

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Committee on Education

BILL: SB 1052

INTRODUCER: Senator Montford

SUBJECT: Discretionary Sales Surtaxes

DATE: April 19, 2013

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Harkey	Klebacha	ED	Pre-meeting
2.			AFT	
3.			AP	
4.				
5.				
6.				

I. Summary:

SB 1052 expands the possible use of a discretionary sales surtax levied for school capital outlay purposes to permit the proceeds from the surtax to be used to purchase school buses.

The bill takes effect July 1, 2013.

This bill amends s. 212.055 of the Florida Statutes.

II. Present Situation:

Local Discretionary Sales Surtax

A “surtax” is an extra tax or charge.¹ Sections 212.054 and 212.055, F.S., authorize Florida counties to charge a discretionary sales surtax on all transactions subject to the state sales and use tax. Only those surtaxes specifically designated may be levied.

Section 212.055, F.S., authorizes counties to impose eight local discretionary sales surtaxes on all transactions occurring in the county that are subject to the state tax imposed on sales, use, services, rental, admissions, and other transactions and on communications services, defined in chapter 202, F.S.² The eight surtaxes are:

- The charter county and regional transportation system surtax,
- The local government infrastructure surtax,

¹ Black’s Law Dictionary (9th ed., 2009), tax.

² The tax rates, duration of the surtax, method of imposition, and proceed uses are individually specified in s. 212.055, F.S. General limitations, administration, and collection procedures are set forth in s. 212.054, F.S.

- The small county surtax,
- The county public hospital surtax,
- The school capital outlay surtax,
- The voter-approved indigent care surtax,
- The emergency fire rescue services and facilities surtax, and
- The indigent care and trauma center surtax.

The maximum discretionary sales surtax that any county can levy depends upon the county's eligibility for the taxes listed in s. 212.055, F.S. Currently, the maximum surtax actually imposed is 1.5 percent in several counties;³ however, the theoretical maximum rate ranges between 2 percent and 3.5 percent, depending on the specifics of each individual county. In general, the levy of a particular tax is subject to county voter approval.

The discretionary sales surtax is based on the rate in the county where the taxable goods or services are sold, or delivered into, and is levied in addition to the state tax. The sales amount is not subject to the tax if the property or service is delivered within a county that does not impose a surtax. The surtax does not apply to a sales amount above \$5,000 on any item of tangible personal property. This \$5,000 cap does not apply to the sale of any service, rentals of real property, or transient rentals.

School Capital Outlay Surtax

Under s. 212.055, F.S., each county may levy, subject to approval by a majority of voters, a discretionary sales surtax at a rate that may not exceed 0.5 percent. The resolution providing for the surtax must include a plan for use of the proceeds. The authorized uses include fixed capital expenditures or fixed capital costs, or servicing bond indebtedness associated with the construction, reconstruction, or improvement of school facilities that have a useful life expectancy of five or more years, and any related land acquisition, land improvement, design, and engineering costs. The purchase of school buses is not an authorized use of the proceeds.

According to the Department of Education, the following district school boards levied the half-cent school capital outlay surtax for the 2011-12 school year:

³ See Florida Department of Revenue, *Discretionary Sales Surtax Information: Calendar Year 2013*, available at <http://dor.myflorida.com/dor/forms/2013/dr15dss.pdf>.

School District	Revenue
Bay County	\$15,654,029
Calhoun County	378,068
Escambia County	20,135,054
Flagler County	4,179,700
Hernando County	7,809,102
Jackson County	2,013,150
Leon County	17,470,686
Liberty County	43,818
Manatee County	22,663,498
Monroe County	13,440,925
Orange County	170,217,876
Polk County	32,004,071
St. Lucie County	12,598,416
Santa Rosa County	6,458,234
Volusia County	30,394,287

Source: Florida Department of Education⁴

According to the Department of Education, in January 2013, Florida’s public school districts had a total of 18,574 school buses in their fleets that were available to transport students (including spare and activity buses). The age breakdown of those buses was as follows:

- 0-5 Years Old: 4,182 buses
- 6-10 Years Old: 8,104 buses
- 11-15 Years Old: 4,022 buses
- 16-20 Years Old: 2,112 buses
- 21-28 Years Old: 154 buses

The average bus age (statewide) is 9.23 years, and, according to the DOE, the average life of a school bus is 9.23 years.⁵

III. Effect of Proposed Changes:

The bill would expand the authorized sources of revenue from which local county school districts may purchase school buses, subject to the statutory requirements for noticing the plan and gaining voter approval. Districts with current voter approval to levy the half-cent school capital outlay sales surtax would need additional voter approval to expand the plan to include school buses.⁶

⁴ Department of Education bill analysis for SB 1052, on file with the Senate Education Committee.

⁵ *Id.*

⁶ Department of Education bill analysis for SB 1052, on file with the Senate Education Committee, and Op. Att’y Gen. Fla. 06-38 (2006).

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The bill authorizes an additional use for the School Capital Outlay Discretionary Sales Surtax, which would have to be approved by the voters in a referendum.

B. Private Sector Impact:

None.

C. Government Sector Impact:

In school districts where the voters passed a referendum authorizing the use of the school capital outlay surtax for the purchases of school buses, the district would gain a new source of revenue for the purchase of buses. The number of buses that would be purchased with half-cent school capital outlay sales surtaxes under the bill is not known.

The average price of a 65-passenger school bus with air conditioning as of January 2012 was \$93,400.⁷

School buses purchased by school districts from the Department of Education's volume purchasing contract over the last 5 fiscal years were as follows: 1,228 buses in 2007-08; 387 buses average per year for the 2008-09 and 2009-10 two-year bid period; and 607 buses average per year for the 2010-11 and 2011-12 two-year bid period. Based on a 5-year average, an estimated 645 buses will be replaced in the next school year.⁸

The cost to purchase 645 buses is \$60,243,000 ($645 \times \$93,400$).⁹

⁷ Department of Education bill analysis for SB 1052, on file with the Senate Education Committee.

⁸ *Id.*

⁹ *Id.*

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
