

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 Committee on Education

BILL: SB 604

INTRODUCER: Senator Simmons

SUBJECT: Education Funding

DATE: February 20, 2017 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Androff	Graf	ED	Pre-meeting
2.	_____	_____	AED	_____
3.	_____	_____	AP	_____

I. Summary:

SB 604 authorizes an increase to the maximum discretionary millage that a school district may levy for fixed capital outlay from 1.5 mills to 1.7 mills. This millage requires school board approval only. Additionally, the bill expands the allowable use of the currently authorized four-year supplemental millage that must be approved through a local referendum or general election, to include fixed capital outlay in addition to school operational purposes.

The bill takes effect July 1, 2017.

II. Present Situation:

Florida school districts are funded by federal, state, and local governments.¹ State funding for school districts is primarily provided by legislative appropriations, the majority of which is distributed through the Florida Education Finance Program (FEFP).² Each school district participating in the state allocation of funds for the operation of schools must levy a millage that represents its required local effort (RLE) funding from property taxes.³

Florida Constitution

The Florida Constitution authorizes counties, school districts, municipalities, and special districts to levy ad valorem and other taxes.⁴ Additional ad valorem taxes, other than those levied for less than two years or those that have been approved by the non-exempt property-owning voters, may not exceed 10 mills for school purposes.⁵

¹ Section 1011.62, F.S.

² *Id.*

³ Section 1011.62(4), F.S.

⁴ Art. VII, s. 9(a), Fl. Const.

⁵ *Id.*

RLE Millage – General Appropriations

Each school district's required local effort (RLE) funding is calculated according to statutory requirements.⁶ In order to determine the statewide average RLE millage, the Department of Revenue (DOR) certifies the most recent estimated property tax values of each district to the Commissioner of Education (Commissioner) no later than two working days prior to July 19 of the assessment year.⁷ The Commissioner uses the estimated property tax values to calculate the RLE millage rate that would generate enough property tax revenue to cover the RLE amount for that year, as set forth in the General Appropriations Act (GAA).⁸

Discretionary Millage for Operations

The district may, in addition to the RLE tax, levy a nonvoted current operating discretionary millage.⁹ The legislature annually prescribes the maximum amount of this millage that a school district may levy.¹⁰

Discretionary Millage for Fixed Capital Outlay

Each school board may levy up to 1.5 mills against the taxable value for fixed capital outlay for district schools, including charter schools at the discretion of the school board, to be used for purposes specified in law.¹¹ The authority to levy the additional millage was added to Florida law in 1980, and the amount for the millage was 2 mills.¹² In 2008, the Legislature reduced this millage to 1.75 mills, and further reduced it to the current 1.5 mills amount in 2009, with an offsetting adjustment to the millage authorized for operations in the FEFP.¹³

If the additional 1.5-mill levy is not sufficient to meet specified district school board needs, the board is authorized to levy up to 0.25 mills to supplement fixed capital outlay in lieu of an equivalent amount of the discretionary mills for operations as provided in the GAA.¹⁴ The total discretionary millage levied for school purposes and fixed capital outlay, as provided in statute, may not exceed 1.75 mills.¹⁵

Additional Voted Millage for School Operations

In addition to the levies described above, a school district may levy, by local referendum or in a general election, an additional millage for up to four years for school operational purposes.¹⁶ This levy, combined with any other nonvoted millage levied, must remain within the 10-mill

⁶ Section 1011.62, F.S.

⁷ *Id.* at (4)(a).

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ Section 1011.71(2), F.S.

¹² Section 1, ch. 1980-381, L.O.F.

¹³ Section 33, ch. 2009-59, L.O.F.; section 10, ch. 2008-142, L.O.F.

¹⁴ Section 1011.71(3), F.S.

¹⁵ *Id.*

¹⁶ Section 1001.71(9), F.S.

limit established in the Florida Constitution.¹⁷ Any millage election conducted for this purpose must comply with statutory requirements¹⁸ and the funds generated by such additional millage are not included in the calculation of the FEFP formula.¹⁹ If an increase in the millage levied for this purpose would result in combined millage to exceed the 10-mill constitutional limit, this millage levied for school purposes must be considered to be RLE to the extent the district's millage would otherwise exceed the 10-mill constitutional limit.²⁰

III. Effect of Proposed Changes:

SB 604 authorizes an increase to the maximum discretionary millage that a school district may levy for fixed capital outlay from 1.5 mills to 1.7 mills. This millage requires school board approval only. Additionally, the bill expands the allowable use of the currently authorized four-year supplemental millage that must be approved through a local referendum or general election, to include fixed capital outlay in addition to school operational purposes.

Discretionary Millage for Fixed Capital Outlay

The bill increases the discretionary millage that a district may levy for capital outlay from the current maximum of 1.5 mills against the taxable value to 1.7 mills. The bill maintains the specified purposes for which the district may use these funds. The bill retains the district's ability to levy an additional 0.25 mills for fixed capital outlay in lieu of levying an equivalent amount of the discretionary mills for operations as provided in the GAA. Accordingly, the bill increases the maximum additional levy for fixed capital outlay from 1.75 mills to 1.95 mills, to account for the increase in the maximum millage levy from 1.5 mills to 1.7 mills.

The authorization for an increased millage levy, if approved by a school board, would generate additional revenue for fixed capital outlay purposes.

Additional Voted Millage for School Operations

The bill expands the potential use of the supplemental millage that may be levied by a school board for operations, subject to approval by local referendum or in a general election, to also include fixed capital outlay. The bill does not change the constitutional 10-mill limit for levying millage for school purposes and retains the statutory requirements for such additional levies. Funds raised by the additional millage for school operations are not included in the Florida Education Finance Program formula. The bill directs that any additional millage levied for fixed capital outlay purposes will not be considered RLE, as is the millage levied for operational purposes which must still be included in RLE to the extent that the district millage would otherwise exceed the 10-mill limit.

The bill takes effect July 1, 2017.

¹⁷ Section 9(b), Art. VII, FL. Const.

¹⁸ Section 1001.71(9), F.S.

¹⁹ *Id.*

²⁰ Section 1001.71(9), F.S.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

SB 604 authorizes an increase in the maximum millage that a school district may levy for fixed capital outlay for district schools, including charter schools at the discretion of the school board, from 1.5 mills to 1.7 mills and if approved by a school board would generate additional revenue for fixed capital outlay purposes.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Currently, 56 of the 67 school districts levy the maximum discretionary 1.5 mills authorized in statute.²¹ If all school districts, including those levying less than the current maximum, were to levy the 1.7 mills proposed in the bill, total funds for fixed capital outlay would increase by \$378.7 million over the 2016-17 funds generated from the 1.5 mill levy.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 1011.71 of the Florida Statutes.

²¹ Office of Funding and Financial Reporting, Florida Department of Education, *2016-17 School District Millage Data*.

IX. Additional Information:

- A. **Committee Substitute – Statement of Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

- B. **Amendments:**

None.

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