

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 57 CS Use of School District Millage

**SPONSOR(S):** Poppell and others

**TIED BILLS:** IDEN./SIM. BILLS: CS/SB 1294

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Finance & Tax Committee	7 Y, 2 N, w/CS	Monroe	Diez-Arguelles
2) PreK-12 Committee			
3) Education Appropriations Committee			
4) Fiscal Council			
5) _____			

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**SUMMARY ANALYSIS**

Local school boards are permitted to levy a property tax of not more than two mills against the taxable value of property in the county for non-operating purposes in addition to the required local effort millage and non-voted discretionary millage they are allowed to assess each year for current operating purposes. This bill expands the approved expenditures of the two mill revenue to allow for the payment of property and casualty insurance premiums on the educational plants of the school district. Finally, the bill requires that if insurance premiums are paid out of the two-mill non-operating millage, the operating revenue saved must be used for non-recurring operational expenditures only.

This bill has an effective date of July 1, 2005.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

This bill does not appear to implicate any of the House Principals.

#### B. EFFECT OF PROPOSED CHANGES:

##### Present Situation

Paragraph (a) of subsection 200.065(9), Florida Statutes, requires a district school board to publish a notice of its intent to levy additional taxes under subsection 1011.71 (2). The public notice must specify the projects to be funded from the revenue, and identify the projects in priority order within the authorized categories listed in that section. The payment of premiums for property and casualty insurance is not currently one of the authorized categories of expenditure.

Subsections 1011.71(2) and (5), Florida Statutes, identify the specific purposes for which a school district may expend funds collected through the levy of the non-operating discretionary two mill levy. The payment of insurance premiums on the district's educational plant is not one of those specified purposes. Currently, premiums are paid from a district's operating budget revenues.

##### Proposed Changes

The public notice requirement in paragraph (a) of subsection 200.065 (9), Florida Statutes, associated with a school district's levy of the discretionary two mill tax is amended to include a category for the payment of property and casualty insurance premiums on the educational plants of the school district.

The list of approved expenditures from the proceeds of a district's discretionary two mill tax levy authorized by subsections 1011.71 (2) and (5), Florida Statutes, is expanded to include the payment of property and casualty insurance premiums to insure the educational plants of the school district.

Finally, the bill requires that if insurance premiums are paid out of the two-mill non-operating millage, the operating revenue saved must be used for non-recurring operational expenditures only.

#### C. SECTION DIRECTORY:

**Section 1** amends s. 200.065, F.S.

**Section 2** amends s. 1011.71, F.S.

**Section 3** provides that this bill shall take effect July 1, 2005.

### II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

None.

##### 2. Expenditures:

None.

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

None.

2. Expenditures:

None.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

None.

**D. FISCAL COMMENTS:**

On February 2, the Florida Department of Education reviewed this bill and wrote:

The proposed legislation would allow the use of capital outlay funds generated from the two mill levy authorized by Section 1011.71, F.S., to be used for operational purposes. With PECO forecasts less than optimistic for the future and with the constitutional class size reduction amendment, the demands on capital outlay funds will be considerable; therefore, this bill creates an additional need diverting capital outlay funds to operations.

The proposed legislation would allow the diversion of approximately 8.8% of these capital funds to operating purposes. This is based on the latest available information that in 2003-04 school districts generated approximately \$1.589 billion in revenue from the two mill capital outlay levy. Based on information provided by the Florida School Finance Council, property and casualty insurance expenditures for all school district in 2003-04 are projected to be approximately \$140 million. Additional factors to consider for 2005-06 are possible increases in insurance premiums due to the hurricane damage this past year.

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

Not Applicable.

2. Other:

None.

**B. RULE-MAKING AUTHORITY:**

None.

**C. DRAFTING ISSUES OR OTHER COMMENTS:**

None.

#### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**

On April 12, 2005, the Committee on Finance and Tax adopted an amendment to this bill. The amendment provides that if insurance premiums are paid out of the two-mill non-operating millage, the operating revenue saved must be used for non-recurring operational expenditures only.