

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

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

B. EFFECT OF PROPOSED CHANGES:

Present Situation

The documentary stamp tax levied under Chapter 201, Florida Statutes (F.S.), provides funds to the General Revenue Fund and various trust funds. Section 201.15, F.S., provides the distribution of the documentary stamp taxes.

Currently, s. 201.15(1)(d)3., F.S., provides that \$105 million in each fiscal year is to be distributed to the Public Education Capital Outlay (PECO) and Debt Service Trust Fund in the department of Education, with \$75 million used to fund the Classrooms for Kids Program created in s. 1013.735, F.S., and \$30 million to fund the High Growth County District Capital Outlay Assistance Grant Program created in s. 1013.738, F.S.

Educational Facilities Funding

Part IV of chapter 1013, F.S., addresses funding for educational facilities. Each district school board is required to adopt a capital outlay budget for the upcoming year, as part of its annual budget. Section 1013.64, F.S., addresses funds for comprehensive educational plant needs, and provides for specific allocations from the Public Education Capital Outlay and Debt Service Trust Fund. The legislature is required to prioritize funds for remodeling, renovation, maintenance, repairs, and site improvement allocated to district school boards from the total Public Education Capital Outlay (PECO) funds.

The maximum appropriation available for Public Education and Capital Outlay is officially estimated from bond proceeds and cash available from a 2.5% tax on gross receipts from the sale of electricity, gas, co-generated electrical power transmission and a 2.3% tax on the sale of communication services established in s. 203.01, Florida Statutes. These revenues have been earmarked by constitutional provisions for fixed capital outlay needs of public schools, community colleges and universities. The Florida State Constitution also authorizes the issuance of bonds for public education and capital outlay construction.

Classrooms for Kids Program

Section 1013.735, F.S., provides for the allocation of funds for the Classrooms for Kids Program (CFKP), the purpose of which is to increase capacity to reduce class size. In 2005, the legislature provided for an annual appropriation of \$41.75 million from the PECO trust fund from a \$75 million recurring transfer from documentary stamp tax revenues pursuant to s. 201.15 (d). A specified formula is provided in statute representing each district school board's share of the annual appropriation for the CFKP. To be eligible to participate in the CFKP, a district school board is required to enter into an interlocal agreement and to certify that the district's inventory of facilities listed in the Florida Inventory of School Houses is accurate and correct.

Funds have been allocated for expenditure pursuant to s. 1013.735, F.S., as follows:

Fiscal Year	Amount	Source
FY 03-04	600,000,000	Lottery

FY 04-05	100,000,000	General Revenue
FY 05-06	83,400,000	Transfers from Documentary Stamp Tax revenues to PECO
FY 06-07	1,100,000,000	PECO and Lottery

High Growth District Capital Outlay Assistance Growth Program

The legislature established the High Growth District Capital Outlay Assistance Grant Program in 2005. The purpose of the Program is to provide additional money to high growth districts for the construction of student stations needed due to the rapid increase in the student population, where a district has insufficient capital outlay revenue. The Program is funded through moneys provided annually in the General Appropriations Act. Program eligibility is contingent on specific criteria provided in statute. A specified allocation formula is also provided in statute.

In 2005, the legislature provided for an annual appropriation of \$30 million from the PECO trust fund from a \$30 million recurring transfer from documentary stamp tax revenues pursuant to s. 201.15 (d) for the High Growth District Capital Outlay Assistance Grant Program. However, the Governor vetoed the \$30 million annual appropriation associated with this transfer. In Fiscal Year 2005-2006, the following school districts were eligible for funding from a separate non-recurring appropriation of \$30 million for this program. Grant amounts by county are as follows:

- Clay County (\$3,184,671)
- Hernando County (\$2,179,867)
- Hillsborough County (\$9,006,801)
- Lake County (\$4,040,060)
- Osceola County (\$7,366,592)
- St. Johns County (\$1,435,418)
- St. Lucie County (\$2,786,591).

The 2006 Legislature did not provide funding in FY 2006-2007.

Effect of Proposed Changes

This bill amends s. 201.15(d), F.S., to eliminate the requirement that \$105 million in documentary stamp tax revenues be transferred to the Public Education Capital Outlay and Debt Service Trust Fund. The result of eliminating this transfer will be to increase recurring general revenue by \$105 million.

C. SECTION DIRECTORY:

Section 1. Amends s. 201.15, F.S.; Eliminates the requirement that \$105 million in documentary stamp tax revenues be transferred to the Public Education Capital Outlay and Debt Service Trust Fund.

Section 2. Amends s. 1013.64, F.S.; Conforms the statute to the changes made by this bill.

Section 3. Amends s. 1013.65, F.S.; Conforms the statute to the changes made by this bill.

Section 4. Amends s. 1013.738, F.S.; Conforms the statute to the changes made by this bill.

Section 5. Provides that this act shall take effect July 1, 2007.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The fiscal impact of this bill is to decrease funds available in the 2007-2008 fiscal year in the Public Education Capital Outlay and Debt Service Trust Fund by \$105 million, and to increase recurring funds available in the General Revenue Fund by \$105 million.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not: require counties or cities to spend funds or take action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

D. STATEMENT OF THE SPONSOR

None

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES