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 672

SPONSOR: Senator Bennett

SUBJECT: District School Taxation

DATE: March 13, 2003 REVISED: ________ ________ ________ ________

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Woodruff	O'Farrell	ED	Favorable
2.			AED	
3.			AP	
4.				
5.				
6.				

I. Summary:

The bill revises the expenditures that are permitted from the proceeds of the nonvoted district school tax for capital outlay purposes (the "two mill levy") authorized in s. 1011.71(2), Florida Statutes. Two new uses of the millage proceeds would be added to the law: payment of property and casualty insurance premiums and payment for collections for expanded libraries or media centers. The bill would remove more restrictive language on the use of two mill funds scheduled to go into effect July 1, 2003, with the exception of the following provisions: the rental or lease of existing buildings, or space within existing buildings, originally constructed or used for purposes other than education, for conversion to use as educational facilities; and the servicing of payments related to certificates of participation issued before July 1, 2003; and for the costs of certificates of participation issued after July 1, 2003 for the lease purchase of equipment, educational plants, and school buses.

This bill substantially amends section 1011.71 of the Florida Statutes.

The bill would take effect on July 1, 2003.

II. Present Situation:

Prior to the 1997 Special Legislative Session on public school fixed capital outlay, some school districts were expending significant amounts of the capital outlay two mill levy proceeds for activities which more appropriately could have been paid for from district operating funds. Legislation enacted during the Special Session placed restrictions on the use of the two mill levy funds and provided a timeline for districts to switch non-capital expenditures back to the district's operating budget.

Prior to July 1, 2003 approved expenditures from the two mill levy proceeds include:
1. New construction and remodeling projects included in the district's educational plant survey, without regard to prioritization, sites and site improvement or expansion to new sites, existing sites, auxiliary facilities, athletic facilities, or ancillary facilities.
2. Maintenance, renovation, and repair of existing school plants or of leased facilities to correct deficiencies.
3. The purchase, lease-purchase, or lease of school buses; drivers' education vehicles; motor vehicles used for the maintenance or operation of plants and equipment; security vehicles; or vehicles used in storing or distributing materials and equipment.
4. The purchase, lease-purchase, or lease of new and replacement equipment.
5. Payments for educational facilities and sites due under a lease-purchase agreement entered into by a district school board, not exceeding, in the aggregate, an amount equal to three- fourths of the proceeds from the portion of the two mills of nonvoted capital outlay millage levied by a district school board.
6. Payment of 1 year obligations in anticipation of revenue or loans to eliminate emergency conditions.
7. Payment of costs directly related to complying with state and federal environmental statutes, rules, and regulations governing school facilities.
8. Payment of costs of leasing relocatable educational facilities, of renting or leasing educational facilities and sites, or of renting or leasing buildings or space within existing buildings.

Audited violations of these expenditure provisions result in an equal dollar reduction in Florida Education Finance Program (FEFP) funds for the violating district in the fiscal year following the audit citation.

Beginning July 1, 2003, revenue generated by the two mill capital outlay levy must be used only for the following purposes:
1. The costs of construction, renovation, remodeling, maintenance, and repair of the educational plant;
2. The purchase, lease, or lease-purchase of equipment, educational plants, and construction materials directly related to the delivery of student instruction;
3. The rental or lease of existing buildings, or space within existing buildings, originally constructed or used for purposes other than education, for conversion for use as educational facilities;
4. The opening day collection for the library media center of a new school;
5. The purchase, lease- purchase, or lease of school buses; and
6. The servicing of payments related to certificates of participation issued for any purpose prior to November 1997. Costs associated with the lease-purchase of equipment, educational plants, and school buses may include the issuance of certificates of participation on or after the November 1997 and the servicing of payments related to certificates so issued.

Notwithstanding any other provision of law, if a district has clearly identified the need for an ancillary plant through its adopted educational facilities plan, has provided opportunity for public input as to the relative value of the ancillary plant versus an educational plant, and has obtained public approval, the district may use revenue generated by the authorized capital outlay millage levy for the acquisition, construction, renovation, remodeling, maintenance, or repair of an ancillary plant.

A district that violates the post July 1, 2003 expenditure restrictions shall also have an equal dollar reduction in FEFP funds appropriated to the district in the fiscal year following the audit citation. The expenditure restrictions do not apply to any school district that certifies to the Commissioner of Education that all of the district's instructional space needs for the next 5 years can be met from capital outlay sources that the district reasonably expects to receive during the next 5 years or from alternative scheduling or construction, leasing, rezoning, or technological methodologies that exhibit sound management.

Fifty-seven districts currently levy the full two mills. Four districts levy 1.400 to 1.893 mills. Three districts levy 1.000 mills or less and three districts do not make this levy.

III. Effect of Proposed Changes:

The bill would provide school boards with more local flexibility in the use of proceeds from the two mill levy for capital outlay purposes. The permitted uses of two mill funds scheduled for repeal July 1, 2003 would remain in effect and the more restrictive expenditure list scheduled to go into effect in July would be repealed, with the exception of the rental or lease of existing buildings, or space within existing buildings, originally constructed or used for purposes other than education purposes, for conversion of the buildings for use as educational facilities; and the servicing of payments related to certificates of participation issued before July 1, 2003; and for the costs of certificates of participation issued after July 1, 2003 for the lease purchase of equipment, educational plants, and school buses. Two new expenditure authorizations would also be added to the list, payment of the costs of property and casualty insurance and payment for collection materials for expanded libraries or media centers.

The authority for a school district to build an ancillary facility if certain procedures are followed would be repealed. Retained, however, is the provision allowing a school district to be exempt from the expenditure restrictions if it can certify to the Commissioner of Education that all of its instructional space needs for the next 5 years can be met from capital outlay sources the district reasonably expects to receive during the next 5 years or from alternative scheduling or construction, leasing, rezoning, or technological methodologies that exhibit sound management.

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:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The recent constitutional amendment prescribing reductions in class sizes should cause school districts to carefully assess future facilities needs before exercising options to use the proceeds from the two mill capital outlay levy for operating purposes.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.