

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: CS/CS/SB 546

SPONSOR: Appropriations Committee, Education Committee and Senator Bennett

SUBJECT: District School Taxation

DATE: March 4, 2004 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Woodruff</u>	<u>O'Farrell</u>	<u>ED</u>	<u>Favorable/CS</u>
2.	<u>Armstrong</u>	<u>Newman</u>	<u>AED</u>	<u>Favorable/CS</u>
3.	_____	_____	<u>AP</u>	<u>Withdrawn: Favorable/CS</u>
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

In addition to the required local effort millage and nonvoted current operating discretionary millage allowed to be assessed for operating purposes each year, local school boards are permitted to levy without a referendum not more than two mills against the taxable value of property in the county for non-operating purposes, also known as capital improvement millage.

The bill would expand the list of approved expenditures from this millage levy identified in subsections (2) and (5) (a) of section 1011.71, Florida Statutes, to allow the payment of property and casualty insurance premiums on the educational facilities of the school district. In addition, the bill amends section 200.065 (9), Florida Statutes, to include the property and casualty insurance expenditure for educational facilities as part of the required public notice a district must advertise before it may levy the discretionary ad valorem tax.

This bill substantially amends sections 1011.71 and 200.065 of the Florida Statutes.

II. Present Situation:

Subsections (2) and (5) (a) of section 1011.71, Florida Statutes, identify the specific purposes for which a school district may expend funds collected through the discretionary two-mill levy for capital improvement. Currently, the payment of insurance premiums on the district's educational facilities is not included; premiums are paid from a district's operating budget revenues. Testimony before the Senate Appropriations Subcommittee on Education in 2003 by a school district superintendent indicated that buildings were not covered by casualty and property insurance because of insufficient operating funds.

A list of statutorily approved expenditures from the two mill levy appears in both subsections (2) and (5) (a) of section 1011.71, Florida Statutes. If a district school board chooses to levy a discretionary capital outlay millage, section 200.065, Florida Statutes, requires a public notice be published identifying within general categories how the funds will be expended. The required language and general categories reflect the current statutorily approved expenditures. The language does not include a category for payment for property and casualty insurance premiums.

III. Effect of Proposed Changes:

The list of approved expenditures from the proceeds of a district's discretionary two mill tax levy authorized by subsections (2) and (5) (a) of section 1011.71, Florida Statutes, would be expanded to include the payment of property and casualty insurance premiums to insure the educational facilities of the school district.

Section 200.065 (9), Florida Statutes, identifies the general categories for the public notice advertisement which a district must provide before it may levy the discretionary ad valorem tax. The bill amends the section to include a new general category for payment of property and casualty insurance premiums.

The bill's effective date is July 1, 2004.

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:

None.

C. Government Sector Impact:

The bill would allow a school district to pay for property and casualty insurance premiums on its educational facilities from revenue generated from the two-mill capital improvement tax levy, rather than from operating sources. The effect of this action would be to free-up operating revenues to be used for other purposes.

For 2001-02, school district total expenditures for property, casualty, and liability insurance were \$109 million. This amount was estimated to be \$160 million for 2002-03 and \$213 million for 2003-04. Expenditures for these insurance premiums are roughly ten percent of two mill levy revenues. School district capital improvement revenue from the two mill levy for 2002-03 was \$1.6 billion; for 2003-04 is estimated to be \$1.8 billion; and for 2004-05 is estimated to be \$2 billion.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

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