

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Limited Government: The bill provides state funding to a private non-profit organization and gives the Auditor General audit authority over said organization.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

A number of job training organizations currently exist in Florida. These organizations train individuals for a variety of jobs ranging from employment in the service industry to executive positions.

Representatives from one job-training organization, Goodwill Industries, report that 95,000 individuals annually participate in vocational programs. Last year, Goodwill helped approximately 24,000 individuals obtain jobs in Florida resulting in more than \$234 million in new salaries.

Goodwill representatives also report that the majority of the organization's revenue is invested in creating jobs for those with disabilities, developing training opportunities that lead to employment in the local communities and assisting in job placement. The primary source of revenue for Goodwill is its retail operation. It currently operates over 300 stores across Florida which generate over \$100 million dollars annually, employs about 5,700 Floridians and pays more than \$7 million to the state in sales taxes.

Effect of Proposed Changes

The bill appropriates \$3 million per year from nonrecurring general revenue for ten years to OTTED to fund qualified job training organizations. For fiscal year 2006-2007, funding will be provided from nonrecurring general revenue. For the following ten fiscal years, from 2007-2008 through 2016-2017, funding will be appropriated from nonrecurring general revenue or as specifically provided in the General Appropriations Act. The funds will go directly to OTTED for distribution to organizations meeting the requirements of s. 288.1171, F.S. The funds must be used to encourage economic development through capital construction, capital improvements, or the purchase of equipment.

The bill specifies criteria to become a "qualified job training organization." This section of the bill also outlines OTTED's duties regarding certification of these organizations, funding parameters and the Auditor General's responsibility regarding examining an organization's use of state funds.

The bill defines a "qualified job training organization" as an organization that:

- Is accredited by the Commission for Accreditation of Rehabilitation Facilities;
- Collects Florida state sales tax;
- Has more than 100 locations within the state;
- Is exempt from income taxation under s. 501(c)(3) or s. 501(c)(4) of the Internal Revenue Code of 1986, as amended;
- Specializes in the retail sale of donated items;
- Provides job training and employment services to individuals with workplace disadvantages and disabilities; and
- Uses a majority of its revenues for job training and placement programs that create jobs and foster economic development.

The bill also provides that, in order to receive funding, an organization must be certified as a qualified job training organization by the Office of Tourism, Trade, and Economic Development.

The bill requires that certified qualified job training organizations only use their funding to encourage and provide economic development. More specifically, the funding must be used for capital construction, capital improvements, and the purchase of equipment that will result in expanded employment opportunities.

The Auditor General may audit a qualified job training organization to verify that the allocated funds are being expended as required. If the Auditor General finds non-compliance, OTTED may pursue recovery of the proceeds under the laws and rules "governing the assessment of taxes."

Failure to use proceeds as required under this bill constitutes grounds for revocation of the organization's certification.

C. SECTION DIRECTORY:

Section 1. Creates s. 288.1171, F.S., to provide definitions, duties for OTTED, distribution of funds, specific uses of the funds, grant of audit authority, revocation of certification.

Section 2. Provides for appropriations.

Section 3. Provides effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The bill appropriates \$3 million per year from nonrecurring general revenue for ten years to OTTED to fund qualified job training organizations. For fiscal year (FY) 2006-2007, funding will be provided from nonrecurring general revenue. For the following ten fiscal years, from 2007-2008 through 2016-2017, funding will be appropriated from nonrecurring general revenue or as specifically provided in the General Appropriations Act.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

This bill requires the Legislature to appropriate \$3 million annually for the next ten years to qualified job-training organizations that have been certified by OTTED. Therefore, providing funding for all qualified organizations.

D. FISCAL COMMENTS:

This bill requires the Legislature to appropriate \$3 million annually for the next ten years to qualified job-training organizations that have been certified by OTTED.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds. This bill does not reduce the percentage of a state tax shared with counties or municipalities. This bill does not reduce the authority that municipalities have to raise revenues.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

On lines 51-52, the bill permits OTTED to recover misused funds "pursuant to the laws and rules governing the assessment of taxes." This broad statement does not adequately prescribe a mechanism for recovery of funds. Moreover, this portion of the bill refers to the "assessment of taxes" which is a function typical of the Department of Revenue rather than OTTED.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES