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DATE: March 13, 1999

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
EDUCATION K-12
ANALYSIS**

BILL #: CS/HB 413

RELATING TO: Education Finance

SPONSOR(S): Committee on Education K-12 and Representative Sorensen

COMPANION BILL(S): SB 1450

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) EDUCATION K-12 YEAS 9 NAYS 1
 - (2) EDUCATION APPROPRIATIONS
 - (3) GENERAL APPROPRIATIONS
 - (4)
 - (5)
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I.

This committee substitute revises the aggregate local revenue amount certain districts must generate relative to their total K-12 Florida Education Finance Program (FEFP) calculation. Specifically, any county where more than 90 percent of the area of the county is owned by the government or by public land trusts must produce 80 percent in local effort, rather than 90 percent as specified by current law, of the district's calculated FEFP entitlement.

The effective date of the bill is upon becoming a law.

The fiscal impact of the bill is estimated to be \$4.2 million.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Subsection 236.081(4), F.S., specifies that the Legislature will prescribe the aggregate required local effort for all school districts collectively as an item in the General Appropriations Act (GAA). The amount that each district must annually provide toward the cost of the FEFP for grades K-12 is calculated as follows:

Based on data from local property appraisers, the Department of Revenue annually certifies to the Commissioner of Education its most recent estimate of the taxable value for school purposes in each school district, and the total for all school districts in the state for the calendar year. The commissioner must then compute a millage rate such that if the rate is applied to 95 percent of the estimated state total taxable value for school purposes, it would generate the prescribed aggregate required local effort for the year for all districts. The commissioner must certify the millage rate to each district as the minimum millage rate necessary to provide the required local effort for that year.

The GAA must direct the computation of a statewide adjusted aggregate amount for required local effort for all school districts collectively from ad valorem taxes to ensure that no school district's revenue from local efforts will produce more than 90 percent of the district's total K-12 FEFP calculation. The GAA must also direct the calculation of an adjustment to the required local millage rate of each district that produces in excess of 90 percent of its FEFP entitlement so that the level of required local effort is reduced to 90 percent.

Section 9, Art. VII of the State Constitution provides that counties, school districts, and municipalities are authorized by law to levy ad valorem taxes. Such taxes may not be levied in excess of ten mills for school purposes.

Some counties, where much of the land is owned by the government or held in trust, e.g., national parks or wilderness areas, may have difficulty raising the required local effort without raising property taxes to levels far exceeding those in other parts of the state. There is concern that some property owners of modest means may be suffering under an undue tax burden because their land is assessed at a very high value only because of its relative scarcity.

B. EFFECT OF PROPOSED CHANGES:

The committee substitute revises the aggregate local revenue amount certain districts must generate relative to their total K-12 Florida Education Finance Program (FEFP) calculation. Specifically, any county where more than 90 percent of the area of the county is owned by the government or by public land trusts must produce 80 percent in local effort, rather than 90 percent as specified by current law, of the district's calculated FEFP entitlement.

This bill may effect Monroe County.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

No.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

An agency or program is not eliminated or reduced.

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

The bill would require that certain districts locally generate only 80 percent of their calculated FEFP entitlement. Current law requires district to establish millage rates such that 90 percent is generated.

d. Does the bill reduce total fees, both rates and revenues?

The bill reduces required local effort with regard to the FEFP by 10 percent for counties where more than 90 percent of land in the county is owned by the government or held in public land trusts.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

No.

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

The bill does not purport to provide services to families or children.

- (1) Who evaluates the family's needs?

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

- (4) Are families required to participate in a program?

N/A

- (5) Are families penalized for not participating in a program?

N/A

- b. Does the bill directly affect the legal rights and obligations between family members?

No.

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

The bill does not create or change a program providing services to families or children.

- (1) parents and guardians?

N/A

- (2) service providers?

N/A

- (3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

Section 236.081, F.S. is amended.

E. SECTION-BY-SECTION ANALYSIS:

Section 1 revises the aggregate local revenue amount certain districts must generate relative to their total K-12 Florida Education Finance Program (FEFP) calculation. Specifically, any county where more than 90 percent of the area of the county is owned by the government or by public land trusts must produce 80 percent in local effort, rather than 90 percent as specified by current law, of the district's calculated FEFP entitlement.

Section 2 specifies that the effective date of the bill is upon becoming a law.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

An estimated additional \$4.2 million in state funds would be necessary as a result of lowering the proportion of required local funds in the FEFP.

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

See above.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

Local governments would be required to generate fewer revenues as a result of the bill. This could afford some property tax relief in some areas of the state.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

None.

3. Effects on Competition, Private Enterprise and Employment Markets:

None.

D. FISCAL COMMENTS:

See above.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that counties or municipalities have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VII. SIGNATURES:

COMMITTEE ON EDUCATION (K-12):

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