



TAXATION AND BUDGET REFORM COMMISSION

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Staff Analysis and Economic Impact Statement

Measure:	REFERENCE:	ACTION:
CP 35, First Engrossed		
Sponsor: Governmental Services Committee	1. GSC 2. FTC 3. TBRC	Favorable Favorable Favorable
Subject: Local Option Taxes to Supplement Community College Funding	4. Style/Drafting	Pre-meeting
Date: March 28, 2008		

I. Summary:

Constitutional Proposal 35 provides an amendment to Section 9 of Article VII of the State Constitution to require the Legislature to authorize local option sales taxes to supplement funding for public community colleges. This measure directs the Legislature to provide a process by law to permit counties to submit a referendum to the voters for a local option sales tax to supplement community college funding. Approved taxes will sunset after five years and may be reauthorized by the voters.

II. Present Situation:

There are twenty-eight community college districts in Florida. At the creation of Florida's community college system over fifty years ago, it was said that there was a community college within 99 miles of every Floridian. Today, the vibrancy of our local communities is reflected in the richly diverse and talented community college student body that is comprised, in part, of more mature, non-traditional, and working taxpayers. The vast array of training programs and degree offerings by community colleges links directly to the demands for a quality workforce by business and industry. According to the U.S. Department of Labor, 80 percent of the new jobs being created today to meet economic market demands require some postsecondary education, if not a two-year degree.

In light of the fact that community colleges are so integral to the local business and civic fabric of communities across the state, it is proposed that local communities through their county governments be allowed to place a local referendum on the ballot for a sales tax dedicated to their local community college for a period of up to five years. Community college districts across the state vary as widely as local communities. This proposal assumes that the local community knows what it needs in terms of education and training

programs, and should have a right to contribute to the creation and proliferation of such programs.

Article VII, s. 9(a), Fla. Const., states that counties, school districts, and municipalities shall, and special districts may, be authorized by law to levy ad valorem taxes. Local governments and districts may be authorized by general law to levy other taxes for their respective purposes, except ad valorem taxes on intangible personal property and taxes prohibited by Florida's State Constitution.

The 1992 Miami-Dade Board of County Commissioners allowed for a county-wide ballot referendum authorizing a local sales tax increase to benefit Miami-Dade College. The voters of Miami-Dade passed the measure and the Commissioners implemented the tax increase which expired in 1994. Miami-Dade County is a charter county and is authorized to implement local sales taxes.

Community College Funding Policy

General appropriations are provided to each college in a lump sum. The institution is given an amount of money to run various programs and then allowed to determine how to use that money for the designated program. The primary source for these operating funds is general revenue, but funds are also provided from Lottery proceeds. The balance of the college's operating funds includes student tuition, fees, and other local college funds.

Community colleges' local Boards of Trustees are expected to develop priorities for offering programs and meeting local needs. The boards are given the flexibility to develop a budget with available resources which will best meet their college's priorities. They are provided the flexibility and responsibility to set policy on pay, salary increases, most fringe benefits, and job qualifications.

Each year, the Legislature specifies a standard student fee amount per credit hour to be charged. Community colleges' local Boards of Trustees have the flexibility to set fees at their college within ten percent below or fifteen percent above this standard amount.

Categorical funding is provided for certain issues. The Legislature determines the specific amount to be funded for the issue and expenditures of these funds are to be limited in purpose. An example is matching funds for Private Contribution/State Matching Programs.¹

III. Effect of Proposed Changes:

The Legislature is directed to provide a process by law for counties to submit a local option sales tax to the electors for approval by referendum. Revenues generated under this subsection must be used to supplement community college funding exclusively. The local option sales tax will sunset after five years and may be reauthorized by the electors as provided by law.

¹ Florida Community College System, The Fact Book January 2007

IV. Constitutional Issues:**A. Constitutional or Legislative Matters:**

The Legislature has the authority to provide for local option sales taxes by law.

B. Other Constitutional Issues:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

The measure directs the Legislature to provide a process, by law, to permit counties to submit a referendum to the voters for a local option sales tax to supplement community college funding. Counties which pass tax referendums by a margin of 2/3 of the voters may levy a local option sales tax.

B. Private Sector Impact:

Counties which pass local tax options through a voter referendum may experience an increase in a county sales tax increase. The impact to the private sector would create a potential increase in taxes.

C. Government Sector Impact:

For those counties which pass the proposed local tax option to supplement community colleges, an increase in revenues should be available to enhance community college funding.

Under Art. XI, s. 5(d), Fla. Const., the Secretary of State must publish in newspapers throughout the state proposed constitutional amendments and notice of the date of the election at which it will be submitted to the electors. According to the Department of State, the average publishing costs for citizen initiative amendments is \$60,000. However, the cost to publish lengthy amendments will exceed that amount.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.