

## 2009 LEGISLATIVE ISSUE FORM

### BOG ISSUE: Ancillary Facilities and Concurrency



#### **PROPOSED STATUTORY LANGUAGE:**

*F.S. 198.34 Disposition of proceeds from taxes.--All taxes and fees levied and collected under this chapter shall be paid into the Treasury of the state to the credit of the ~~General Revenue~~ Ancillary Facilities Construction Trust Fund, except that the lesser of 2.00 percent or \$20,000,000 shall be paid into the State Treasury to the credit of the University Concurrency Trust Fund.*

- 1. Need for Change:** The financing provided to public higher education delivery systems through historic funding programs such as PECO, while substantial, is inadequate to meet the facility needs of the Community College, State College and State University Systems. In particular, a dedicated source or revenue is required to supplement the state facility enhancement challenge grant programs and critical deferred maintenance, as well as provide funding for other critical higher education facilities and infrastructure.
- 2. Current Condition:** Current state economic conditions are not favorable, and state match of private contributions for facility enhancement for 2009 and 2010 are unlikely to be provided from General Revenue. The combined state match need from all higher education delivery systems for 2009 is 2010 is estimated at over \$200 million. The lack of state match could result in the return of over \$200 million in private donations. Likewise, unmet critical deferred maintenance needs total over \$100 million annually, above the amount currently provided from PECO. The proposed revenue stream (estate tax) was phased out as a result of a change in federal law. Thus, revenue from this stream has not been included in either the 2008-09 budget or the proposed 2009-10 budget. However, the federal law is reinstated effective Jan. 1, 2011, and will begin to generate revenue for the state of Florida during 2010-11
- 3. Effect of the Change:** A significant dedicated funding source is required to provide a stable funding stream, which would enable the state to provide the high quality educational, research and economic development facilities required to adequately support a more effective higher education system.

4. **Fiscal Impact:** The estimated fiscal impact is over \$558,415,378 annually (Estimate based on 2002-03 collections)
5. **Justification for BOARD OF GOVERNOR'S Priority (if applicable):** "As a result of a change in federal law, Florida's estate tax has been phased out since 2002, and will be eliminated by 2008. Effective January 1, 2011, the federal estate tax, including the credit for state taxes is reinstated, reinstating Florida's estate tax". (EDR 2008 Florida Tax Handbook) It is unlikely that Florida would repeal its estate tax, as all this would merely result in a redirection of taxes to the federal government, not a reduction in the estate taxes paid.
6. **Link to BOG Strategic Plan:** This issue improves the ability of the Board of Governors in addressing the goals of its strategic plan by increasing the potential to provide adequate facilities for students, faculty, and staff.