

# 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.)

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Prepared By: Government Efficiency Appropriations Committee

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BILL: SB 598

SPONSOR: Senator Fasano

SUBJECT: Local Government Infrastructure Surtax

DATE: April 12, 2005

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Woodruff</u>	<u>O'Farrell</u>	<u>ED</u>	<b>Favorable</b>
2.	<u>Keating</u>	<u>Johansen</u>	<u>GE</u>	<b>Favorable</b>
3.	_____	_____	<u>EA</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

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## I. Summary:

The bill would allow a local school board to include a covenant to decrease non-voted capital outlay millage, commonly referred to as the 2 mill levy, in a referendum resolution to impose a Local Government Infrastructure Surtax as authorized by section 212.055(2), Florida Statutes.

This bill substantially amends section 1011.715 of the Florida Statutes.

## II. Present Situation:

Section 1011.715, Florida Statutes, currently provides that the school board resolution providing for imposition of the school capital outlay surtax through passage of a referendum, section 212.055(6), Florida Statutes, may include a covenant by the school board to decrease the non-voted local school property tax levied for capital purposes and maintain the tax at the reduced millage rate as long as the surtax is in effect.

School districts may also derive capital funding from being included in a referendum passed under the Local Government Infrastructure Surtax, section 212.055(2), Florida Statutes, which does not contain the option for a similar pledge to reduce the 2 mill levy. The Local Government Infrastructure Surtax is levied by ordinance adopted by a majority vote of the members of either the county governing authority or the governing bodies of the municipalities representing a majority of the county's population. Such ordinance must be approved by referendum.

The School Capital Outlay Surtax is not to exceed 0.5 percent. The Local Government Infrastructure Surtax may be 0.5 or 1.0 percent, and may be shared between the school district and other governmental purposes.

The maximum combined rate for the Local Government Infrastructure Surtax, the Small County Surtax, the Indigent Care and Trauma Center Surtax, and the County Public Hospital Surtax, is 1%. In counties with a publicly supported medical school levying the Voter-Approved Indigent Care Surtax, the combined rate is 1.5 percent. The maximum combined rate for counties authorized to levy the Charter County Transit System Surtax is 2.5 percent. The School Capital Outlay Surtax is capped at 0.5%, and is not included in these tax rate caps.

According to the Department of Education, the counties which have approved Local Government Infrastructure Surtax referendums benefiting school districts include: Clay, Hillsborough, Lake, Osceola, Pinellas, Sarasota, and Seminole.

According to the Department of Education, school districts which benefit from the School Capital Outlay Surtax are: Bay, Escambia, Gulf, Hernando, Jackson, Leon, Manatee, Monroe, Orange, Polk, St. Lucie, Santa Rosa, and Volusia. Five of these districts levy less than the maximum capital outlay millage; Gulf, Jackson, Monroe, Orange, and Santa Rosa.

### **III. Effect of Proposed Changes:**

The bill would place in statute the option of a pledge by a school district to reduce the school capital outlay millage as a condition of a proposed Local Government Infrastructure Surtax which would provide capital outlay funding for school purposes. Exchanging millage for surtax proceeds would have widely varying results in school districts of the state based on their respective property tax bases and sales tax collection experience.

The bill will take effect upon becoming a law.

### **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:**

Should a school district choose to shift capital funding from a property tax basis to a surtax basis, people other than land owners would participate in the funding of capital projects.

**C. Government Sector Impact:**

The choice of the fund source by a school district would impact whether tax revenue would be paid only by property owners or would include all persons paying the surtax. Depending on the amount of revenue generated from a property tax or from a surtax, a school district might receive more or less money from one source than the other. If the basis of the pledge to decrease the local capital outlay property tax levy if a surtax is imposed is accurately calculated so as to have a neutral impact on actual revenue collections, the impact of having the proposed option would be on who the person paying the tax is and not on the school district's revenue.

A county imposing the Local Government Infrastructure Surtax may not exceed a total maximum discretionary sales surtax combined rate of 1 percent. However, the 0.5 percent School Capital Outlay Surtax is not included in the maximum rate, thus a county with a school board choosing to impose the School Capital Outlay Surtax over the Local Government Infrastructure Surtax for purposes of decreasing the 2 mill school property tax, could have a maximum total discretionary sales surtax rate of either 1.5 percent, 2 percent<sup>1</sup> or 3 percent.<sup>2</sup> Also, a school board may levy the School Capital Outlay Surtax while it is up to either a county or municipalities representing the majority of the county's population to levy the Local Government Infrastructure Surtax.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

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

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<sup>1</sup> Counties with publicly supported medical schools that levy the Voter-Approved Indigent Care Surtax are authorized a combined rate of 1.5 percent. (Alachua, Leon and Escambia counties are the only counties with publicly supported medical schools).

<sup>2</sup> Counties that levy the Charter County Transit System Surtax are authorized a combined rate of 2.5 percent. (Eligible counties are Broward, Miami-Dade, Duval, Hillsborough, Pinellas, Sarasota, and Volusia).



## **VIII. Summary of Amendments:**

None.

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