

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: General Government Appropriations Committee

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BILL: PCS/SB 826

INTRODUCER: Senator Clary

SUBJECT: Trust Funds

DATE: March 31, 2006

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Proctor	Hayes	GA	<b>Pre-meeting</b>
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

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## I. Summary:

The bill makes changes to certain trust funds pursuant to section 215.3206, Florida Statutes, which requires a legislative review of each of the trust funds in an agency subject to the four year review cycle. The bill provides for termination or modification of specified trust funds within the Department of Management Services, the Department of Agriculture and Consumer Services, the Department of the Lottery, and the Division of Administrative Hearings within the Department of Management Services.

This bill terminates two trust funds within the Department of Agriculture and Consumer Services, renames one trust fund within the Department of Agriculture and Consumer Services, renames one trust fund within the Department of the Lottery, renames one trust fund within the Division of Administrative Hearings of the Department of Management Services, and transfers eight accounts between trust funds in the Department of Management Services.

The bill takes effect on July 1, 2006, with some exceptions as noted within the bill. The bill states that renames and transfers will take effect on July 1, 2007, to provide agencies the opportunity to adjust their accounting records.

The bill substantially amends the following sections of the Florida Statutes: 215.20, 550.2625, 550.2633, 570.382, 215.22, 589.277, 24.114, 24.120, 24.121, 403.518, 403.5365, 403.9421, 552.40, 287.042, 282.22, 287.1345, and 287.057.

## II. Present Situation:

Review of trust funds is required by section 215.3208, Florida Statutes, and section 19(f), Article III of the State Constitution. All trust funds terminate after four years unless recreated. The

Legislature, through the Legislative Budget Instructions, has placed agencies on a review cycle to facilitate the review and recreation of trust funds.

Senate Bill 2644 passed by the 2005 Legislature, revised section 215.32, Florida Statutes, to direct state agencies to use certain trust funds for day-to-day operations in order to provide more consistency across agencies and improve compliance with the Governmental Accounting Standards Board Statement 34. Should an agency not have the type of trust fund required for certain day-to-day operations, it is directed to recommend creation of the necessary trust fund to the Legislature no later than the next scheduled review of the agency's trust funds pursuant to section 215.3206, Florida Statutes.

An analysis of the trust funds under the jurisdiction of the General Government Appropriations Committee resulted in the following findings:

### **Department Agriculture and Consumer Services**

The Florida Preservation 2000 Trust Fund provides a funding source for purchase of environmental forest lands in areas of critical state concern. This trust fund is no longer in use and has been replaced by the Florida Forever Program Trust Fund.

The Quarter Horse Racing Promotion Trust Fund collects revenues that are restricted for use in supplementing and augmenting purses and prizes and for the general promotion of owning and breeding of racing quarter horses, Appaloosa horses, and Arabian horses. A separate trust fund is not needed for the Florida Arabian, Appaloosa, and Quarter Horse Industries since they no longer race in Florida. Accounts could continue in the General Inspection Trust Fund in the event these industries begin racing in the future.

The department uses its Contracts and Grants Trust Fund to deposit federal revenues from grants to support programs within the department. Section 215.32, Florida Statutes, defines a federal grant trust fund as a depository for funds to be used for allowable grant activities funded by restricted program revenues from federal sources. Pursuant to the definitions provided in section 215.32(2), Florida Statutes, the department's expenditure of federal funds should be conducted using a Federal Grants Trust Fund.

### **Department of the Lottery**

The department uses an Administrative Trust Fund to support its operations and to distribute lottery proceeds to the Educational Enhancement Trust Fund. Section 215.32, Florida Statutes, defines an administrative trust fund as a depository for funds to be used for management activities that are departmental in nature and funded by indirect cost earnings and assessments against trust funds. It defines operations or an operating trust fund as a depository for funds to be used for program operations funded by program revenues. Pursuant to the definitions provided in section 215.32(2), Florida Statutes, the department's operations should be conducted using an Operating Trust Fund.

### **Department of Management Services**

The department utilizes its Grants and Donations Trust Fund for the certain operations of the following functions: Motor Vehicle and Watercraft, Purchasing, Private Prison Monitoring, the Office of Supplier Diversity, the Commission on Human Relations, Wireless Services, Facilities Management and the American's with Disabilities Working Group within Human Resources.

Section 215.32, Florida Statutes, defines a grants and donations trust fund as a depository for funds to be used for allowable grant or donor agreement activities funded by restricted contractual revenue from private and public nonfederal sources. It defines operations or an operating trust fund as a depository for funds to be used for program operations funded by program revenues. Pursuant to the definitions provided in section. 215.32(2), Florida Statutes, these operations should be conducted using an Operating Trust Fund.

### **Division of Administrative Hearings in the Department of Management Services**

The division uses an Administrative Trust Fund to support its operations. Section 215.32, Florida Statutes, defines an administrative trust fund as a depository for funds to be used for management activities that are departmental in nature and funded by indirect cost earnings and assessments against trust funds. It defines operations or an operating trust fund as a depository for funds to be used for program operations funded by program revenues. Pursuant to the definitions provided in section 215.32(2), Florida Statutes, the division's operations should be conducted using an Operating Trust Fund.

## **III. Effect of Proposed Changes:**

**Section 1:** Terminates the following trust funds, which are either obsolete or are consolidated with other trust funds:

### **Department of Agriculture and Consumer Services**

- Quarter Horse Racing Promotion Trust Fund, FLAIR number 42-2-564. All current balances remaining in Quarter Horse Racing Promotion Trust Fund, FLAIR Number 42-2-564, and all revenues there of, are transferred to the General Inspection Trust Fund within the Department of Agriculture and Consumer Services, FLAIR number 42-2-321.
- Florida Preservation 2000 Trust Fund, FLAIR number 42-2-332. All current balances remaining in Florida Preservation 2000 Trust Funds, FLAIR number 42-2-332, and all revenues there of, are transferred to the Florida Forever Program Trust Fund within the Department of Agriculture and Consumer Services, FLAIR number 42-2-349.

**Section 2:** Renames the following trust funds, effective July 1, 2007:

### **Department of Agriculture and Consumer Services**

- Contracts and Grants Trust Fund, FLAIR number 42-2-133, is renamed the Federal Grants Trust Fund.

**Department of the Lottery**

- Administrative Trust Fund, FLAIR number 36-2-021, is renamed the Operating Trust Fund.

**Department of Management Services**

- Administrative Trust Fund, FLAIR number 72-2-021, of the Division of Administrative Hearings of the Department of Management Services, renamed the Operating Trust Fund.

**Section 3:** Transfers accounts within the Grants and Donations Trust Fund within the Department of Management Services to the Operating Trust Fund within the Department of Management Services for the certain operations of the following functions effective July 1, 2007:

- Motor Vehicle and Watercraft, FLAIR number 72-2-339103;
- Purchasing, FLAIR number 72-2-339069;
- Private Prison Monitoring, FLAIR number 72-2-339111;
- the Office of Supplier Diversity, FLAIR number 72-2-339069;
- the Commission on Human Relations, FLAIR number 72-2-39045;
- Wireless Services, FLAIR number 72-2-339070;
- Facilities Management, FLAIR number 7200-2-339084;
- the American's with Disabilities Working Group within Human Resources, FLAIR number 7200-2-339130.

**Section 4** Revises subsections (2) and (4) of s. 215.20, F.S., to remove the references to the Florida Quarter Horse Racing Promotion Trust Fund.

**Section 5** Revises subsections (7) and (8) of s. 550.2625, F.S., to redirect future deposits to the terminated Florida Quarter Horse Racing Promotion Trust Fund to the General Inspection Trust Fund. Deletes the inappropriate use of the form "fund" as a way to refer to accounts within this section.

**Section 6** Revises subsection (2) of s. 550.2633, F.S., to redirect future deposits to the terminated Florida Quarter Horse Racing Promotion Trust Fund to the General Inspection Trust Fund. Deletes the inappropriate use of the form "fund" as a way to refer to accounts within this section.

**Section 7** Revises subsection (2) and (5) of s. 570.382, F.S., to redirect future deposits to the terminated Florida Quarter Horse Racing Promotion Trust Fund to the General Inspection Trust Fund. Deletes the inappropriate use of the form "fund" as a way to refer to accounts within this section.

**Section 8** Revises subsection (1) of s. 215.22, F.S., to remove the reference to the Florida Preservation 2000 Trust Fund.

**Section 9** Revises subsection (2) of s. 589.277, F.S., to redirect future deposits to the Contracts and Grants Trust Fund to the Federal Grants Trust Fund.

**Section 10** Revises subsection (3) of s. 24.114, F.S., effective July 1, 2007, to reflect a name change from the Administrative Trust Fund to the Operating Trust Fund.

**Section 11** Revises subsection (1) of s. 24.120, F.S., effective July 1, 2007, to reflect a name change from the Administrative Trust Fund to the Operating Trust Fund.

**Section 12** Revises subsections (3) and (4) of s. 24.121, F.S., effective July 1, 2007, to reflect a name change from the Administrative Trust Fund to the Operating Trust Fund.

**Section 13** Revises subsection (1) of s. 403.518, F.S., effective July 1, 2007, to reflect a name change from the Administrative Trust Fund to the Operating Trust Fund.

**Section 14** Revises subsection (1) of s. 403.5365, F.S., effective July 1, 2007, to reflect a name change from the Administrative Trust Fund to the Operating Trust Fund.

**Section 15** Revises subsection (5) of s. 403.9421, F.S., effective July 1, 2007, to reflect a name change from the Administrative Trust Fund to the Operating Trust Fund.

**Section 16** Revises subsection (11) of s. 552.40, F.S., effective July 1, 2007, to reflect a name change from the Administrative Trust Fund to the Operating Trust Fund.

**Section 17** Revises subsection (4) of s. 282.22, F.S., effective July 1, 2007, to reflect a name change from Administrative Trust Fund to the Operating Trust Fund.

**Section 18** Revises subsections (1) and (15) of s. 287.042, F.S., effective July 1, 2007, to reflect a name change from the Grants and Donations Trust Fund to the Operating Trust Fund. It also makes a grammar change.

**Section 19** Revises subsection (23) of s. 287.057, F.S., effective July 1, 2007, to reflect a name change from the Grants and Donations Trust Fund to the Operating Trust Fund.

**Section 20** Revises s. 287.1345, F.S., effective July 1, 2007, to reflect a name change from the Grants and Donations Trust Fund to the Operating Trust Fund.

**Section 21** Reenacts s. 550.0351, F.S., to incorporate the amendments made by this bill to section 550.2625, Florida Statutes.

**Section 22** Reenacts s. 43.16, F.S., effective July 1, 2007, to incorporate the amendments made by this bill to section 287.057, Florida Statutes.

**Section 23** Reenacts s. 570.07, F.S., effective July 1, 2007, to incorporate the amendments made by this bill to section 287.057, Florida Statutes.

**Section 24** States that except as otherwise provided in the bill, the bill shall take effect July 1, 2006.

**IV. Constitutional Issues 6:**

## A. Municipality/County Mandates Restrictions:

None.

## B. Public Records/Open Meetings Issues:

None.

## C. Trust Funds Restrictions:

None.

**V. Economic Impact and Fiscal Note:**

## A. Tax/Fee Issues:

None.

## B. Private Sector Impact:

None.

## C. Government Sector Impact:

The termination, consolidation, or renaming of the specific trust funds in the bill will not affect state operations. These changes will provide more consistency across agencies and improve compliance with the Governmental Accounting Standards Board Statement 34 and increase management efficiency. Upon termination of the Quarter Horse Racing Promotion Trust Fund, the bill transfers an estimated \$7,614 to the General Inspection Trust Fund within the Department of Agriculture and Consumer Services.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

## **VIII. Summary of Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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