

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.)

Prepared By: Education Appropriations Committee

BILL: SB 606

SPONSOR: Senator Jones

SUBJECT: Ad Valorem Taxation for Public Education

DATE: April 21, 2005

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Woodruff</u>	<u>O'Farrell</u>	<u>ED</u>	Favorable
2.	<u>Fournier</u>	<u>Johansen</u>	<u>GE</u>	Favorable
3.	<u>Armstrong</u>	<u>Newman</u>	<u>EA</u>	Favorable
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The bill would increase the number of years for which additional millage for school operational purposes, approved by local referendum, may be levied, from the current 4 years to 10 years.

This bill substantially amends subsections 1011.71(6) and 1011.73(2) of the Florida Statutes.

II. Present Situation:

Section 9 (b), Article VII of the Florida Constitution restricts the total millage which may be assessed for school district purposes to 10 mills. Outside of that 10 mill limit, school districts have the authority to seek voter approval of a millage levy for bonds or other forms of indebtedness to fund capital projects, and an operating levy which is limited to two years.

The Legislature has authorized four ad valorem taxes within the school districts' constitutional 10 mill cap. These taxes are identified in section 1011.71 as:

1. The required local effort for participation in the Florida Education Finance Program (FEFP) as established each year by the Legislature. For the 2004-05 school year the rate is 5.472, but because of differing levels of assessment and limitations on the percent of the FEFP to be borne by the property tax, actual millages vary. The maximum millage required to be charged by a school district is 5.863 mills. The minimum millage required to be charged is 2.395 mills.
2. The nonvoted current operating discretionary levy, for which the Legislature specifies the maximum amount allowed to be assessed each

year. For the 2004-05 fiscal year, that maximum amount is established in the General Appropriations Act at 0.51 mills. In addition, the 2004-05 General Appropriations Act provides that each district may levy up to 0.25 mills to generate not more than \$50 per full-time-equivalent student. The total for the combined levies would be 0.76 mills if a school district chose to levy the maximum amounts and did not exceed the \$50 per FTE cap. All 67 districts levy the 0.51 mills. All 67 districts attempt to generate the additional \$50 per FTE in funding. Nineteen districts levy the supplemental maximum of 0.25 mills to generate the additional \$50 per FTE. The minimum levy to generate the \$50 is 0.027 mills.

3. Districts may levy up to two mills for capital outlay and related purposes. Sixty-four counties chose to levy this tax in 2004-05. Three districts (Calhoun, Jackson, and Liberty) did not levy the tax. Of those levying the tax, 56 districts levied the full two mills.
4. For a maximum of four years, voter-approved additional millage for school operational purposes. In 2004-05, three school districts levied millage for this purpose: Monroe and Walton at .5 mill, and Sarasota at 1 mill. For 2004-05, estimated revenue from the levy is \$8.2 million for Monroe, \$3.9 million for Walton, and \$36.9 million for Sarasota. Beginning in 2005-06, Pinellas school district will levy .5 mill.

The 2001 Legislature authorized the additional millage levy for school district operational purposes, for a period not to exceed four years, if approved by the electorate. In total, this levy and the other school board levies must not exceed the constitutional limit of 10 mills.

Based on information provided by the Department of Education, the total maximum millage actually levied by a school district for 2004-05 is 8.623 mills (Madison school district) which does not include any voted operations millage. The minimum levy by a district is 3.932 mills (Monroe school district) which does include 0.50 mills from the voted operations millage.

III. Effect of Proposed Changes:

The bill would increase from 4 to 10 years the maximum number of years for which additional millage for school operational purposes, approved by local referendum, may be levied.

The bill will take effect upon becoming a law.

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 would allow the voters in a school district to approve additional millage for school operational purposes for up to 10 years, instead of the current limit of 4 years.

B. Private Sector Impact:

If the voters in a school district chose to approve levying ad valorem taxes for school operational purposes, the result would be an increase in local ad valorem taxes for the number of years specified in the referendum.

C. Government Sector Impact:

If the voters in a school district chose to approve levying ad valorem taxes for school operational purposes, that school district would receive additional tax revenue for school operational purposes for the number of years specified in the referendum. If, as a result of this bill, a school district is able to pass a referendum for a longer period, the school district would have reduced costs associated with less frequent referendum preparation. Also, because the length of time covered by the referendum would be longer, the district revenue stream from this source would be guaranteed to be more stable.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.

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