

**The Florida Senate**  
**PROFESSIONAL STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT**

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

Prepared By: General Government Appropriations Committee

BILL: SB 1324

INTRODUCER: Senator Alexander

SUBJECT: Department of Revenue Federal Grants Trust Fund

DATE: March 9, 2007                      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Blizzard/Toth	DeLoach	GA	<b>Favorable</b>
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**I. Summary:**

This bill creates the Federal Grants Trust Fund within the Department of Revenue, effective July 1, 2008. This trust fund is established to be used for allowable grant activities funded by restricted program revenues. Funds that will be credited to the Federal Grants Trust Fund will consist of grants and funding from the federal government, interest earnings, and cash advances from other trust funds.

**II. Present Situation:**

Section 19(f), Art. III of the State Constitution requires that trust funds be created by a three-fifths vote of the membership in each house and be in a separate bill for the sole purpose of creating that trust fund. The Constitution also requires that all newly created agency trust funds terminate after four years unless recreated.

Section 215.3208(1), F.S., provides that, in order to implement s. 19(f), Art. III of the State Constitution, a schedule for review of trust funds be included in the legislative budget instructions developed pursuant to s. 216.023, F.S. The trust funds in the Department of Revenue are scheduled for review this year.

In order to meet accounting standards established by the Government Accounting Standards Board, s. 215.32, F.S., requires that agencies have trust funds for day-to-day operations. One of the required trust funds is a federal grants trust fund. The department currently does not have a federal grants trust fund. With its scheduled review of trust funds, the department has requested the creation of this trust fund to comply with s. 215.32, F.S.

Currently, federal funds are deposited into the Grants and Donations Trust Fund. Pursuant to s. 215.32, F.S., the Federal Grants Trust Fund is to be used as a depository for funds for allowable grant activities funded by restricted program revenues from federal sources.

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

The creation of this trust fund will allow the department to receive funds from grants and funding from the federal government, interest earnings, and cash advances from other trust funds. The department will use this trust fund as a depository for funds to be used for allowable grant activities funded by restricted program revenues from federal sources.

The creation of this trust fund will align agency accounts with the requirements of s. 215.32, F.S.

The trust fund will terminate in four years, on July 1, 2012, pursuant to s. 19 (f)(2), Art. III of the State Constitution, unless recreated by the Legislature.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

#### **B. Public Records/Open Meetings Issues:**

None.

#### **C. Trust Funds Restrictions:**

This bill, creating a new trust fund, must pass by a three-fifths vote of the membership of each house to become law pursuant to s. 19 (f), Art. III of the State Constitution.

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

#### **A. Tax/Fee Issues:**

None.

#### **B. Private Sector Impact:**

None.

#### **C. Government Sector Impact:**

Creating the Federal Grants Trust Fund within the department should result in improved segregation of funds, accounting records, and ability to analyze the revenues and expenditures of the department.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

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

None.

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