

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: SB 456

SPONSOR: Senators Bennett and Bullard

SUBJECT: School Capital Outlay Surtax

DATE: February 10, 2004 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Cooper	Yeatman	CP	Favorable
2.	_____	_____	ED	_____
3.	_____	_____	FT	_____
4.	_____	_____	AE	_____
5.	_____	_____	AP	_____
6.	_____	_____	RC	_____

I. Summary:

This bill expands the authorized uses of the School Capital Outlay Surtax by allowing county school districts to use up to 50 percent of the tax proceeds to pay salaries and benefits for teachers under certain circumstances.

This bill amends s. 212.055 of the Florida Statutes.

II. Present Situation:

Local Discretionary Sales Surtaxes

Section 212.054(1), F.S., currently limits, exclusively to counties, the authority to levy the discretionary sales surtaxes authorized in and subject to the specifications in s. 212.055, F.S.

Section 212.055, F.S., authorizes counties to impose seven local discretionary sales surtaxes (taxes) on all transactions occurring in the county subject to the state tax imposed on sales, use, services, rental, and admissions. 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. In addition, the tax is not subject to any sales amount above \$5,000 on any item of tangible personal property and on long distance telephone service. This \$5,000 cap does not apply to the sale of any other service. The Department of Revenue (DOR) is responsible to administer, collect, and enforce all sales taxes. Collections received by DOR are returned monthly to the county imposing the tax.

The tax rates, duration levied, method of imposition, and proceed uses are individually specified in s. 212.055, F.S. TABLE 1 identifies the seven taxes, the rate limits, and the number of counties authorized to impose and the number imposing the tax. The maximum combined rate for the Local Government Infrastructure Surtax, the Small County Surtax, the Indigent Care and

Trauma Center Surtax, and the County Public Hospital Surtax, is 1%. In counties with a publicly supported medical school levying the Voter-Approved Indigent Care Surtax, the combined rate is 1.5 percent. The maximum combined rate for counties authorized to levy the Charter County Transit System Surtax is 2.5%. The School Capital Outlay Surtax is capped at 0.5%, and is not included in these tax rate caps.

TABLE 1
Local Discretionary Sales Surtaxes

TAX	AUTHORIZED LEVY (%)	# OF COUNTIES AUTHORIZED TO LEVY TAX	# OF COUNTIES LEVYING TAX
Charter County Transit System Surtax	up to 1%	7	2
Local Government Infrastructure Surtax	0.5% or 1%	67	25
Small County Surtax	0.5% or 1%	31	20
Indigent Care & Trauma Center Surtax	up to 0.5%	5	1
County Public Hospital Surtax	0.5% (Miami-Dade County)	1	1
School Capital Outlay Surtax	up to 0.5%	67	13
Voter-Approved Indigent Care Surtax	0.5% or 1%	61	0

(Source: Legislative Committee on Intergovernmental Relations, 11/2003)

School Capital Outlay Surtax

Section 212.055(6), F.S., grants county school boards the authority to levy, upon referendum approval, the School Capital Outlay Surtax at the rate of 0.5 percent. Proceeds of the surtax may be used for fixed capital expenditures or fixed capital costs associated with the construction, reconstruction, or improvement of school facilities and campuses which have a useful life expectancy of 5 or more years, and any land acquisition, land improvement, design, and engineering costs related to these projects. Proceeds may also be used to fund technology implementation, including hardware and software, for the various sites within the school district. School districts are authorized to finance these projects through bond indebtedness.

Any school board imposing the surtax must implement a freeze on non-capital local school property taxes, at the millage rate imposed in the year prior to the implementation of the surtax, for a period of at least 3 years from the date of imposition. This millage rate provision does not apply to existing debt service or required state taxes.

Tax proceeds may not be used for operational expenses.

III. Effect of Proposed Changes:

Section 1 amends s. 212.055(6), F.S., to expand the authorized uses of the School Capital Outlay Surtax by allowing county school districts to use up to 50 percent of the tax proceeds to pay salaries and benefits for teachers. If districts choose to use tax proceeds for this purpose, it must be specified in the resolution providing for the imposition of the surtax (which requires referendum approval) and the required plan setting forth the use of surtax proceeds.

Districts which have levied the surtax before the effective date of this act that wish to use surtax revenues for teacher salaries and benefits may do so only pursuant to a new resolution approved by referendum. However, districts may not designate surtax revenues for this purpose if such revenues have been otherwise dedicated to service bond indebtedness.

This authority to exercise this option is repealed July 1, 2008.

Section 2 provides that the bill will take effect July 1, 2004.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

This bill expands, upon referendum approval, the authorized uses of the School Capital Outlay Surtax by allowing county school districts to use up to 50 percent of the tax proceeds to pay salaries and benefits for teachers.

The Florida Department of Revenue estimates that the School Capital Outlay Surtax would generate, if imposed by all Florida School Districts, \$1.175 billion in FY 2003/04.¹ Currently, 13 county school districts levy this tax,² generating an estimated \$269.1 million in FY 2003/04. This leaves \$906 million in revenue capacity.

¹ FL Dept. of Revenue - Office of Research and Analysis Revised Sept. 3, 2003.

² Bay, Escambia, Flagler, Gulf, Hernando, Jackson, Leon, Manatee, Monroe, Orange, St. Lucie, Santa Rosa, & Volusia counties.

B. Private Sector Impact:

By expanding the authorized uses of School Capital Outlay Surtax proceed, the electorate may be more likely to approve, by referendum, the imposition of the surtax. To the extent that the electorate approves the surtax, the public will pay 0.05 percent more on taxable purchases made in the county.

C. Government Sector Impact:

If approved by the electorate, DOR will incur additional administrative costs in distributing the new sales tax revenues to those counties in which this local option tax is imposed.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
