

# 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: Education Committee

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BILL: SB 606

SPONSOR: Senator Jones

SUBJECT: Ad Valorem Taxation for Public Education

DATE: February 28, 2005

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

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

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## I. Summary:

The bill would increase from the current 4 years, to 10 years, the number of years for which additional millage for school operational purposes, approved by local referendum, may be levied.

This bill substantially amends subsections 1011.71(6) and 1011.73(2) of the Florida Statutes.

## II. Present Situation:

Section 9 (b), Article VII of the Florida Constitution restricts the total millage which may be assessed for school district purposes to 10 mills. Outside of that 10 mill limit, school districts have the authority to seek voter approval of a millage levy for bonds or other forms of indebtedness to fund capital projects and which are issued for a period greater than 12 months.

The Legislature has authorized school districts four ad valorem taxes within the constitutional 10 mill cap. These taxes are identified in section 1011.71 as:

- The required local effort for participation in the Florida Education Finance Program (FEFP) as established each year by the Legislature. For the 2004-05 school year, the maximum millage required to be charged by a school district is 5.863 mills. The minimum millage required to be charged is 2.395 mills. The difference in rate reflects the relative property tax wealth of the counties.
- The nonvoted current operating discretionary levy, for which the Legislature specifies the maximum amount allowed to be assessed each year. For the 2004-05 fiscal year, that maximum amount is established in the General Appropriations Act as 0.51 mills. In addition, the 2004-05 General Appropriations Act provides

that each district may levy up to 0.25 mills to generate not more than \$50 per full-time-equivalent student. The total for the combined levies would 0.76 mills if a school district chose to levy the maximum amounts and did not exceed the \$50 per FTE cap. All 67 districts levy the 0.51 mills. All 67 districts attempt to generate the additional \$50 per FTE in funding. Nineteen districts levy the supplemental maximum of 0.25 mills to generate the additional \$50 per FTE. The minimum levy to generate the \$50 is 0.027 mills.

- Not more than two mills for capital outlay and related purposes. Sixty-four counties chose to levy this tax in 2004-05. Three districts did not levy the tax. Of those levying the tax, 56 districts levied the full two mills.
- And, for a maximum of four years, voter approved additional millage for school operational purposes. In 2004-05, four school districts levy millage for this purpose. The maximum levied is 1.00 mill.

The 2001 Legislature authorized the additional millage levy for school district operational purposes, for a period not to exceed four years, and after approval by the electorate. In total, this levy and the other school board levies must not exceed the constitutional limit of 10 mills.

Based on information provided by the Department of Education, the total maximum millage actually levied by one of the 67 school districts for 2004-05 is 8.623 mills and does include any voted operations millage. The minimum levy by a district is 3.932 mills and does include 0.50 mills from the voted operations millage.

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

The bill would increase from 4 to 10 years the maximum number of years for which additional millage for school operational purposes, approved by local referendum, may be levied.

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:**

If the voters in a school district chose to approve levying ad valorem taxes for school operational purposes, the result would be an increase in local ad valorem taxes for the number of years specified in the referendum.

**C. Government Sector Impact:**

If the voters in a school district chose to approve levying ad valorem taxes for school operational purposes, that school district would receive additional tax revenue for school operational purposes for the number of years specified in the referendum.

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

None.

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