

1                   A bill to be entitled  
2           An act relating to education funding property tax  
3           reform; providing legislative intent; replacing  
4           revenue from the required local effort school property  
5           tax and nonvoted discretionary and capital outlay  
6           property taxes with revenue from a state sales surtax  
7           and collection of the sales tax on Internet sales;  
8           creating an exemption from the sales and use tax for  
9           certain used tangible personal property; providing a  
10          directive to the Division of Law Revision and  
11          Information; providing an effective date.

12  
13          WHEREAS, job creation is the number-one goal of many  
14          Florida residents, and

15          WHEREAS, in addition to tourism and agriculture, growth is  
16          one of the three pillars of Florida's economy, and

17          WHEREAS, although Florida does not levy a state income tax,  
18          it is widely believed that reduction of property taxes will be a  
19          stimulus to growth and business expansion of existing Florida  
20          businesses and to relocation to the state of businesses  
21          currently located outside of Florida, thereby creating jobs for  
22          Florida residents, and

23          WHEREAS, decreases in fixed-cost asset taxes, including,  
24          but not limited to, property taxes, that must be paid whether or  
25          not a profit is made and replacement of the fixed-cost asset  
26          taxes with variable cost transaction and consumption taxes will

27 benefit businesses that are considering expansion in and  
 28 relocation to Florida, and

29 WHEREAS, decreases in property taxes will allow Florida  
 30 homeowners and renters to choose where to direct the money they  
 31 save through reduced property taxes and rent, and

32 WHEREAS, it is estimated that approximately 25 percent of  
 33 sales taxes are paid by Florida visitors, and

34 WHEREAS, the required local effort school property tax that  
 35 is required by the state to be levied by local governments to  
 36 fund public education is approximately \$8 billion, and

37 WHEREAS, discretionary local effort and capital outlay  
 38 property taxes levied by local governments exceed \$3 billion,  
 39 and

40 WHEREAS, these education property taxes are often 30 to 40  
 41 percent of the overall property tax levied by most local  
 42 governments in the state, and

43 WHEREAS, no provision of law requires public education to  
 44 be funded by property taxes rather than by other methods of  
 45 taxation, and

46 WHEREAS, according to projections, the replacement of these  
 47 property taxes with a 2.75-cent increase in the sales and use  
 48 tax would result in a net tax reduction for Floridians of  
 49 approximately \$279 million, NOW, THEREFORE,

50  
 51 Be It Enacted by the Legislature of the State of Florida:  
 52

53           Section 1. (1) The Legislature intends to stimulate  
54 growth, business expansion, and job creation through property  
55 tax reform. As a first step toward achieving these goals, the  
56 Legislature intends by passage of this act to replace the  
57 required local effort school property tax, and the nonvoted  
58 discretionary and capital outlay property taxes, through a 2.75-  
59 cent education surtax on the sales tax base.

60           (a) The required local effort school property tax and  
61 nonvoted discretionary and capital outlay property taxes shall  
62 be eliminated from the local property tax levy beginning in  
63 November 2016, and a 2.75-cent education surtax shall become  
64 effective on January 1, 2017, in order to build up funds for  
65 replacing the required local effort and nonvoted discretionary  
66 funding on a dollar-for-dollar basis.

67           (b) The formulas currently used for determining required  
68 local effort shall be maintained, but future monetary increases  
69 or decreases required by such formulas shall be generated  
70 initially on a dollar-for-dollar basis from a sales surtax  
71 rather than from the adjustment of property tax millage.

72           (c) It is financially prudent to allow the buildup of a  
73 revenue reserve from the education surtax to shield against any  
74 potential economic downturn and to ensure that sufficient funds  
75 are available for replacing the currently required local effort  
76 school property tax and nonvoted discretionary and capital  
77 outlay property taxes.

78           (2) To ensure that sufficient revenues are available to

79 replace the required local effort school property tax and  
80 nonvoted discretionary and capital outlay property taxes, this  
81 act substantially changes the state's sales and use tax laws  
82 and, by doing so, qualifies the state for participation in the  
83 Streamlined Sales and Use Tax Agreement. Participation by the  
84 state in the Streamlined Sales and Use Tax Agreement will, in  
85 turn, make it easier for out-of-state businesses to voluntarily  
86 collect and remit Internet sales taxes to the state. Initially,  
87 participation in the agreement is projected to have a minimal  
88 positive fiscal impact, but after the first 2 years of  
89 participation, it is anticipated that an increase in Internet  
90 sales tax collections will sufficiently supplement sales tax  
91 collections to allow the Legislature to consider rolling back  
92 the initial 2.75-cent education surtax or use the additional  
93 revenue to augment education funding.

94 (3) The Legislature intends for the education surtax  
95 provided for in this act to be a replacement for the required  
96 local effort school property tax and nonvoted discretionary and  
97 capital outlay property taxes and for such surtax to be known  
98 and cited as the "education surtax."

99 Section 2. Effective January 1, 2017, the retail sale of  
100 used tangible personal property with a sales price below \$250 is  
101 exempt from the tax imposed by chapter 212, Florida Statutes.

102 Section 3. The Division of Law Revision and Information  
103 shall provide consultation to the appropriate committees of the  
104 Senate and the House of Representatives to prepare legislation

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105 | for conforming changes relating to this act.

106 | Section 4. This act shall take effect January 1, 2016.