



# Taxation and Budget Reform Commission (TBRC) Constitutional Amendment 8: Local Option Community College Funding<sup>1</sup>

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A series of 16 fact sheets has been written on statutory and constitutional proposals adopted by the Taxation and Budget Reform Commission (TBRC). The publications in this series can be accessed at <http://edis.ifas.ufl.edu>. Fact sheets FE733 through FE741 address statutory changes and fact sheets FE742 through FE748 address constitutional amendments. These fact sheets should not be considered as an all-inclusive assessment of the statutory or constitutional changes recommended by the Taxation and Budget Reform Commission. Some details of proposed changes may not have been discussed due to space limitations. These fact sheets are not intended as a replacement for personal knowledge about actual or proposed changes but are a guide to inform the public on the issues.

## Introduction

According to Article XI, Section 6 of the Florida Constitution, "Beginning in 2007 and each twentieth year thereafter there shall be established a taxation and budget reform commission." The Taxation and Budget Reform Commission (TBRC) is charged with the following:

*examine the state budgetary process, the revenue needs and expenditure processes of the state, the appropriateness of the tax structure of the state, and governmental productivity and efficiency; review policy as it relates to the ability of state and local government to tax and adequately fund governmental operations and capital facilities required to meet the state's needs during the next twenty-year period; determine methods favored by the citizens of the state to fund the needs of the state, including alternative methods for raising sufficient revenues for the needs of the state; determine measures that could be instituted to effectively gather funds from existing tax sources; examine constitutional limitations on taxation and expenditures at the state and local level; and review the state's comprehensive planning, budgeting and needs assessment processes to determine whether the resulting information adequately supports a strategic decision-making process.*

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1. This is EDIS document FE747, a publication of the Food and Resource Economics Department, Florida Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida, Gainesville, FL. Published July 2008. Please visit the EDIS website at <http://edis.ifas.ufl.edu>.
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The TBRC can make statutory recommendations to the Florida Legislature and directly place proposed constitutional amendments on the ballot for approval or rejection by Florida voters.

Fact sheets in this series will present information on constitutional amendments the TBRC has placed on the fall 2008 general election (2008 November presidential election) ballot. The commission was charged with holding public meetings to carry out their responsibilities and has been meeting since March of 2007. The committee concluded their work and transmitted their proposed constitutional amendments to the Florida Secretary of State on April 28, 2008. All the proposed constitutional amendments required an affirmative vote of at least two-thirds of the voting members of the commission (17 members). In total, the TBRC approved eleven constitutional proposals. The committee combined these eleven proposals into seven constitutional amendments. The amendments passed by the TBRC will be numbered Amendments 3 through 9 on the fall ballot (Amendments 1 and 2 are reserved for two other 2008 amendment proposals, one approved by the legislature and the other a citizen initiative).

The TBRC amendments placed on the 2008 general election ballot are listed by ballot title below:

- Amendment 3: Changes and Improvements Not Affecting the Assessed Value of Residential Real Property
- Amendment 4: Property Tax Exemption of Perpetually Conserved Land; Classification and Assessment of Land Used for Conservation
- Amendment 5: Eliminating State Required School Property Tax and Replacing with Equivalent State Revenues to Fund Education
- Amendment 6: Assessment of Working Waterfront Property Based upon Current Use
- Amendment 7: Religious Freedom
- Amendment 8: Local Option Community College Funding
- Amendment 9: Requiring 65 Percent of School Funding for Classroom Instruction; State's Duty for Children's Education

Each fact sheet in this series will provide details regarding one of the amendments, submitted to the Secretary of State, in the order they will appear on the ballot (Amendment 3, Amendment 4, Amendment 5, Amendment 6, Amendment 7, Amendment 8, and Amendment 9).

## Proposed Amendment 8

When people go to their polling places in November 2008, they will see information on the amendment, references to the portion of the constitution that will be altered, sponsor of the amendment, the ballot title, and the ballot summary. The information for Amendment 8 will be similar or identical to the following and the ballot title and ballot summary are direct quotes:

*Proposed Constitutional Amendment No. 8:*  
ARTICLE VII, SECTION 9 (Taxation and Budget Reform Commission)

*Ballot Title:* LOCAL OPTION COMMUNITY COLLEGE FUNDING

*Ballot Summary:* Proposing an amendment to the state constitution to require that the legislature authorize counties to levy a local option sales tax to supplement community college funding; requiring voter approval to levy the tax; providing that approved taxes will sunset after five years and may be reauthorized by the voters.

## Effect of Amendment 8

Amendment 8 proposes an amendment to the Florida Constitution requiring the legislature to allow counties to levy and collect a local option sales tax to enhance funding for community colleges. In order for the tax to be imposed, several conditions must be met, including the following:

- The tax could not be levied unless approved by the voters in each county the community college serves.
- The voter-approved local option sales tax would end (sunset) after five years.

- The local option sales tax could be reauthorized after five years if a renewal referendum is approved by the voters in each county the community college serves.

State staff analysis states that “this measure directs the legislature to provide a process by law to permit counties to submit a referendum to the voters.” The operative words of importance in this statement are “*provide a process by law*.” If the amendment is passed, the legislature will have to develop the process.

The state staff analysis identifies the strong linkage between the community college and local civic and business organizations. The state staff analysis notes that “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.” Taxes collected under the proposal would have to be used solely to enhance community college funding.

It is noted in the state staff analysis that there is some precedent for this type of model in Florida. Specifically, Miami-Dade County, as a charter county, passed a referendum, over a decade ago, to implement a local option sales tax for Miami-Dade Community College for a couple of years. That referendum was passed by local voters.

### Impact of Amendment 8

No specific fiscal impacts of this change were noted in the state staff analysis other than if the measure is passed, then county revenues should increase and enhance local community college funding. Obviously, residents and visitors in counties that adopt a local option sales tax will pay more in sales taxes.

There is an old adage that “the devil is in the details” and it appears that some of the details associated with this amendment are unknown. Maybe the biggest unknown is what the “*process by law*” adopted by the legislature would look like should the amendment pass.

Florida's community college system is large. There are 28 community colleges, with over 43,000 employees (22,000 faculty) and over 793,000 students enrolled in academic year 2005-2006. About 37% of these students were enrolled full-time, and 67% were enrolled part-time. The system was funded in academic year 2006-2007 from state general revenue (\$972 million), lottery funds (\$115 million), and student fees (\$477 million). Florida's community college system serves all 67 counties, and most of the community colleges serve more than a single county.

How difficult will it be to get the local option tax approved by the voters in each county that the community college serves? For example, North Florida Community College (NFCC) serves Madison, Hamilton, Jefferson, Lafayette, Suwannee, and Taylor Counties. All six counties would have to approve the referendum. Palm Beach Community College (PBCC), on the other hand, serves just that county and only residents of that county would have to approve the referendum. It may prove more difficult to get multiple counties to approve the local option sales tax.

No mention was made in the state staff analysis that the same local option sales tax would generate significantly different dollars in different Florida counties. For example, a 1% sales tax would generate over \$142 million in Duval County, over \$203 million in Hillsborough County, and almost \$373 million in Dade County. On the other end of the scale, a 1% sales tax would generate under \$310,000 in Lafayette County, under \$277,000 in Liberty County, and under \$409,000 in Glades County. Over time, this amendment has the potential to increase funding inequities between the various community colleges, but that may be viewed by some as acceptable because the choice to raise revenue is made locally.

### Summary

Adoption of the constitutional amendment requires a vote in favor of the amendment by a minimum of 60% of those voting. Additionally, amendments are subject to legal challenges and could possibly be removed from the ballot if successfully challenged.

Voters in Florida have the opportunity to change the state constitution during the 2008 general election. The intent and purpose of the information contained in this fact sheet on Amendment No. 8 is not to tell individuals how to vote. Rather, the fact sheet is provided to help voters become more informed. Informed voters need to be more knowledgeable of the ballot issue on which they are voting than just by reading a ballot title and ballot summary. Ballot titles and summaries do not inform voters in significant detail, nor do they inform voters on policy implications of what a yes or no vote implies. Because informed voters make informed public policy decisions, your challenge as a voter and a citizen is to become informed and then, by casting your ballot, make your values and preferences known.

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