

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

This bill does not appear to implicate any of the House Principles.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

Section 9(b) of Article VII of the Florida Constitution authorizes school districts to levy ad valorem taxes for school purposes. Revenues generated for school purposes are capped at 10 mills. Current Florida law authorizes school districts to levy funds for non-operating capital outlay projects via a discretionary levy of additional ad valorem property tax revenues without voter approval.¹ A district school board is required to publish notice of its intent to levy additional taxes in the newspaper of general circulation serving the school district.² The public notice must specify the projects to be funded from the revenue, and identify each project in priority order.

Expenditure of funds collected through the levy of the non-operating discretionary two mill levy is limited to the uses specified in statute.³ The payment of insurance premiums on the district's educational plant is not one of those specified purposes. Currently, premiums are paid from a district's operating budget revenues.

Proposed Changes

House bill 481 authorizes the payment of property and casualty insurance premiums on school district educational plants from discretionary two mill tax revenues. The bill amends both the public notice requirements and the list of approved expenditures that may be paid from the proceeds of a district's discretionary two mill tax levy. The bill requires that if insurance premiums are paid out of the two-mill non-operating millage, the operating revenue saved must be used for non-recurring operational expenditures only. The bill's effective date is contingent upon passage of HJR 447 (related to class size reduction and 65% of funding for classroom instruction) during the Legislative session.

C. SECTION DIRECTORY:

Section 1. Amends s. 200.065, F.S.; to require public notice.

Section 2. Amends s. 1011.71, F.S.; to add property and casualty insurance to the list of authorized expenditures.

Section 3. Provides an effective date of July 1, 2006 contingent on the passage of HJR 447 in the 2006 Legislative session.

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:

¹ Section 1011.71(2), F.S.

² Section 200.065(9), F.S.

³ Section 1011.71(2) and (5), F.S.

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

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

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

2. Expenditures:

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

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

This bill does not appear to have a fiscal impact on the private sector.

D. FISCAL COMMENTS:

The bill does not increase or decrease revenues or expenditures. It provides flexibility to districts to use their discretionary two mill funds for an additional purpose.

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:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

On March 21, 2006, the PreK-12 Committee adopted one amendment to the bill. The amendment provides that the bill's effective date is contingent upon passage of HJR 447 (related to class size reduction and 65% of funding for classroom instruction) during the 2006 Legislative session.

This bill analysis reflects the bill as amended.