

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 43 School Capital Outlay Surtax

SPONSOR(S): Sorensen

TIED BILLS: IDEN./SIM. BILLS:

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Education K-20		Porter	Bohannon
2) Finance and Tax			
3) Education Appropriations			
4)			
5)			

SUMMARY ANALYSIS

The bill will allow school boards in counties with a population of 100,000 or less to use up to 50 percent of a .5 percent discretionary sales tax approved by voters for teacher salaries and benefits, as long as it is not otherwise obligated to cover bond indebtedness.

The bill provides for a repeal date of July 1, 2008.

The bill provides for an effective date of July 1, 2004.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|-----------------------------|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. EFFECT OF PROPOSED CHANGES:

School boards are allowed under s. 212.055(6) to levy a .5 percent discretionary surtax when approved by a majority vote of the electors of the county. The surtax can only be used for fixed capital expenditures or fixed capital costs associated with the construction, reconstruction, or improvement of school facilities and campuses which have a useful life of 5 or more years. The statute currently states that neither the proceeds of the surtax nor any interest accrued by the proceeds shall be used for operational expenses.

The bill would allow the school boards in counties with populations of 100,000 or less to use up to 50 percent of the revenue generated by the surtax to be used for teacher salaries and benefits.

The bill requires that the resolution providing for the imposition of the surtax specify the percentage of the surtax to be used for teacher salaries and benefits.

The bill requires the school board's plan for the use of the surtax revenue to include uses solely for salaries and benefits for teachers and to provide criteria to account for the use of surtax proceeds for teacher salaries and benefits.

The bill requires the school board's plan to include an annual report documenting the use of surtax proceeds for teacher salaries and benefits.

The bill requires school boards in counties with a population of 100,00 or less that have already approved a surtax to seek a new resolution for approval by voters before proceeds from the surtax can be used for teacher salaries and benefits and requires that the percentage of the surtax that can be used for teacher salaries and benefits is only available to the extent that proceeds from an already approved surtax are not obligated to service bond indebtedness.

The bill includes a repeal date of July 1, 2008.

C. SECTION DIRECTORY:

Section 1 – Amends s. 212.055, F.S. relating to discretionary sales surtaxes

Section 2 – Provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The bill has no fiscal impact on state government.

2. Expenditures:

The bill has no fiscal impact on state government.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The bill has no fiscal impact on local government.

2. Expenditures:

For districts with populations of 100,000 or less who impose a school capital outlay surtax, this bill allows the flexibility to divert up to 50% of the surtax revenues from capital outlay projects to the operational expenditure of teachers' salaries and benefits.

Currently only three districts with populations under 100,000 (Gulf, Jackson and Monroe) impose the school capital outlay surtax. These districts may use up to 50% of the revenues from the surtax for teacher salaries and benefits only if a new resolution is approved by a majority of voters.

The following chart presents the maximum potential diversion of funds in these three districts as provided by this bill. The projected revenue assumes that the average monthly revenue for 2002-03 continues at the same level throughout the term of the referendum or July 1, 2008, whichever occurs first.

County	Monthly revenue for 2003	Number of months left in referendum or months until 7/1/08 (from 7/1/04)	Projected revenue remaining in term of referendum	Potential revenue available for teacher salaries and benefits (diverted from capital)
Gulf	33,764	48	1,620,664	810,332
Jackson	141,045	30	4,231,358	2,115,679
Monroe	788,968	18	14,201,415	7,100,708

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill has no impact on the private sector.

D. FISCAL COMMENTS:

- Many districts are experiencing increasing demand for capital outlay dollars to provide the classrooms mandated by the class size reduction amendment. While this bill allows school districts flexibility in the expenditure of proceeds from the school capital outlay discretionary sales surtax, it does not expand the maximum rate of the tax. Therefore, any dollars used for teacher salaries and benefits would come directly from dollars that would have been used for capital outlay purposes.
- Teacher salaries and benefits are recurring expenditures. Proposed legislation provides a funding source for recurring expenditures which is scheduled to be repealed July 1, 2008.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require a city or county to spend funds or to take any action requiring the expenditure of funds.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill does not create any rulemaking authority.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES