

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** H0067A Trust Funds

**SPONSOR(S):** Kyle

**TIED BILLS:** IDEN./SIM. BILLS:

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Appropriations	41 Y, 0 N	Kearney	Hansen
2) _____	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

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**SUMMARY ANALYSIS**

HB 67A makes more uniform the application of the General Revenue service charge on state trust funds. In addition, the bill adjusts the split of interest on commingled trust fund moneys between the General Revenue Fund and individual trust funds. Finally, several exemptions are repealed to the requirement that unspent moneys revert at the end of the fiscal year to the fund from which they were appropriated and instead would revert to General Revenue.

According to the formal impact conference on April 4, 2003, the redirection of interest earnings from selected trust funds to the General Revenue Fund will generate an additional \$21.5 million to General Revenue. The change in the amount charged to various trust funds creates an additional \$2.1 million in General Revenue funds.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

**STORAGE NAME:** h0067Aa.ap.doc

**DATE:** May 16, 2003

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. DOES THE BILL:

- |                                      |                              |                             |                              |
|--------------------------------------|------------------------------|-----------------------------|------------------------------|
| 1. Reduce government?                | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. Lower taxes?                      | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 3. Expand individual freedom?        | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 5. Empower families?                 | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |

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

#### B. EFFECT OF PROPOSED CHANGES:

##### General Revenue Service Charge

Trust funds are required to pay 7 percent of their income of a revenue nature to the General Revenue Fund as a service charge representing the estimated pro rata share of the cost of general government paid from the General Revenue Fund. "Income of a revenue nature" basically refers to money when it first comes into the State Treasury and excludes money that is transferred among funds.

Some funds, listed in s. 215.20(4), F.S., are required to pay an additional .3% service charge (for a total of 7.3%) for the Fiscal Year 2002-2003. A few agriculture trust funds pay a reduced service charge of 3 percent.

A number of trust funds and types of trust fund revenues are exempted from the service charge by s. 215.22, F.S. A number of other trust funds are exempted from the service charge by provisions scattered throughout the statutes and never compiled.

##### Interest Earnings

Funds in the State Treasury are invested (typically in short-term treasuries). Investment occurs in two ways. The first process is that trust fund moneys are commingled, for investment purposes only, and all investment income accrues to the General Revenue Fund. Of the total interest earned on trust fund moneys, over half accrues to the General Revenue Fund.

The second process is a cumbersome one, set out in s. 18.125(3), F.S. Each state agency can analyze its cash flow needs and determine whether it has money in a trust fund that is not immediately needed. If it makes that determination, it may request that the amount identified be transferred to the Treasurer Investment Trust Fund. The moneys transferred to that trust fund are commingled, for investment purposes only, and invested exactly the same way as in the first process. The agency must constantly monitor its cash flow needs and when it determines the need exists, it must request the return of money from the Treasurer Investment Trust Fund. The Chief Financial Officer then liquidates investments sufficient to return the money, plus interest earned thereon, to the agency. The interest earnings are credited to the agency trust fund.

For the 2002-2003 fiscal year, the implementing bill for the General Appropriations Act, Chapter 2002-402, Laws of Florida, limits the number of trust funds that are subject to the second process.

### Reversion of Appropriations

Each year the Legislature makes numerous appropriations from the General Revenue Fund and various agency trust funds for the operation of state programs. An appropriation is an authorization to expend funds, but it may also direct the transfer of money from one fund to another. For example, General Revenue may be appropriated to a trust fund that is experiencing a one-time deficit.

At the end of each fiscal year, the balance of each appropriation that remains unspent and uncommitted reverts to the fund from which the appropriation was made, s. 216.301, F.S. In the example above, if the trust fund completed the fiscal year without needing the full amount of General Revenue appropriated, the remaining General Revenue would revert to the General Revenue Fund. It would not be retained by the trust fund but would be available to the Legislature for appropriation in the following fiscal year.

Dozens of trust fund provisions scattered throughout the statutes exempt specific funds from the reversion requirements of s. 216.301, F.S. In many cases the exemptions have no effect because the only moneys appropriated from those trust funds are the direct receipts to the funds. Any unspent appropriation would revert back to the fund itself. Only when a trust fund receives legislative appropriations, or transfer, of money from another fund or from the General Revenue Fund, would an exemption from the reversion requirements of s. 215.301, F.S., affect the trust fund.

### Effect of Proposed Changes

- In 2002, in addition to the 7% service fees on most trust funds, an additional .3% service fee was assessed against 90 specified trust funds. HB 0067A makes the 7.3% service charge a permanent change against the following trust funds:

#### Agency for Health Care Administration:

Florida Organ and Tissue Donor Education and Procurement Trust Fund  
Resident Protection Trust Fund  
Health Care Trust Fund

#### Department of Financial Services:

Administrative Trust Fund  
Anti-Fraud Trust Fund  
Mortgage Brokerage Guaranty Trust Fund  
Regulatory Trust Fund  
Agents and Solicitors County Tax Trust Fund  
Workers' Compensation Administration Trust Fund  
Special Disability Trust Fund  
Special Employment Security Administration Trust Fund  
Financial Institutions Regulatory Trust Fund

#### Department of Business and Professional Regulation:

Administrative Trust Fund

Division of Florida Land Sales, Condominiums, and Mobile Homes Trust Fund  
Alcoholic Beverage and Tobacco Trust Fund  
Cigarette Tax Collection Trust Fund  
Hotel and Restaurant Trust Fund  
Professional Regulation Trust Fund  
Trust Funds administered by the Division of Pari-Mutuel Wagering

Department of Children and Families:

Administrative Trust Fund  
Child Welfare Training Trust Fund  
Children and Adolescents Substance Abuse Trust Fund  
Domestic Violence Trust Fund  
Grants and Donations Trust Fund  
Operations and Maintenance Trust Fund

Department of Elder Affairs:

Administrative Trust Fund  
Federal Grants Trust Fund  
Grants and Donations Trust Fund  
Operations and Maintenance Trust Fund

Department of Environmental Protection:

Administrative Trust Fund  
Air Pollution Control Trust Fund  
Environmental Laboratory Trust Fund  
Florida Coastal Protection Trust Fund  
Conservation & Recreation Lands Trust Fund  
Ecosystem Management & Restoration Trust Fund  
Inland Protection Trust  
Forfeited Property Trust Fund  
Grants and Donations Trust Fund  
Internal Improvement Trust  
Land Acquisition Trust Fund  
Minerals Trust Fund  
Florida Permit Fee Trust Fund  
State Park Trust Fund  
Water Quality Assurance Trust Fund  
Working Capital Trust Fund  
Nonmandatory Land Reclamation Trust Fund

Fish and Wildlife Conservation Commission:

Land Acquisition Trust Fund  
Florida Panther Research and Management  
Marine Resources Conservation Trust Fund  
Conservation and Recreation Lands Program Trust Fund

Department of Health:

Administrative Trust Fund  
Donations Trust Fund  
Florida Drug, Device, and Cosmetic Trust Fund  
Emergency Medical Services Trust Fund  
Epilepsy Services Trust Fund  
Grants and Donations Trust Fund  
Medical Quality Assurance Trust Fund  
Brain and Spinal Cord Injury Program Trust Fund

Nursing Student Loan Forgiveness Trust Fund  
Planning and Evaluation Trust Fund  
Radiation Protection Trust Fund

Department of Highway Safety and Motor Vehicles:  
DUI Programs Coordination Trust Fund

Department of Management Services:  
Administrative Trust Fund  
Architects Incidental Trust  
Bureau Of Aircraft Trust Fund  
Grants and Donations Trust Fund  
Motor Vehicle Operating Trust Fund  
Public Employees Relations Commission Trust Fund  
State Personnel System Trust Fund  
Supervision Trust Fund  
Working Capital Trust Fund  
Police and Firefighters' Premium Trust Fund

Division of Administrative Hearings:  
Administrative Trust Fund

Department of Revenue:  
Additional Court Cost Clearing Trust Fund  
Administrative Trust Fund  
Apalachicola Bay Oyster Surcharge Clearing Trust Fund  
Certification Program Trust Fund  
Motor Vehicle Warranty Trust Fund  
Motor Vehicle Rental Surcharge Clearing Trust Fund  
Oil and Gas Tax Trust Fund  
Secondhand Dealer and Secondary Metals Recycler Clearing Trust Fund  
Severance Tax Solid Mineral Trust Fund  
Fuel Tax Collection Trust Fund  
Land Reclamation Trust Fund  
Local Alternative Fuel User Fee Clearing Trust Fund  
State Alternative Fuel User Fee Clearing Trust Fund

Department of Veterans' Affairs:  
Grants and Donations Trust Fund  
Operations and Maintenance Trust Fund  
State Home For Veterans Trust Fund

- For the following trust funds in the following agencies, the General Revenue service charge is increased from 0% to 3%.
- For the following trust funds in the following agencies, the General Revenue service charge is increased from 0% to 7.3%.

Department of Agriculture and Consumer Services:  
Conservation and Recreation Lands Program Trust Fund  
Florida Quarter Horse Racing Promotion Trust Fund  
General Inspection Trust Fund

Department of Community Affairs:  
Operating Trust Fund

Justice Administrative Commission:  
Indigent Criminal Defense Trust Fund

Department of Management Services:  
Florida Facilities Pool Working Capital Trust Fund

Agency for Workforce Innovation:  
Employment Security Administration Trust Fund

Department of Education:  
Educational Certification and Services Trust Fund  
Phosphate Research Trust Fund

Department of Citrus:  
Florida Citrus Advertising Trust Fund

Department of Legal Affairs:  
Crimes Compensation Trust Fund

Department of State:  
Division of Licensing Trust Fund  
Records Management Trust Fund

Florida Public Service Commission:  
Florida Public Service Regulatory Trust Fund

The following fund is removed from the list of funds subject to the 0.3 percent service charge:  
Speech-Language Pathology and Audiology Trust Fund.<sup>1</sup>

**Section 2.** Section 215.22, F.S., sets out the trust funds that are exemption from the service charge. The funds of the Department of Agriculture and Consumer Services that are exempt are limited to the following funds:

Citrus Inspection Trust Fund  
Florida Forever Program Trust Fund  
Florida Preservation 2000 Trust Fund  
Market Improvements Working Capital Trust Fund  
Pest Control Trust Fund  
Plant Industry Trust Fund

The exemption for the following fund within the Justice Administration Commission is removed:  
Indigent Criminal Defense Trust Fund

The Governor is required to consult with the Legislative Budget Commission before granting

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<sup>1</sup> The Speech-Language Pathology and Audiology Trust Fund was last used in the 1993-94 General Appropriations Act. It is not listed as an active fund in the Comptroller's annual trust fund report. Since the adoption of the 4-year trust fund limitation in section 19(f) of Article III of the State Constitution in 1992, the Speech-Language Pathology and Audiology Trust Fund has never been re-created. Presumably, it has been terminated pursuant to the constitutional requirement.

additional exemptions.

**Section 3.** Amends s. 18.10, F.S., related to appropriations of interest earned on certain trust fund balances to the General Revenue Fund to correct a cross reference and renumbers the section as s. 17.57.

**Section 4.** Amends s. 18.125, F.S., which lists trust funds that can retain interest earned rather than depositing interest earned into the General Revenue Fund. For the following 78 trust funds in the following agencies, the provisions of s. 18.125, F.S., requiring the transfer of money between the trust funds and the Treasurer, and allowing the funds to retain interest earnings, do not apply:

Agency for Health Care Administration:

- Health Care Trust Fund
- Florida Organ and Tissue Donor Education and Procurement Trust Fund
- Resident Protection Trust Fund
- Public Medical Assistance Trust Fund

Department of Children and Families:

- Administrative Trust Fund
- Child Welfare Training Trust Fund
- Children and Adolescents Substance Abuse Trust Fund
- Domestic Violence Trust Fund
- Federal Grants Trust Fund
- Grants and Donations Trust Fund
- Operations and Maintenance Trust Fund

Department of Community Affairs:

- Operating Trust Fund

Department of Corrections:

- Criminal Justice Standards and Training Trust Fund
- Correctional Work Program Trust Fund
- Florida Agricultural Exposition Trust Fund
- Grants and Donations Trust Fund
- Operating Trust Fund
- Inmate Welfare Trust Fund
- Sales Of Goods And Services Trust Fund
- Privately Operated Institutions Inmate Welfare Trust Fund

Department of Elder Affairs:

- Administrative Trust Fund
- Grants and Donations Trust Fund
- Operations and Maintenance Trust Fund

Executive Office of the Governor:

- Economic Development Trust Fund
- Economic Development Transportation Trust Fund

Department of Health:

- Administrative Trust Fund
- County Health Department Trust Fund
- Donations Trust Fund
- Drug, Device, and Cosmetic Trust Fund
- Emergency Medical Services Trust Fund
- Epilepsy Services Trust Fund

Medical Quality Assurance Trust Fund  
Brain and Spinal Cord Injury Trust Fund  
Nursing Student Loan Forgiveness Trust Fund  
Planning and Evaluation Trust Fund  
Radiation Protection Trust Fund

Department of Highway Safety and Motor Vehicles:

DUI Programs Coordination Trust  
Security Deposits Trust Fund

Justice Administrative Commission:

Capital Collateral Representative Trust Fund  
Child Support Trust Fund  
Civil RICO Trust Fund  
Consumer Fraud Trust Fund  
Forfeiture and Investigative Support Trust Fund  
Grants and Donations Trust Fund  
Indigent Criminal Defense Trust Fund

Department of Juvenile Justice:

Administrative Trust Fund  
Grants and Donations Trust Fund  
Juvenile Crime Prevention and Early Intervention Trust Fund  
Juvenile Justice Training Trust Fund  
Social Services Block Grant Trust Fund

Department of Labor and Employment Security:

Administrative Trust Fund

Department of Law Enforcement:

Criminal Justice Standards and Training Trust Fund  
Forfeiture and Investigative Support Trust Fund  
Grants and Donations Trust Fund  
Operating Trust Fund  
Revolving Trust Fund  
Federal Law Enforcement Trust Fund

Department of Legal Affairs:

Administrative Trust Fund  
Florida Motor Vehicle Theft  
Consumer Fraud Trust Fund  
Crimes Compensation Trust Fund  
Crime Stoppers Trust Fund  
Florida Crime Prevention Training Institute Revolving Trust Fund  
Grants and Donations Trust Fund  
Legal Services Trust Fund  
Legal Affairs Revolving Trust Fund  
Motor Vehicle Warranty Trust Fund  
Elections Commission Trust Fund  
Revolving Escrow Trust Fund

Florida Public Service Commission:

Florida Public Service Regulatory Trust Fund

Department of State:

Grants and Donations Trust Fund  
Records Management Trust Fund

Department of Veterans' Affairs:  
Operations and Maintenance Trust Fund  
State Home For Veterans Trust Fund

State Court System:  
County Article V Trust Fund  
Court Education Trust Fund  
Mediation and Arbitration Trust Fund  
Grants and Donations Trust Fund  
Family Courts Trust Fund

C. SECTION DIRECTORY:

Section 1. Amends s. 215.20, F.S., revising the formula for contribution by certain trust funds to the General Revenue Fund.

Section 2. Amends s. 215.22, F.S., exempting certain trust funds and revenues from the service charge on trust funds.

Section 3. Renumbering and amending s. 18.10, F.S., appropriating certain earnings on investments to the General Revenue Fund.

Section 4. Renumbering and amending s. 18.125, F.S., providing for the method of investment and disposition of interest earned on investment of certain trust fund moneys.

Section 5. Amends s. 14.2015, F.S., removing references relating to the interest earned by the Economic Development Trust Fund and the Economic Development Transportation Trust Fund within the Executive Office of the Governor.

Section 6. Amends s. 240.4075, F.S., removing references relating to the interest earned by the Nursing Student Loan Forgiveness Trust Fund within the Department of Health,.

Section 7. Amends s. 385.207, F.S., removing references relating to the interest earned by the Epilepsy Services Trust Fund within the Department of Health.

Section 8. Amends s. 938.01, F.S., removing references relating to the interest earned by the Criminal Justice Standards and Training Trust Fund and the Operating Trust Fund within the Department of Law Enforcement.

Section 9. Amends 215.32(2)(b), F.S., which allows trust fund moneys to be transferred to the Budget Stabilization Fund or the Working Capital Fund.

Section 10. Intent language.

Section 11. Provides an effective date of July 1, 2003.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

According to the formal impact conference on April 4, 2003, the redirection of interest earnings from selected trust funds to the General Revenue Fund will generate an additional \$21.5 million to General Revenue.

The change in the amount charged to various trust funds creates an additional \$2.1 million in General Revenue funds.

2. Expenditures:

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

2. Expenditures:

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

D. FISCAL COMMENTS:

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

2. Other:

B. RULE-MAKING AUTHORITY:

C. DRAFTING ISSUES OR OTHER COMMENTS:

#### IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES