety codes;
- A structural engineer has issued a certificate of evaluation stating that the building(s) meet the requirements of state minimum building and life safety codes, provide safe egress from the building(s), provides adequate fire safety, and doesn't pose a substantial threat to life for the persons who would occupy the building(s) for classroom use;
- An architect or structural engineer, licensed in Florida, prepared the plans for the building conversion, and the work was performed by state licensed contractors;
- The conversion of the building(s) was observed by an architect or structural engineer licensed in Florida;
- The local building department reviewed and inspected the building(s) and issued a certificate of occupancy; and
- All the ceilings, light fixtures, ducts, and registers in the areas to be used for classroom purposes have been constructed to meet minimum state requirements.

Property rental agreements entered into by school boards would be exempt from the excise tax on documents associated with the agreements.

The committee substitute will provide that revenue from the discretionary levy of up to 2 mills of ad valorem taxes for capital purposes may be spent on the rental or lease of buildings or building

space for educational purposes, even if the agreements extend beyond 12 months. Any multiple-year lease or rental agreements, however, are subject to a local referendum pursuant to ss. 230.23(9)(b)5. and 235.056(2), F.S. The legislation also provides that such rental or lease agreements would be authorized expenditures of the 2 mill revenue subsequent to July 1, 2003.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Private property owners could benefit from the legislation if they had buildings or building space that met school board needs for educational space.

C. Government Sector Impact:

School boards may be able to meet their educational space needs more economically and efficiently by exercising the authority the bill would grant.

VI. Technical Deficiencies:

None.

VII. Related Issues:

Rule SREF 1.4(7)(d), included by reference in 6-A-2.0111, F.A.C., provides that a board must sell property at a public sale. The bill provides that the school board by resolution may sell and lease back educational facilities to either a private or non-for-profit corporation for purposes of

repairing, remodeling and providing site improvement. This is a change in policy from that which is contained in the existing rule.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
