

STORAGE NAME: h1959.frc.doc
DATE: February 25, 2002

HOUSE OF REPRESENTATIVES
FISCAL RESPONSIBILITY COUNCIL
ANALYSIS

BILL #: HB 1959 (PCB FRC 02-11)
RELATING TO: Trust Funds
SPONSOR(S): Fiscal Responsibility Council and Representative Johnson
TIED BILL(S):

ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:

- (1) FISCAL RESPONSIBILITY COUNCIL YEAS 21 NAYS 0
 - (2)
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

Article III, Section 19 (f) of the State Constitution terminates most trust funds four years after their effective date. However, the Taxation and Budget Reform Commission recommended the termination of trust funds even before the mandated review.

In addition to the normal four-year review, the fiscal committees have reviewed all of the state's trust funds for possible termination. Emphasis was placed on identifying trust funds whose receipts would otherwise be deposited in the General Revenue Fund and trust funds that must be supplemented with General Revenue to fully fund their programs.

This bill terminates the following trust funds:

- the Black Contractors Board Trust Fund;
- the Florida Investment Incentive Trust Fund;
- the Brownfield Property Ownership Clearance Assistance Revolving Loan Trust Fund;
- the Library Construction Trust Fund;
- the Public Access Data Systems Trust Fund;
- the Turnpike Controlled Access Trust Fund;
- the Special Employment Security Administration Trust Fund; and
- the Civil Fines Clearing Trust Fund.

The bill provides for an effective date of July 1, 2003, except where specified.

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II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|---|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Article III, Section 19 (f) of the State Constitution, adopted and effective on November 4, 1992, provides that no trust fund may have a life span of more than 4 years and sets forth provisions that exempt certain trust funds from automatic termination.

The state operates approximately 450 trust funds as the recipient of those monies earmarked in the General Appropriations Act for specific purposes. Because of statutory limitations on the operations of most trust funds, the Legislature has little discretion in allocating money allocated in trust funds among programs.

In 1992 the Taxation and Budget Reform Commission proposed amendments to the State Constitution which the people of Florida adopted. Those amendments are now Section 19(f), Article III of the Constitution and reflect the new way this State is intended to manage trust funds and the programs they support. The Commission's resolution supporting the changes to trust fund policy found, in part, that:

[T]he hundreds of trust funds currently in existence serve only to make reporting the actual revenues and finances of the state virtually impossible . . . It is the intent of the Commission to reduce the number of trust funds in order to place most of the revenue of the state in the General Revenue Fund where it is more visible. . . It is the overall intent of the Commission that most trust funds be eliminated to increase the ability of the citizens of Florida to understand where money for state expenditures comes from, how that money is appropriated, what goals are being met by that appropriation, and how that money is eventually spent.

C. EFFECT OF PROPOSED CHANGES:

The bill terminates and modifies specific trust funds from the Executive Office of the Governor, the Departments of State, Transportation and Highway Safety and Motor Vehicles, and the Agency for Workforce Innovation. The bill also exempts trust funds within these entities.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Terminates the following trust funds as of July 1, 2002:

Within the Executive Office of the Governor-

- the Black Contractors Bond Trust Fund
- the Florida Investment Incentive Trust Fund

Within the Department of State-

- the Library Construction Trust Fund

Within the Department of Transportation-

- the Turnpike Controlled Access Trust Fund

Terminates the following trust funds as of July 1, 2003:

Within the Executive Office of the Governor-

- the Brownfield Property Ownership Clearance Assistance Revolving Loan Trust Fund

Within the Department of State-

- the Public Access Data Systems Trust Fund

Within the Agency for Workforce Innovation-

- the Special Employment Security Administration Trust Fund

Within the Department of Highway Safety and Motor Vehicles-

- the Civil Fines Clearing Trust Fund

Unless otherwise provided, the bill specifies that all current balances remaining in the trust funds terminated shall be transferred to the General Revenue Fund. The agency that administered the terminated trust fund is responsible for all outstanding debts or obligations, and the Comptroller shall be responsible for the close out and removal of the accounts using state accounting systems and practices according to the generally accepted accounting principles.

Section 2. Exempts the following trust funds from termination pursuant to Section 19(f), Article III of the State Constitution:

Within the Executive Office of the Governor-

- the Trust Funds Trust Fund

Within the Department of Transportation-

- the Central Florida Beltway Trust Fund
- the Everglades Parkway Construction Trust Fund
- the Turnpike Renewal and Replacement Trust Fund
- the Turnpike General Reserve Trust Fund
- the Turnpike Construction Trust Fund
- the Jacksonville Transportation Authority Project Construction Trust Fund
- the Jefferson County Project Construction Trust Fund
- the State Transportation Trust Fund
- the Right-of-Way Acquisition and Bridge Construction Trust Fund

Within the Department of Highway Safety and Motor Vehicles-

- the International Registration Clearing Trust Fund
- the License Tax Collection Trust Fund

- the Motor Vehicle License Clearing Trust Fund
- the Security Deposits Trust Fund

Section 3. Provides for the repeal statutes for terminated trust funds. Effective July 1, 2002, sections 288.711 and 288.712, Florida Statutes are repealed.

Section 4. Makes technical, conforming changes. Amends section 288.713, Florida Statutes.

Section 5. Makes technical, conforming changes. Amends section 376.875, Florida Statutes.

Section 6. Makes technical, conforming changes. Amends section 14.2015, Florida Statutes.

Section 7. Provides for the repeal of the revenue source for a terminated fund. Repeals section 15.09, Florida Statutes.

Section 8. Makes technical, conforming changes. Amends section 443.211, Florida Statutes.

Section 9. Makes technical, conforming changes. Amends section 215.20, Florida Statutes.

Section 10. Makes technical, conforming changes. Amends section 443.141, Florida Statutes.

Section 11. Makes technical, conforming changes. Amends section 443.215, Florida Statutes.

Section 12. Modifies the documentary tax collection transfers to the State Housing Trust Fund and the Local Government Housing Trust fund to limit the increase in annual distributions to the increase in the Consumer Price Index for the previous calendar year. Any amount above such limitation shall be transferred to General Revenue. Amends section 201.15, Florida Statutes.

Section 13. Modifies the statute regarding transfers from the Corporations Trust Fund to other Department of State trust funds to reduce transfers in fiscal years in which the Legislature or the Governor and Cabinet reduce the budget as a result of a projected deficit in General Revenue receipts. Amends section 607.1901, Florida Statutes.

Section 14. Modifies the statute regarding the use of Emergency Management, Preparedness, and Assistance Trust Fund to allow certain funds to be used for the state portion of the match requirements for federally approved Hazard Mitigation Grant Program projects. Amends section 252.373, Florida Statutes.

Section 15. Modifies the statute regarding the use of Professional Sports Development Trust Fund revenues to allow funding to be used for regional sports events and for sports-related business expansion programs and initiatives. Amends section 320.09058, Florida Statutes.

Section 16. Requires the Office of Tourism, Trade, and Economic Development to transfer the unexpended balance of the Economic Development Transportation Trust Fund to the Department of Transportation no later than July 30, 2002. The Department of Transportation shall establish transfer authority to return such funds to the Office of Tourism, Trade, and Economic Development. The Department of Transportation shall not return funds to the Office of Tourism, Trade, and Economic Development until the Office of Tourism, Trade, and Economic Development certifies that the transfer of funds is required to fulfill project commitments. The Department of Transportation may utilize any interest and temporarily use any balance of such funds for ongoing Department of Transportation expenditures until the transfer of funds is necessary to the Office of Tourism, Trade, and Economic Development.

Section 18. Provides an effective date of July 1, 2003, except as otherwise provided.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

This bill does not reduce state revenues, however, it does redistribute the revenues associated with terminated and modified trust funds.

2. Expenditures:

Termination of the trust fund does not mean ceasing to fund the program it supports. It means shifting the source of funds used to support the program from trust fund receipts to General Revenue. There are pros and cons to shifting a trust-funded program to General Revenue. On one side, General Revenue provides a stable and constant source of funds from year to year, allows for program enhancements or expansion in good economic times, and reduces departments administrative costs associated with managing a trust fund. On the other side, it requires the program to compete with other General Revenue programs for increased funding and in poor economic times to share in program reductions.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

N/A

2. Expenditures:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

N/A

D. FISCAL COMMENTS:

N/A

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend money.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the revenue raising authority of counties or municipalities.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percent of a state tax shared with counties or municipalities.

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V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

FISCAL RESPONSIBILITY COUNCIL:

Prepared by:

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