

**The Florida Senate**  
**PROFESSIONAL STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT**

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

Prepared By: Finance and Tax Committee

BILL: SB 574

INTRODUCER: Senator Bennett

SUBJECT: District School Taxation/Millage

DATE: April 13, 2007                      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Brown</u>	<u>Matthews</u>	<u>ED</u>	<u>Favorable</u>
2.	<u>Fournier</u>	<u>Johansen</u>	<u>FT</u>	<u>Fav/1 amendment</u>
3.	_____	_____	<u>EA</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**Please see last section for Summary of Amendments**

- Technical amendments were recommended
- Amendments were recommended
- Significant amendments were recommended

**I. Summary:**

In addition to other projects authorized in statute for discretionary millage levied by a district school board, this bill allows the payment of premiums for property and casualty insurance for the purpose of insuring the educational plants of the school district.

For those school districts who use the discretionary levy of up to two mills for insurance premium payments, this bill limits the operating revenue that would have been expended on these payments to nonrecurring operational costs of the school district.

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

**II. Present Situation:**

Section 9(a) of Article VII of the State Constitution authorizes school districts to levy ad valorem taxes for school purposes. Ad valorem taxes levied for school purposes are capped at 10 mills in the State Constitution.<sup>1</sup>

<sup>1</sup> Section 9(b) of Article VII of the State Constitution.

Local school districts are permitted a discretionary levy of up to two mills to fund the following:

- Construction: new construction and remodeling projects; maintenance, renovation, and repair of existing school plants or of leased facilities to correct non-compliance with the Florida Building Code or the Fire Safety Prevention Code;
- Purchases, Lease-purchases, or Leases: school buses, drivers' education vehicles, and motor vehicles used in plant and equipment maintenance or operation work; and new and replacement equipment;
- Payments: educational facilities and sites through lease-purchase agreements; loans for permissible purposes; costs needed to comply with environmental laws, rules, and regulations; costs for renting and leasing educational facilities; and costs of school buses contracted with private entities.<sup>2</sup>

For millage to be levied, local public hearings are required, with notice to be published in a local newspaper of general circulation.<sup>3</sup> Section 200.065(9)(a), F.S., requires a district school board to publish a second notice of its intent to levy additional taxes under s. 1011.71(2), F.S. Required to be included in the second notice are the specific projects or number of school buses expected to be funded by the additional taxes.

Insurance premiums are currently paid from a local school district's operating budget revenues, provided through the Florida Education Finance Program.

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

This bill provides an additional category to the list of permissible uses of the discretionary two mill levy for capital outlay and related purposes. The new purpose provided allows a school district to use the revenue for payment of property and casualty insurance premiums to insure the educational plants of the school district.

This bill also changes the publication of notice requirement to add the property and casualty insurance premiums category to the list of projects to be included in the district school board's second notice of its intent to levy additional taxes for capital outlay purposes.

School boards who opt to use this discretionary levy for insurance premium payments are limited to expending the operating revenues, which would otherwise be used to pay insurance premiums, to paying nonrecurring operational costs.

The Department of Education indicates that the two mill levy has always been restricted to costs associated with capital outlay, and not for operating expenditures.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

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<sup>2</sup> s. 1011.71(2), F.S.

<sup>3</sup> s. 200.065(2)(d) and (3), F.S.

**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:**

This bill authorizes a school district to pay property and casualty insurance premiums on its educational plants with revenues generated from its discretionary two mill tax levy, thereby creating an additional source of revenue. A school district that uses its discretionary millage to pay for property and casualty insurance premiums is limited to using the additional operating revenue made available in its operating budget for nonrecurring operational expenditures.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.



## VIII. Summary of Amendments:

Barcode 063580 by Finance and Tax:

The delete everything amendment restricts the use of the two mills that a school district may levy under s. 1011.71(2), F.S. It deletes language in paragraph (c) of that subsection that allows a school district to use the two-mill revenue for drivers' education vehicles, motor vehicles used for the maintenance or operation of plants and equipment, security vehicles, or vehicles used in storing or distributing materials and equipment.

The amendment creates a new subsection (3) that allows a school district that has:

- met the class size reduction requirements for the current year pursuant to s. 1003.03, F.S,
- has a strong financial record, and
- expects to meet all its instructional space needs in the next five years from sources it reasonably expects to receive

to use its two-mill revenue for drivers' education vehicles, motor vehicles used for the maintenance or operation of plants and equipment, security vehicles, or vehicles used in storing or distributing materials and equipment. It may also use this revenue to pay the cost of property and casualty insurance premiums, but any operating revenue freed-up by this use of the revenue must be used for non-recurring operational expenditures.

In addition, the amendment deletes the existing subsection (5), which provides for certain purchases with two-mill revenue under specified circumstances, and imposes penalties for violations of the expenditure restrictions. (WITH TITLE AMENDMENT)