

By Senator Carlton

23-1439A-03

1 A bill to be entitled
2 An act relating to implementation of Amendment
3 9 to the State Constitution (November 2002
4 election); providing a short title; creating s.
5 1011.685, F.S.; establishing the Classrooms for
6 Kids operating categorical; providing for the
7 use of the funds by school districts; creating
8 s. 1013.735, F.S.; establishing the Classrooms
9 for Kids Program; providing for the allocation
10 of funds; providing requirements for district
11 participation in the program; providing for the
12 use of the funds; providing for pledges and
13 bond validation of the funds; providing for
14 cash payment in the use of the funds; creating
15 the Class Size Reduction Small County
16 Assistance Program; providing for the program
17 to provide funds to certain counties to assist
18 in implementing class size reduction; requiring
19 the Department of Education to administer the
20 program; providing an appropriation; providing
21 an appropriation to the School Infrastructure
22 Thrift Program; creating s. 1013.736, F.S.;
23 establishing the District Equity Recognition
24 Program; providing an appropriation; providing
25 for allocation of the appropriation on a 5-year
26 basis; providing for eligibility for school
27 district participation; establishing a district
28 equity ratio for purposes of calculating the
29 allocation for the program; providing for the
30 use of the funds; creating s. 1013.737, F.S.;
31 establishing the Class Size Reduction Lottery

1 Revenue Bond Program; authorizing the issuance
2 of revenue bonds to finance or refinance the
3 construction, acquisition, reconstruction, or
4 renovation of educational facilities;
5 specifying that the bonds are payable from
6 first proceeds of lottery revenues transferred
7 to the Educational Enhancement Trust Fund;
8 establishing a covenant with bondholders to not
9 materially and adversely affect their rights;
10 providing for issuance of the bonds by the
11 Division of Bond Finance on behalf of the
12 Department of Education; limiting the total
13 amount of such bonds issued; providing for
14 deposit of bond proceeds in the Lottery Capital
15 Outlay and Debt Service Trust Fund; providing
16 for the filing of complaints for validation;
17 providing for timely encumbrances of authorized
18 projects; amending s. 203.01, F.S.; increasing
19 the tax rate on the tax on gross receipts of
20 communications services; amending s. 202.12,
21 F.S.; reducing the tax rate on the tax on the
22 sales of communications services; amending s.
23 202.18, F.S.; revising the distributions of the
24 tax on the sales of communications services;
25 amending s. 212.20, F.S.; revising the
26 distributions of sales tax revenue to local
27 governments; amending s. 215.61, F.S.; revising
28 the determination of the amount of bonds
29 serviced by proceeds of the gross receipts tax
30 levied and collected pursuant to ch. 203, F.S.;
31 amending s. 24.121, F.S.; removing limitations

1 on lottery revenues that may be pledged to the
2 payment of debt service; amending s. 1002.37,
3 F.S.; revising reporting requirements for the
4 board of trustees of the Florida Virtual
5 School; providing for funding the Florida
6 Virtual School within the Florida Education
7 Finance Program; providing for the
8 determination of a credit; eliminating obsolete
9 provisions; amending s. 1011.24, F.S.;
10 designating the Florida Virtual School as a
11 special school district; amending s. 1011.61,
12 F.S.; redefining the term "full-time equivalent
13 student" to include a Florida Virtual School
14 student; providing for membership to exceed
15 certain maximum days of instruction; providing
16 for severability; providing an effective date.

17
18 WHEREAS, in 1998 the voters approved an amendment to
19 Section 1, Article IX of the State Constitution that required
20 the Legislature to establish by law a uniform, efficient,
21 safe, secure, and high-quality system of free public schools
22 that allows students to obtain a high-quality education, and

23 WHEREAS, in 2002 the voters of Florida approved a
24 further amendment to Section 1, Article IX of the State
25 Constitution to assure that students obtain a high-quality
26 education, and

27 WHEREAS, the voters defined a high-quality education
28 as, by 2010 a prekindergarten through grade 3 core-curricula
29 class size of no more than 18 students assigned to a teacher,
30 a grade 4 through grade 8 core-curricula class size of no more
31 than 22 students assigned to a teacher, and a grade 9 through

1 grade 12 core-curricula class size of no more than 25 students
2 assigned to a teacher, and

3 WHEREAS, Section 1, Article IX of the State
4 Constitution further requires that such reduced class sizes be
5 accomplished through a system that is both efficient and
6 uniform, and

7 WHEREAS, there are a number of ways that the
8 Legislature could implement the provisions of Amendment 9 to
9 Section 1, Article IX of the State Constitution, and

10 WHEREAS, the Legislature has chosen to focus on student
11 achievement, provide clarity of goals, allow flexibility to
12 reach those goals, recognize issues relating to equity of
13 implementation, and require accountability to meet the
14 standards set forth in the State Constitution, NOW, THEREFORE,

15

16 Be It Enacted by the Legislature of the State of Florida:

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18 Section 1. Sections 2 and 3 of this act may be cited
19 as the "Class Size Reduction Act."

20 Section 2. Section 1011.685, Florida Statutes, is
21 created to read:

22 1011.685 Classrooms for Kids operating categorical.--

23 (1) ALLOCATION.--The department shall allocate to each
24 district an amount prescribed by the Legislature for
25 implementing the class-size-reduction provisions of s. 1, Art.
26 IX of the State Constitution. The funds appropriated in this
27 categorical shall be prorated among all school districts based
28 upon each district's proportion of the Florida Education
29 Finance Program base funding.

30 (2) USE OF FUNDS.--Classrooms for Kids operating
31 categorical funds shall be used for the following:

1 (a) School districts that do not meet the
2 constitutional class size maximum caps described in s.
3 1003.03(1), or the two-student-per-year reduction goals
4 established for the district by the department pursuant to s.
5 1003.03(2), may use the funds in any lawful manner to reduce
6 class size but should give priority in the use of the funds to
7 hire or compensate classroom teachers as defined in s.
8 1012.01(2)(a).

9 (b) School districts that meet the constitutional
10 class size maximum caps described in s. 1003.03(1) or the
11 two-student-per-year reduction goals established for the
12 district by the department pursuant to s. 1003.03(2) may use
13 the funds for any lawful operating expenditure but should give
14 priority in the use of the funds to increase the salaries of
15 classroom teachers as defined in s. 1012.01(2)(a).

16 Section 3. Section 1013.735, Florida Statutes, is
17 created to read:

18 1013.735 Classrooms for Kids Program.--

19 (1) ALLOCATION.--The department shall allocate funds
20 appropriated for the Classrooms for Kids Program. It is the
21 intent of the Legislature that this program be administered as
22 nearly as practicable in the same manner as the capital outlay
23 program authorized under s. 9(d), Art. XII of the State
24 Constitution. Each district school board's share of the annual
25 appropriation for the Classrooms for Kids Program must be
26 calculated according to the following formula, but the share
27 of each district shall, at a minimum, be at least equal to the
28 amount required for all payments of the district relating to
29 bonds issued by the state on its behalf:

30 (a) Twenty-five percent of the appropriation shall be
31 prorated to the districts based on each district's percentage

1 of base capital outlay full-time equivalent membership, and 65
2 percent shall be based on each district's percentage of growth
3 capital outlay full-time equivalent membership as specified
4 for the allocation of funds from the Public Education Capital
5 Outlay and Debt Service Trust Fund by s. 1013.64(3).

6 (b) Ten percent of the appropriation must be allocated
7 among district school boards according to the allocation
8 formula in s. 1013.64(1)(a).

9 (2) DISTRICT PARTICIPATION.--In order to participate
10 in the Classrooms for Kids Program, a district school board
11 shall:

12 (a) Enter into an interlocal agreement pursuant to s.
13 1013.33.

14 (b) Certify that the district's inventory of
15 facilities listed in the Florida Inventory of School Houses is
16 accurate and up-to-date pursuant to s. 1013.31.

17 (3) USE OF FUNDS.--In order to increase capacity to
18 reduce class size, a district school board shall expend the
19 funds received pursuant to this section only to:

20 (a) Construct, renovate, remodel, repair, or maintain
21 educational facilities that are in excess of projects
22 identified in the district's 5-year work program;

23 (b) Purchase or lease-purchase relocatable facilities
24 that are in excess of relocatables identified in the
25 district's 5-year work program;

26 (c) Pay debt service on bonds issued pursuant to this
27 section, the proceeds of which must be expended for new
28 construction, remodeling, renovation, and major repairs that
29 are in excess of projects identified in the district's 5-year
30 work program; or

31

1 (d) Hire or supplement the salaries of classroom
2 teachers as defined in s. 1012.01(2)(a) pursuant to subsection
3 (6).

4 (4) PLEDGES.--Each district school board that pledges
5 moneys under paragraph (3)(c) shall notify the Department of
6 Education of its election at a time set by the department;
7 however, the initial notification shall be by September 2003.
8 The Department of Education shall review the proposal of each
9 district school board for compliance with this section and
10 shall forward all approved proposals to the Division of Bond
11 Finance with a request that the division issue bonds on behalf
12 of the approved school districts. The Division of Bond Finance
13 shall pool the pledges from all school districts making the
14 election in that year and shall issue the bonds on behalf of
15 the districts for a period not to exceed the distributions to
16 be received under s. 24.121(2). The bonds must be issued in
17 accordance with s. 11(d), Art. VII of the State Constitution,
18 and each project to be constructed with the proceeds of bonds
19 is hereby approved as provided in s. 11(e), Art. VII of the
20 State Constitution. The bonds shall be issued pursuant to the
21 State Bond Act to the extent not inconsistent with this
22 section.

23 (5) BOND VALIDATION.--Bonds issued under this section
24 must be validated as prescribed by chapter 75. The complaint
25 for the validation must be filed in the circuit court of the
26 county where the seat of state government is situated; the
27 notice required to be published by s. 75.06 must be published
28 only in the county where the complaint is filed; and the
29 complaint and order of the circuit court must be served only
30 on the state attorney of the circuit in which the action is
31 pending. The state covenants with holders of bonds issued

1 under this section that it will not take any action that will
2 materially and adversely affect the rights of such holders so
3 long as such bonds are outstanding.

4 (6) CRITERIA FOR CASH PAYMENT.--A school district may
5 only receive a cash distribution of non-PECO funds for use
6 pursuant to paragraph (3)(d) if the district school board
7 certifies to the Commissioner of Education that the district
8 has met the constitutional class size maximum caps described
9 in s. 1003.03(1).

10 Section 4. Class Size Reduction Small County
11 Assistance Program for the 2004-2005 fiscal year.--There is
12 established the Class Size Reduction Small County Assistance
13 Program for the 2004-2005 fiscal year.

14 (1) The purpose of the program is to provide funds to
15 school districts in small counties to assist in implementing
16 class size reduction. The program is intended to supplement
17 the Special Facility Construction Account authorized in
18 section 1013.64(2)(a), Florida Statutes, and does not affect
19 any award under that account. However, a school district may
20 not receive an award from this program and the Special
21 Facility Construction Account in the same fiscal year.

22 (2) The program shall be administered by the
23 Department of Education and shall use the procedures
24 established in section 1013.64(2)(a)1.-12., Florida Statutes,
25 relating to the Special Facility Construction Account.

26 (3) The sum of \$30 million is appropriated from the
27 Public Education Capital Outlay and Debt Service Trust Fund to
28 the Department of Education for the 2004-2005 fiscal year for
29 the purpose of implementing this program.

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1 (4) As used in this section, the term "small county"
2 means any county that has an unincarcerated population of
3 75,000 or fewer according to the most recent decennial census.

4 Section 5. The sum of \$100 million is appropriated
5 from the Public Education Capital Outlay and Debt Service
6 Trust Fund to the Department of Education for the 2003-2004
7 fiscal year. The purpose of this appropriation is to fund
8 awards under the School Infrastructure Thrift (SIT) Program
9 pursuant to sections 1013.42 and 1013.72, Florida Statutes.
10 The funds appropriated in this section are not subject to the
11 provisions of section 216.301, Florida Statutes.

12 Section 6. Effective upon this act becoming a law,
13 section 1013.736, Florida Statutes, is created to read:

14 1013.736 District Equity Recognition Program.--

15 (1) RECOGNITION FUNDS.--The sum of \$500 million is
16 appropriated from the Public Education Capital Outlay and Debt
17 Service Trust Fund for district equity recognition grants. The
18 amounts of funds authorized for district equity recognition
19 grant awards are \$50 million, \$75 million, \$100 million, \$125
20 million and \$150 million, in years 1, 2, 3, 4, and 5,
21 respectively. The funds appropriated in this section are not
22 subject to the provisions of s. 216.301.

23 (2) ELIGIBILITY.--Annually, the Department of
24 Education shall determine each district's compliance with the
25 provisions of s. 1003.03 and determine the district's
26 eligibility to receive a district equity recognition grant for
27 local school facilities projects pursuant to this section.
28 Districts shall be eligible for a district equity recognition
29 grant based upon participation in any of the following:

30 (a) The district levies a half-cent local option
31 school sales surtax authorized in s. 212.055(7).

1 (b) The district participates in the levy of the local
2 government infrastructure sales surtax authorized in s.
3 212.055(2).

4 (c) The district levies voted millage for capital
5 outlay purposes as authorized in s. 9, Art. VII of the State
6 Constitution.

7 (3) DISTRICT EQUITY RATIO.--The department shall
8 annually calculate a district equity ratio for each district
9 by September 1 after each fiscal year. The ratio shall be
10 defined as the sum of three products. Each product represents
11 the amount of revenue for the prior year from each revenue
12 levied as described in subsection (2) divided by 12,
13 multiplied by the number of authorized months remaining in
14 each voter referendum. The number of months remaining shall be
15 calculated as complete months after the last day of the prior
16 fiscal year. The Department of Revenue shall report the amount
17 of voter-approved revenue described in subsection (2). Only
18 the amount of voter-approved revenue described in paragraph
19 (2)(b) which has been identified for district fixed capital
20 outlay from the prior fiscal year shall be used in calculating
21 the district equity ratio.

22 (4) ALLOCATION AND DISTRIBUTION OF FUNDS.--The
23 department shall allocate the annual amount of funds provided
24 among all eligible districts based upon the district's
25 proportion of the funds as determined by the district's equity
26 ratio. Funds shall be distributed once a district has
27 encumbered the funds.

28 (5) USE OF FUNDS.--School districts that do not meet
29 the constitutional class size maximum caps described in s.
30 1003.03(1) must use the funds for capital outlay to reduce
31 class size. School districts that meet the constitutional

1 class size maximum caps may use the funds for any lawful
2 capital outlay purpose.

3 Section 7. Section 1013.737, Florida Statutes, is
4 created to read:

5 1013.737 The Class Size Reduction Lottery Revenue Bond
6 Program.--There is established the Class Size Reduction
7 Lottery Revenue Bond Program.

8 (1) The issuance of revenue bonds is authorized to
9 finance or refinance the construction, acquisition,
10 reconstruction, or renovation of educational facilities. Such
11 bonds shall be issued pursuant to and in compliance with the
12 provisions of s. 11(d), Art. VII of the State Constitution,
13 the provisions of the State Bond Act, ss. 215.57-215.83, as
14 amended, and the provisions of this section.

15 (2) The bonds are payable from, and secured by a first
16 lien on, the first lottery revenues transferred to the
17 Educational Enhancement Trust Fund each fiscal year, as
18 provided by s. 24.121(2), and do not constitute a general
19 obligation of, or a pledge of the full faith and credit of,
20 the state.

21 (3) The state hereby covenants with the holders of
22 such revenue bonds that it will not take any action that will
23 materially and adversely affect the rights of such holders so
24 long as bonds authorized by this section are outstanding. The
25 state does hereby additionally authorize the establishment of
26 a covenant in connection with the bonds which provides that
27 any additional funds received by the state from new or
28 enhanced lottery programs, video gaming, or other similar
29 activities will first be available for payments relating to
30 bonds pledging revenues available pursuant to s. 24.121(2),
31 prior to use for any other purpose.

1 (4) The bonds shall be issued by the Division of Bond
2 Finance of the State Board of Administration on behalf of the
3 Department of Education in such amount as shall be requested
4 by resolution of the State Board of Education. However, the
5 total principal amount of bonds, excluding refunding bonds,
6 issued pursuant to this section shall not exceed \$2,000
7 million.

8 (5) Proceeds available from the sale of the bonds
9 shall be deposited in the Lottery Capital Outlay and Debt
10 Service Trust Fund within the Department of Education.

11 (6) The facilities to be financed with the proceeds of
12 such bonds are designated as state fixed capital outlay
13 projects for purposes of s. 11(d), Art. VII of the State
14 Constitution, and the specific facilities to be financed shall
15 be identified by each district. Projects shall be funded from
16 the Lottery Capital Outlay and Debt Service Trust Fund. Each
17 educational facility to be financed with the proceeds of the
18 bonds issued pursuant to this section is hereby approved as
19 required by s. 11(f), Art. VII of the State Constitution.

20 (7) Any complaint for validation of such bonds is
21 required to be filed only in the circuit court of the county
22 where the seat of state government is situated. The notice
23 required to be published by s. 75.06 is required to be
24 published only in the county where the complaint is filed, and
25 the complaint and order of the circuit court need be served
26 only on the state attorney of the circuit in which the action
27 is pending.

28 Section 8. The Commissioner of Education shall provide
29 for timely encumbrances of funds for duly authorized projects.
30 Encumbrances may include proceeds to be received under a
31 resolution approved by the State Board of Education

1 authorizing issuance of class size reduction lottery bonds
2 pursuant to Section 11(d), Article VII of the State
3 Constitution, section 1013.737, Florida Statutes, and other
4 applicable law.

5 Section 9. Paragraph (b) of subsection (1) of section
6 203.01, Florida Statutes, is amended to read:

7 203.01 Tax on gross receipts for utility and
8 communications services.--

9 (1)

10 (b) The rate applied to utility services shall be 2.5
11 percent. The rate applied to communications services shall be
12 as follows:

13 1. Prior to January 1, 2004, 2.37 percent;

14 2. Beginning January 1, 2004, 2.749 percent; and

15 3. Beginning June 1, 2004, 2.722 percent.

16
17 However, notwithstanding subparagraphs 2. and 3., the rate
18 applied to communications services that are subject to the
19 exemption provided in s. 202.125(1) shall be 2.37 percent.

20 Section 10. Subsection (1) of section 202.12, Florida
21 Statutes, is amended to read:

22 202.12 Sales of communications services.--The
23 Legislature finds that every person who engages in the
24 business of selling communications services at retail in this
25 state is exercising a taxable privilege. It is the intent of
26 the Legislature that the tax imposed by chapter 203 be
27 administered as provided in this chapter.

28 (1) For the exercise of such privilege, a tax is
29 levied on each taxable transaction, and the tax is due and
30 payable as follows:

31

1 (a) Except as otherwise provided in this subsection,
2 ~~the at a rate of 6.8 percent~~ applied to the sales price of the
3 communications service which:

- 4 1. Originates and terminates in this state, or
- 5 2. Originates or terminates in this state and is
6 charged to a service address in this state,

7
8 when sold at retail, computed on each taxable sale for the
9 purpose of remitting the tax due shall be 6.8 percent.

10 Beginning January 1, 2004, the tax rate applied to the sales
11 price of the communications service shall be 6.421 percent.

12 Beginning June 1, 2004, the tax rate applied to the sales
13 price of the communications service shall be 6.448 percent.

14 The gross receipts tax imposed by chapter 203 shall be
15 collected on the same taxable transactions and remitted with
16 the tax imposed by this paragraph. If no tax is imposed by
17 this paragraph by reason of s. 202.125(1), the tax imposed by
18 chapter 203 shall nevertheless be collected and remitted in
19 the manner and at the time prescribed for tax collections and
20 remittances under this chapter.

21 (b) At the rate set forth in paragraph (a) on the
22 actual cost of operating a substitute communications system,
23 to be paid in accordance with s. 202.15. This paragraph does
24 not apply to the use by any dealer of his or her own
25 communications system to conduct a business of providing
26 communications services or any communications system operated
27 by a county, a municipality, the state, or any political
28 subdivision of the state. The gross receipts tax imposed by
29 chapter 203 shall be applied to the same costs, and remitted
30 with the tax imposed by this paragraph.

31

1 (c) At the rate of 10.8 percent on the retail sales
2 price of any direct-to-home satellite service received in this
3 state. Beginning January 1, 2004, the tax rate of 10.421
4 percent shall be imposed on the retail sales price of any
5 direct-to-home satellite service received in this state.
6 Beginning June 1, 2004, the tax rate of 10.448 percent shall
7 be imposed on the retail sales price of any direct-to-home
8 satellite service received in this state.The proceeds of the
9 tax imposed under this paragraph shall be accounted for and
10 distributed in accordance with s. 202.18(2). The gross
11 receipts tax imposed by chapter 203 shall be collected on the
12 same taxable transactions and remitted with the tax imposed by
13 this paragraph.

14 (d) At the rate set forth in paragraph (a) on the
15 sales price of private communications services provided within
16 this state. In determining the sales price of private
17 communications services subject to tax, the communications
18 service provider shall be entitled to use any method that
19 reasonably allocates the total charges among the states in
20 which channel termination points are located. An allocation
21 method is deemed to be reasonable for purposes of this
22 paragraph if the communications service provider regularly
23 used such method for Florida tax purposes prior to December
24 31, 2000. If a communications service provider uses a
25 reasonable allocation method, such provider shall be held
26 harmless from any liability for additional tax, interest, or
27 penalty based on a different allocation method. The gross
28 receipts tax imposed by chapter 203 shall be collected on the
29 same taxable transactions and remitted with the tax imposed by
30 this paragraph.

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1 (e) At the rate set forth in paragraph (a) applied to
2 the sales price of all mobile communications services deemed
3 to be provided to a customer by a home service provider
4 pursuant to s. 117(a) of the Mobile Telecommunications
5 Sourcing Act, Pub. L. No. 106-252, if such customer's service
6 address is located within this state.

7 Section 11. Paragraph (b) of subsection (2) of section
8 202.18, Florida Statutes, is amended to read:

9 202.18 Allocation and disposition of tax
10 proceeds.--The proceeds of the communications services taxes
11 remitted under this chapter shall be treated as follows:

12 (2) The proceeds of the taxes remitted under s.
13 202.12(1)(c) shall be divided as follows:

14 (b) The following portions of the remaining proceeds
15 ~~Sixty-three percent of the remainder~~ shall be allocated to the
16 state:

- 17 1. Prior to January 1, 2004, 63 percent;
- 18 2. Beginning February 1, 2004, 61.617 percent; and
- 19 3. Beginning July 1, 2004, 61.712 percent.

20
21 The proceeds of this paragraph shall be ~~and~~ distributed
22 pursuant to s. 212.20(6), except that the proceeds allocated
23 pursuant to s. 212.20(6)(d)3. shall be prorated to the
24 participating counties in the same proportion as that month's
25 collection of the taxes and fees imposed pursuant to chapter
26 212 and paragraph (1)(b).

27 Section 12. Paragraph (d) of subsection (6) of section
28 212.20, Florida Statutes, as amended by section 1 of chapter
29 2002-291, Laws of Florida, is amended to read:

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1 212.20 Funds collected, disposition; additional powers
2 of department; operational expense; refund of taxes
3 adjudicated unconstitutionally collected.--

4 (6) Distribution of all proceeds under this chapter
5 and s. 202.18(1)(b) and (2)(b) shall be as follows:

6 (d) The proceeds of all other taxes and fees imposed
7 pursuant to this chapter or remitted pursuant to s.
8 202.18(1)(b) and (2)(b) shall be distributed as follows:

9 1. In any fiscal year, the greater of \$500 million,
10 minus an amount equal to 4.6 percent of the proceeds of the
11 taxes collected pursuant to chapter 201, or 5 percent of all
12 other taxes and fees imposed pursuant to this chapter or
13 remitted pursuant to s. 202.18(1)(b) and (2)(b) shall be
14 deposited in monthly installments into the General Revenue
15 Fund.

16 2. Two-tenths of one percent shall be transferred to
17 the Ecosystem Management and Restoration Trust Fund to be used
18 for water quality improvement and water restoration projects.

19 3. After the distribution under subparagraphs 1. and
20 2., ~~9.653 percent~~ of the amount remitted by a sales tax dealer
21 located within a participating county pursuant to s. 218.61,
22 the following share shall be transferred into the Local
23 Government Half-cent Sales Tax Clearing Trust Fund:—

24 a. Prior to February 1, 2004, 9.653 percent;

25 b. Beginning February 1, 2004, 9.678 percent; and

26 c. Beginning July 1, 2004, 9.700 percent.

27 4. After the distribution under subparagraphs 1., 2.,
28 and 3., of the remaining proceeds the following share ~~0.065~~
29 ~~percent~~ shall be transferred to the Local Government Half-cent
30 Sales Tax Clearing Trust Fund:

31 a. Prior to February 1, 2004, 0.065 percent;

- 1 b. Beginning February 1, 2004, 0.0653 percent; and
2 c. Beginning July 1, 2004, 0.0654 percent.

3
4 The transfer pursuant to this subparagraph shall be and
5 distributed pursuant to s. 218.65.

6 5. For proceeds received after July 1, 2000, and after
7 the distributions under subparagraphs 1., 2., 3., and 4., ~~2.25~~
8 percent of the available proceeds pursuant to this paragraph
9 the following share shall be transferred monthly to the
10 Revenue Sharing Trust Fund for Counties pursuant to s.
11 218.215:—

- 12 a. Prior to February 1, 2004, 2.25 percent;
13 b. Beginning February 1, 2004, 2.263 percent; and
14 c. Beginning July 1, 2004, 2.264 percent.

15 6. For proceeds received after July 1, 2000, and after
16 the distributions under subparagraphs 1., 2., 3., and 4.,
17 ~~1.0715 percent~~ of the available proceeds pursuant to this
18 paragraph the following share shall be transferred monthly to
19 the Revenue Sharing Trust Fund for Municipalities pursuant to
20 s. 218.215:—

- 21 a. Prior to February 1, 2004, 1.0715 percent;
22 b. Beginning February 1, 2004, 1.0776 percent;
23 c. Beginning July 1, 2004, 1.078 percent.

24
25 If the total revenue to be distributed pursuant to this
26 subparagraph is at least as great as the amount due from the
27 Revenue Sharing Trust Fund for Municipalities and the
28 Municipal Financial Assistance Trust Fund in state fiscal year
29 1999-2000, no municipality shall receive less than the amount
30 due from the Revenue Sharing Trust Fund for Municipalities and
31 the Municipal Financial Assistance Trust Fund in state fiscal

1 year 1999-2000. If the total proceeds to be distributed are
2 less than the amount received in combination from the Revenue
3 Sharing Trust Fund for Municipalities and the Municipal
4 Financial Assistance Trust Fund in state fiscal year
5 1999-2000, each municipality shall receive an amount
6 proportionate to the amount it was due in state fiscal year
7 1999-2000.

8 7. Of the remaining proceeds:

9 a. Beginning July 1, 2000, and in each fiscal year
10 thereafter, the sum of \$29,915,500 shall be divided into as
11 many equal parts as there are counties in the state, and one
12 part shall be distributed to each county. The distribution
13 among the several counties shall begin each fiscal year on or
14 before January 5th and shall continue monthly for a total of 4
15 months. If a local or special law required that any moneys
16 accruing to a county in fiscal year 1999-2000 under the
17 then-existing provisions of s. 550.135 be paid directly to the
18 district school board, special district, or a municipal
19 government, such payment shall continue until such time that
20 the local or special law is amended or repealed. The state
21 covenants with holders of bonds or other instruments of
22 indebtedness issued by local governments, special districts,
23 or district school boards prior to July 1, 2000, that it is
24 not the intent of this subparagraph to adversely affect the
25 rights of those holders or relieve local governments, special
26 districts, or district school boards of the duty to meet their
27 obligations as a result of previous pledges or assignments or
28 trusts entered into which obligated funds received from the
29 distribution to county governments under then-existing s.
30 550.135. This distribution specifically is in lieu of funds
31 distributed under s. 550.135 prior to July 1, 2000.

1 b. The department shall distribute \$166,667 monthly
2 pursuant to s. 288.1162 to each applicant that has been
3 certified as a "facility for a new professional sports
4 franchise" or a "facility for a retained professional sports
5 franchise" pursuant to s. 288.1162. Up to \$41,667 shall be
6 distributed monthly by the department to each applicant that
7 has been certified as a "facility for a retained spring
8 training franchise" pursuant to s. 288.1162; however, not more
9 than \$208,335 may be distributed monthly in the aggregate to
10 all certified facilities for a retained spring training
11 franchise. Distributions shall begin 60 days following such
12 certification and shall continue for not more than 30 years.
13 Nothing contained in this paragraph shall be construed to
14 allow an applicant certified pursuant to s. 288.1162 to
15 receive more in distributions than actually expended by the
16 applicant for the public purposes provided for in s.
17 288.1162(6). However, a certified applicant is entitled to
18 receive distributions up to the maximum amount allowable and
19 undistributed under this section for additional renovations
20 and improvements to the facility for the franchise without
21 additional certification.

22 c. Beginning 30 days after notice by the Office of
23 Tourism, Trade, and Economic Development to the Department of
24 Revenue that an applicant has been certified as the
25 professional golf hall of fame pursuant to s. 288.1168 and is
26 open to the public, \$166,667 shall be distributed monthly, for
27 up to 300 months, to the applicant.

28 d. Beginning 30 days after notice by the Office of
29 Tourism, Trade, and Economic Development to the Department of
30 Revenue that the applicant has been certified as the
31 International Game Fish Association World Center facility

1 pursuant to s. 288.1169, and the facility is open to the
2 public, \$83,333 shall be distributed monthly, for up to 168
3 months, to the applicant. This distribution is subject to
4 reduction pursuant to s. 288.1169. A lump sum payment of
5 \$999,996 shall be made, after certification and before July 1,
6 2000.

7 8. All other proceeds shall remain with the General
8 Revenue Fund.

9 Section 13. Subsection (3) of section 215.61, Florida
10 Statutes, is amended to read:

11 215.61 State system of public education capital outlay
12 bonds.--

13 (3) No bonds authorized by s. 9(a)(2), Art. XII of the
14 State Constitution shall be issued in an amount exceeding 90
15 percent of the amount which the State Board of Education
16 determines can be serviced by the revenues derived from the
17 gross receipts tax levied and collected pursuant to chapter
18 203. In determining the amount which can be serviced by the
19 gross receipts tax, the State Board of Education shall utilize
20 the average annual amount of revenue collected for the tax
21 periods during the 24 months immediately preceding the most
22 recent collection date prior to the date of issuance of any
23 such bonds, adjusted to reflect revenues that would have been
24 collected had legislation enacted into law prior to the date
25 of determination been in effect during the 24-month period.
26 The adjustment shall be based on the assumption that the
27 provisions of the enacted legislation had taken effect 24
28 months prior to the dates contemplated in the legislation. For
29 purpose of the approval required by s. 215.73, official
30 estimates of future collections furnished by the State Board
31 of Education prior to the estimated date of issuance shall be

1 used to determine fiscal sufficiency. ~~However, 100 percent of~~
2 ~~the amount required to provide for the debt service for the~~
3 ~~current fiscal year of the bonds issued prior to July 1, 1975,~~
4 ~~under the provisions of s. 9(a)(2), Art. XII of the State~~
5 ~~Constitution shall be deducted in making the determination.~~

6 Section 14. Subsection (2) of section 24.121, Florida
7 Statutes, is amended to read:

8 24.121 Allocation of revenues and expenditure of funds
9 for public education.--

10 (2) Each fiscal year, at least 38 percent of the gross
11 revenue from the sale of on-line lottery tickets, variable
12 percentages of the gross revenue from the sale of instant
13 lottery tickets as determined by the department consistent
14 with subsection (1), and other earned revenue, excluding
15 application processing fees, shall be deposited in the
16 Educational Enhancement Trust Fund, which is hereby created in
17 the State Treasury to be administered by the Department of
18 Education. The Department of the Lottery shall transfer moneys
19 to the Educational Enhancement Trust Fund at least once each
20 quarter. Funds in the Educational Enhancement Trust Fund shall
21 be used to the benefit of public education in accordance with
22 the provisions of this act. Notwithstanding any other
23 provision of law, ~~a maximum of \$180 million of~~ lottery
24 revenues transferred to the Educational Enhancement Trust Fund
25 ~~in fiscal year 1997-1998 and for 30 years thereafter~~ shall be
26 reserved as needed and used to meet the requirements of the
27 documents authorizing the bonds issued by the state pursuant
28 to s. 1013.68, or s. 1013.70, s.1013.735, or s. 1013.737 or
29 distributed to school districts for the Classrooms First
30 Program as provided in s. 1013.68. Such lottery revenues are
31 hereby pledged to the payment of debt service on bonds issued

1 by the state pursuant to s. 1013.68,~~or~~ s. 1013.70,
2 s.1013.735, or s. 1013.737. Debt service payable on bonds
3 issued by the state pursuant to s. 1013.68,~~or~~ s. 1013.70,
4 s.1013.735, or s. 1013.737 shall be payable from, and are
5 secured by a first lien on,the first lottery revenues
6 transferred to the Educational Enhancement Trust Fund in each
7 fiscal year. Amounts distributable to school districts that
8 request the issuance of bonds pursuant to s. 1013.68(3) are
9 hereby pledged to such bonds pursuant to s. 11(d), Art. VII of
10 the State Constitution. The amounts distributed through the
11 Classrooms First Program shall equal \$145 million in each
12 fiscal year. ~~These funds are intended to provide up to \$2.5~~
13 ~~billion for public school facilities.~~

14 Section 15. Paragraph (h) of subsection (2) and
15 subsection (3) of section 1002.37, Florida Statutes, are
16 amended to read:

17 1002.37 The Florida Virtual School.--

18 (2) The Florida Virtual School shall be governed by a
19 board of trustees comprised of seven members appointed by the
20 Governor to 4-year staggered terms. The board of trustees
21 shall be a public agency entitled to sovereign immunity
22 pursuant to s. 768.28, and board members shall be public
23 officers who shall bear fiduciary responsibility for the
24 Florida Virtual School. The board of trustees shall have the
25 following powers and duties:

26 (h) The board of trustees shall ~~annually~~ submit to the
27 State Board of Education both forecasted and actual
28 enrollments and credit completions for the Florida Virtual
29 School, according to procedures established by the State Board
30 of Education. At a minimum, such procedures must include the
31

1 number of public, private, and home education students served
2 by program and by county of residence ~~district~~.

3
4 The Governor shall designate the initial chair of the board of
5 trustees to serve a term of 4 years. Members of the board of
6 trustees shall serve without compensation, but may be
7 reimbursed for per diem and travel expenses pursuant to s.
8 112.061. The board of trustees shall be a body corporate with
9 all the powers of a body corporate and such authority as is
10 needed for the proper operation and improvement of the Florida
11 Virtual School. The board of trustees is specifically
12 authorized to adopt rules, policies, and procedures,
13 consistent with law and rules of the State Board of Education
14 related to governance, personnel, budget and finance,
15 administration, programs, curriculum and instruction, travel
16 and purchasing, technology, students, contracts and grants,
17 and property as necessary for optimal, efficient operation of
18 the Florida Virtual School. Tangible personal property owned
19 by the board of trustees shall be subject to the provisions of
20 chapter 273.

21 (3) Funding for the Florida Virtual School shall be
22 provided as follows:

23 (a) A "full-time equivalent student" for the Florida
24 Virtual School is one student who has successfully completed
25 six credits that shall count toward the minimum number of
26 credits required for high school graduation. A student who
27 completes less than six credits shall be a fraction of a
28 full-time equivalent student. Half credit completions shall be
29 included in determining a full-time equivalent student. Credit
30 completed by a student in excess of the minimum required for
31

1 that student for high school graduation is not eligible for
2 funding.

3 (b) Full-time equivalent student credit completed
4 through the Florida Virtual School, including credits
5 completed during the summer, shall be reported to the
6 Department of Education in the manner prescribed by the
7 department and shall be funded through the Florida Education
8 Finance Program.

9 (c) School districts may not limit student access to
10 courses offered through the Florida Virtual School.

11 (d) Full-time equivalent student credit completion for
12 courses offered through the Florida Virtual School shall be
13 reported only by the Florida Virtual School. School districts
14 shall report full-time equivalent student membership only for
15 courses for which the district provides the instruction.

16 (e) The district cost differential as provided in s.
17 1011.62(2) shall be established as 1.000.

18 (f) The school shall receive funds for operating
19 purposes in an amount determined as follows: multiply the
20 maximum allowable nonvoted discretionary millage for
21 operations pursuant to s. 1011.71(1) by the value of 95
22 percent of the current year's taxable value for school
23 purposes for the state; divide the result by the total
24 full-time equivalent membership of the state; and multiply the
25 result by the full-time equivalent membership of the school.
26 The amount thus obtained shall be discretionary operating
27 funds and shall be appropriated from state funds in the
28 General Appropriations Act.

29 (g) Additional state funds as may be provided in the
30 General Appropriations Act.

31

1 (h) In addition to the funds provided in the General
2 Appropriations Act, the school may receive other funds from
3 grants and donations.

4 ~~(3)(a) Until fiscal year 2003-2004, the Commissioner~~
5 ~~of Education shall include the Florida Virtual School as a~~
6 ~~grant-in-aid appropriation in the department's legislative~~
7 ~~budget request to the State Board of Education, the Governor,~~
8 ~~and the Legislature, subject to any guidelines imposed in the~~
9 ~~General Appropriations Act.~~

10 ~~(b) The Orange County District School Board shall be~~
11 ~~the temporary fiscal agent of the Florida Virtual School.~~

12 Section 16. Section 1011.24, Florida Statutes, is
13 amended to read:

14 1011.24 Special district units.--For the purposes of
15 funding through this chapter and chapter 1013, developmental
16 research schools and the Florida Virtual School shall be
17 designated as special school districts. Such districts shall
18 be accountable to the Department of Education for budget
19 requests and reports on expenditures.

20 Section 17. Paragraph (c) of subsection (1) of section
21 1011.61, Florida Statutes, is amended to read:

22 1011.61 Definitions.--Notwithstanding the provisions
23 of s. 1000.21, the following terms are defined as follows for
24 the purposes of the Florida Education Finance Program:

25 (1) A "full-time equivalent student" in each program
26 of the district is defined in terms of full-time students and
27 part-time students as follows:

28 (c)1. A "full-time equivalent student" is:

29 a. A full-time student in any one of the programs
30 listed in s. 1011.62(1)(c); or

31

1 b. A combination of full-time or part-time students in
2 any one of the programs listed in s. 1011.62(1)(c) which is
3 the equivalent of one full-time student based on the following
4 calculations:

5 (I) A full-time student, except a postsecondary or
6 adult student or a senior high school student enrolled in
7 adult education when such courses are required for high school
8 graduation, in a combination of programs listed in s.
9 1011.62(1)(c) shall be a fraction of a full-time equivalent
10 membership in each special program equal to the number of net
11 hours per school year for which he or she is a member, divided
12 by the appropriate number of hours set forth in subparagraph
13 (a)1. or subparagraph (a)2. The difference between that
14 fraction or sum of fractions and the maximum value as set
15 forth in subsection (4) for each full-time student is presumed
16 to be the balance of the student's time not spent in such
17 special education programs and shall be recorded as time in
18 the appropriate basic program.

19 (II) A prekindergarten handicapped student shall meet
20 the requirements specified for kindergarten students.

21 (III) A Florida Virtual School full-time student shall
22 consist of six full credit completions in the programs listed
23 in s. 1011.62(1)(c)1., 3., and 4. Credit completions can be a
24 combination of either full or half credit.

25 2. A student in membership in a program scheduled for
26 more or less than 180 school days is a fraction of a full-time
27 equivalent membership equal to the number of instructional
28 hours in membership divided by the appropriate number of hours
29 set forth in subparagraph (a)1.; however, for the purposes of
30 this subparagraph, membership in programs scheduled for more
31

1 than 180 days is limited to students enrolled in juvenile
2 justice education programs and the Florida Virtual School.

3
4 Students enrolled in both a public school and Florida Virtual
5 School are authorized to exceed the 180 maximum; however, the
6 public school may not offer or report the equivalent
7 instruction in excess of 180 days or 900 hours.The department
8 shall determine and implement an equitable method of
9 equivalent funding for experimental schools and for schools
10 operating under emergency conditions, which schools have been
11 approved by the department to operate for less than the
12 minimum school day.

13 Section 18. If any provision of this act or its
14 application to any person or circumstance is held invalid, the
15 invalidity does not affect other provisions or applications of
16 the act which can be given effect without the invalid
17 provision or application, and to this end the provisions of
18 this act are severable.

19 Section 19. This act shall take effect July 1, 2003.

20
21 *****

22 SENATE SUMMARY

23 Creates the "Class Size Reduction Act" to implement
24 Amendment 9 to the State Constitution. Creates the
25 Classrooms for Kids operating categorical to be prorated
26 among school districts. Creates the Classrooms for Kids
27 Program and authorizes the issuance of bonds. Creates the
28 Class Size Reduction Small County Assistance Program to
29 assist in implementing class size reduction. Provides
30 appropriations. Establishes the Class Size Reduction
31 Lottery Revenue Bond Program and authorizes the issuance
of bonds. Revises tax rates on communications services.
Revises the distributions of certain sales tax revenue to
local governments. Provides for the Florida Virtual
School to be funded within the Florida Education Finance
Program and designates the school as a special district.
(See bill for details.)