

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1595 Uses of the District School Tax
SPONSOR(S): Kendrick and others
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>PreK-12 Committee</u>	<u>9 Y, 0 N</u>	<u>Howlette</u>	<u>Mizereck</u>
2) <u>Education Appropriations Committee</u>	<u>15 Y, 0 N</u>	<u>Eggers</u>	<u>Hamon</u>
3) <u>Education Council</u>	<u>11 Y, 0 N</u>	<u>Howlette</u>	<u>Cobb</u>
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

School Boards are authorized to levy not more than 2 mills in local property taxes for capital outlay projects directly related to school construction.

House Bill 1595 allows school districts that meet the annual class size reduction targets in section 1003.03, F.S., more flexibility for expenditure of these funds.

The bill has an effective date of July 1, 2005.

The bill does not appear to have a fiscal impact on state or local government.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide limited government: The bill provides increased flexibility for the use of local 2 mill funds to districts that have met class size reduction requirements.

B. Effect of Proposed Changes

Subsection 1011.71(2) F.S., authorizes school boards to levy not more than 2 mills in local property taxes for capital outlay projects directly related to school instruction. One mill is \$1 of property tax revenue for every \$1,000 valuation of property. A house with an assessment value of \$100,000 that qualified for the \$25,000 homestead exemption would generate \$75 for every one mill of property taxes. In the 2004-05 fiscal year, fifty-six districts levied the full 2 mills, eight districts levied between .50 mills and 1.938 mills. Three districts did not levy the tax. The amount of \$2.0 billion will be raised in the 2004-05 fiscal year in two mill funds.

Subsections (2) and (5) of section 1011.71, F.S., govern school district use of locally generated 2 mill capital outlay funds.

Subsection (2) preceded (5) in existence. Subsection (2) allowed the 2 mill funds to be spent across a broader and more general range of items, as long as the expenditures were included in the educational plant survey and work plan, thus holding districts accountable through the planning process.

Subsection (5) was added during the 1997 Special Session, which was held to address educational capital outlay needs. Subsection (5) provides less flexibility than subsection (2) and ties the use of locally generated 2 mill dollars only to projects that are directly related to student instruction. According to the Department of Education, 2 mill funds cannot be spent on anything other than student/classroom related equipment and buildings. There is no provision to allow districts to use 2 mill funds for: new construction and remodeling of administrative buildings and related equipment necessary to provide support services to an educational program; motor vehicles used for maintenance or operation of plants and equipment; or for the purchase, lease purchase, or lease of driver's education vehicles, security vehicles, and vehicles used in storing or distributing materials and equipment. These expenditures were authorized in subsection (2). The restrictions of subsection (5) do not apply to school districts that certify to the Commissioner of Education that their instructional space needs for the next 5 years can be met.

House Bill 1595 allows school districts that meet the annual class size reduction targets in section 1003.03, F.S., to be governed by the more flexible requirements of subsection (2) for expenditure of their locally generated 2 mill capital outlay funds.

C. Section Directory

Section 1: Amends s. 1011.71, F. S., to authorize school districts meeting certain class size requirements to use revenues generated by the district school tax for specified purposes.

Section 2: Provides an effective date of July 1, 2005.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

This bill does not appear to have a fiscal impact on state government revenues.

2. Expenditures:

This bill does not appear to have a fiscal impact on state government expenditures.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Please see Fiscal Comments section.

2. Expenditures:

Should the bill become law, in addition to student/classroom related equipment and buildings, 2 mill funds may be expended for: new construction and remodeling of administrative buildings and related equipment necessary to provide support services to an educational program; motor vehicles used for maintenance or operation of plants and equipment; or for the purchase, lease purchase, or lease of driver's education vehicles, security vehicles, and vehicles used in storing or distributing materials and equipment.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

There is no cost to the private sector. Increased flexibility could result in some two mill funds being spent on the purchase and maintenance of administrative buildings and vehicles instead of student/classroom related equipment and buildings. The expenditures could result in a financial gain to the private sector that provides the goods and services in the areas that would be authorized.

D. FISCAL COMMENTS:

In past years, Monroe and Walton County School Boards have been unable to spend all of their locally-generated 2 mill funds due to statutory requirements. The voters in each district approved a referendum authorizing an additional levy for school operations, pursuant to section 1011.73, F.S., with school board agreement to decrease the 2 mill levy. In 2004-05, the Monroe and Walton County School Boards each levied .500 in additional millage. The levy for Monroe and Walton was .500 and 1.393, respectively.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

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

2. Other:

B. RULE-MAKING AUTHORITY:

C. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES