

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 43 w/CS School Capital Outlay Surtax

SPONSOR(S): Sorensen

TIED BILLS: **IDEN./SIM. BILLS:**

| REFERENCE | ACTION | ANALYST | STAFF DIRECTOR |
|--|-----------------------|----------------|-----------------------|
| 1) <u>Education K-20</u> | <u>29 Y, 0 N w/CS</u> | <u>Porter</u> | <u>Bohannon</u> |
| 2) <u>Finance and Tax</u> | <u>22 Y, 0 N</u> | <u>Monroe</u> | <u>Diez-Arguelles</u> |
| 3) <u>Subcommittee on Education Appropriations</u> | <u></u> | <u></u> | <u></u> |
| 4) <u>Appropriations</u> | <u></u> | <u></u> | <u></u> |
| 5) <u></u> | <u></u> | <u></u> | <u></u> |

SUMMARY ANALYSIS

The bill will allow school boards to use up to 50 percent of the half cent School Capital Outlay Surtax for teacher salaries and benefits, as long as it is not otherwise obligated to cover bond indebtedness, and this use was approved by voters.

The bill provides has an effective date of July 1, 2004 and will stand repealed on July 1, 2008.

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 half-cent discretionary surtax called the School Capital Outlay Surtax if the levy is approved by 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 school boards to use up to 50 percent of the revenue generated by the Surtax 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 school boards that have already approved the Surtax to seek a new resolution before proceeds from the Surtax can be used for teacher salaries and benefits. The bill further provides that the percentage of the Surtax that can be used for teacher salaries and benefits is limited to the proceeds that are not already obligated to service bond indebtedness.

The bill requires that the school board's plan for the use of the Surtax proceeds includes the use of proceeds for salaries and benefits and provides criteria to account for such use of the proceeds. The plan must also require an annual report documenting the use of Surtax proceeds for teacher salaries and benefits.

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:

The bill does not directly increase the expenditures of school boards. However, the bill provides school boards the flexibility to divert up to 50% of the revenues from the Surtax from capital outlay projects for use as operational expenditures for teachers' salaries and benefits.

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 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. The 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

The bill was amended in the Education K-20 Committee on March 24, 2004 to provide all districts the same flexibility in the use of surtax revenue. The bill, as originally filed, only applied to counties with populations of 100,000 or less.