

**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 Education Pre-K - 12 Committee

**BILL:** CS/SB 980

**INTRODUCER:** Education Pre-K – 12 Committee and Senator Margolis

**SUBJECT:** Discretionary Sales Surtaxes

**DATE:** February 14, 2012      **REVISED:** \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Abrams	deMarsh-Mathues	ED	<b>Fav/CS</b>
2.			BC	
3.				
4.				
5.				
6.				

**Please see Section VIII. for Additional Information:**

- |                              |                                     |   |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes        |
| B. AMENDMENTS.....           | <input type="checkbox"/>            | Technical amendments were recommended   |
|                              | <input type="checkbox"/>            | Amendments were recommended             |
|                              | <input type="checkbox"/>            | Significant amendments were recommended |

**I. Summary:**

The bill amends s. 212.055(6), F.S., expanding the allowable use of the School Capital Outlay Surtax (SCOS) revenues. The bill also specifies that the expanded list of expenditures is not applicable to school districts currently levying the surtax, unless the district obtains approval of the voters by referendum to expand the uses of the SCOS proceeds. Additionally, if the SCOS is implemented for the expanded allowable uses, the bill requires a decrease in the current discretionary capital outlay property tax levy.

This bill substantially amends s. 212.055 of the Florida Statutes and creates an undesignated section of law.

**II. Present Situation:**

The School Capital Outlay Surtax (SCOS), more commonly known as the school half-cent sales tax, is a sales tax that may be levied by a school board via a resolution that is adopted by a

favorable vote of the electorate through a local referendum.<sup>1</sup> The SCOS may not exceed 0.5 percent.<sup>2</sup>

The resolution setting forth the SCOS must include a general description of the projects the tax proceeds will benefit.<sup>3</sup> The proceeds may only be used for fixed capital expenditures or fixed capital costs associated with the construction, reconstruction, or improvement of school facilities and campuses that have a useful life expectancy of five or more years, and any land acquisition, land improvement, design, and engineering costs associated with such facilities and campuses.<sup>4</sup> Additionally, the plan for the projects must include the costs of retrofitting and providing for technology implementation, including hardware and software, for the various sites within the school district.<sup>5</sup> SCOS revenues may be used for the purpose of servicing bond indebtedness to finance authorized projects, and any accrued interest may be held in trust to finance such projects. However, the SCOS proceeds, including any accrued interest, cannot be used for operational expenses.<sup>6</sup>

Currently, the voters in 14 school districts have adopted school half-cent sales taxes that will generate an estimated \$346.5 million during the county fiscal year ending September 30, 2012.<sup>7</sup> The following chart provides the estimated revenue from the school districts that have imposed the SCOS.<sup>8</sup>

School District	Effective Date	Tax Rate (percent)	Estimated Revenue
Bay	Jan. 1, 2011 to Dec. 31, 2020	.5	\$14,443,479
Calhoun	Jan. 1, 2009 to Dec. 31, 2018	.5	\$373,918
Escambia	Jan. 1, 2003 to Dec. 31, 2017	.5	\$19,783,694
Flagler	Jan. 1, 2003 to Dec. 31, 2012	.5	\$4,073,054
Hernando	Jan. 1, 2005 to Dec. 31, 2014	.5	\$7,897,587
Jackson	Jul. 1, 2006 to Dec. 31, 2015	.5	\$2,007,881
Leon	Jan. 1, 2003 to Dec. 31, 2012	.5	\$17,401,087
Manatee	Jan. 1, 2003 to Dec. 31, 2017	.5	\$22,023,612
Monroe	Jan. 1, 2006 to Dec. 31, 2015	.5	\$12,648,470
Orange	Jan. 1, 2003 to Dec. 31, 2015	.5	\$166,828,401
Polk	Jan. 1, 2004 to Dec. 31, 2018	.5	\$30,216,281
St. Lucie	Jan. 1, 2006 to Dec. 31, 2026	.5	\$12,476,274
Santa Rosa	Oct. 1, 1998 to Dec. 31, 2018	.5	\$6,251,530
Volusia	Jan. 1, 2002 to Dec. 16, 2016	.5	\$30,040,095
<b>TOTAL</b>			<b>\$346,465,361</b>

According to the Florida Department of Education (DOE), a school district may also receive a portion of the local government infrastructure surtax, based upon an interlocal agreement

<sup>1</sup> s. 212.055(6)(a), F.S.

<sup>2</sup> *Id.*

<sup>3</sup> s. 212.055(6)(c), F.S.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Local Government Financial Information Handbook*, see <http://edr.state.fl.us/Content/local-government/reports/lgfih11.pdf>. (October, 2011).

<sup>8</sup> see *Id.* at 149 and 164-65.

between the county and the district school board.<sup>9</sup> A county governing authority may levy either 0.5 percent or one-percent local government surtax.<sup>10</sup> The DOE determined that 19 out of the 67 district school boards either imposed the voter approved SCOS or shared the local government infrastructure tax, totaling \$433,620,201 for capital improvements during the 2010-2011 fiscal year.<sup>11</sup> Further, the DOE estimates collections for capital outlay purposes for fiscal year 2011-2012 to total \$389,957,490.<sup>12</sup>

### III. Effect of Proposed Changes:

The bill expands the potential uses of the School Capital Outlay Surtax (SCOS) proceeds by providing that the following additional uses are acceptable expenditures:

- New construction and modeling projects<sup>13</sup> that are included in the district's educational plant survey;<sup>14</sup>
- Maintenance, renovation, and repair of existing school plants or of leased facilities to correct deficiencies;<sup>15</sup>
- Maintaining, securing, or upgrading technology equipment for schools;
- The purchase, lease-purchase, or lease of school buses;<sup>16</sup>
- The purchase, lease-purchase, or lease of new and replacement equipment;<sup>17</sup>
- Payments for educational facilities<sup>18</sup> and sites due under a lease-purchase agreement not exceeding in the aggregate an amount equal to three-fourths of the proceeds from the millage levied by a district pursuant to s. 1011.71(2), F.S.<sup>19</sup>
- Payment of loans that are renewed annually with the consent of the lender and are for a period not to exceed four years with the purposes of:
  - Purchasing school buses, land, and equipment for educational purposes;

<sup>9</sup> Florida Department of Education, 2012 Agency Bill Analysis of SB 980 (January 20, 2012). On file with the Senate Committee on Education Pre-K – 12.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> This includes projects that survey or surveys deem as needed under the rules of the State Board of Education pursuant to s. 1013.64(3)(b), F.S. and new construction of educational plant space pursuant to s. 1013.64(6)(b), F.S.

<sup>14</sup> s. 1011.71(2)(a), F.S.; The requirements for educational plant surveys are specified in s. 1013.31, F.S.

<sup>15</sup> s. 1011.71(2)(b), F.S.

<sup>16</sup> s. 1011.71(2)(c), F.S.

<sup>17</sup> s. 1011.71(2)(d), F.S. This includes computer hardware, as well as operating systems and software meeting certain criteria.

<sup>18</sup> Section 1013.01(6), F.S. defines education facilities as the buildings and equipment, structures, and special educational use areas that are built, installed, or established to serve primarily the educational purposes and secondarily the social and recreational purposes of the community and which may lawfully be used as authorized by law and approved by boards.

<sup>19</sup> s. 1011.71(2)(e), F.S.

- Addressing an emergency condition in an existing school plant that demands immediate correction in order to prevent further damage to the building or equipment; or
- Eliminating a safety hazard that constitutes an immediate danger to the students and other occupants.<sup>20</sup>
- Payment of costs directly related to complying with state and federal environmental statutes, rules, and regulations governing school facilities;<sup>21</sup>
- Rental or lease of existing buildings or for conversion of these buildings for use as educational facilities;<sup>22</sup>
- Payment of the cost of school buses when a school district contracts with a private entity to provide student transportation services;<sup>23</sup> and
- The costs of opening day collection for the library media center of a new school;<sup>24</sup>

When using SCOS revenues for the additional purposes described in this bill, school boards must covenant to decrease the capital local school property tax<sup>25</sup> and maintain that tax at the reduced millage as long as the SCOS is in effect. However, the bill does not specify the amount of this property tax reduction.

The bill limits these additional uses of SCOS revenues to school districts that levy the surtax after July 1, 2012, unless the additional uses are approved by a majority vote of the electorate through a local referendum.

The bill provides an effective date of July 1, 2012.

#### **IV. Constitutional Issues:**

##### **A. Municipality/County Mandates Restrictions:**

None.

##### **B. Public Records/Open Meetings Issues:**

None.

##### **C. Trust Funds Restrictions:**

None.

<sup>20</sup> ss. 1011.71(2)(f), 1011.14, and 1011.15, F.S.

<sup>21</sup> s. 1011.71(2)(g), F.S.

<sup>22</sup> s. 1011.71(2)(h), F.S.

<sup>23</sup> s. 1011.71(2)(i), F.S.

<sup>24</sup> s. 1011.71(2)(j), F.S.

<sup>25</sup> s. 1011.71(2), F.S.

**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

The bill expands the potential uses of the School Capital Outlay Surtax (SCOS) proceeds by adding new categories for expending these revenues. Thus, school districts will have greater flexibility in spending SCOS proceeds.

**B. Private Sector Impact:**

If additional school districts approve the SCOS by voter referendum, there may be an increase in local taxes.<sup>26</sup>

**C. Government Sector Impact:**

According to the DOE, the bill necessitates updating the *Capital Outlay Manual* prepared by the Office of Educational Facilities to reflect the revisions.<sup>27</sup> Also, the bill requires minor revisions to the *5-year District facilities Work Plan User Manual* and 5-year district facilities work plan report form generated by the Educational Facilities Information Systems (EFIS).<sup>28</sup> However, the update and EFIS revisions can be handled as workload management issues using existing resources.<sup>29</sup>

The DOE notes that this bill may help provide flexibility in the use of available revenues to meet capital outlay needs of the school districts.<sup>30</sup>

**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.)

**CS by Education Pre-K - 12 Committee on February 14, 2012:**

The committee substitute limits the additional uses of the SCOS to those specifically listed in the bill and s. 1011.71(2), F.S. The committee substitute also requires school boards using the SCOS revenues for the newly allowable purposes to covenant to reduce property taxes.

<sup>26</sup> Florida Department of Education, 2012 Agency Bill Analysis of SB 980 (January 20, 2012). On file with the Senate Committee on Education Pre-K – 12.

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*

<sup>29</sup> *Id.*

<sup>30</sup> *Id.*

B. Amendments:

None.

---

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

---