

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.)

BILL: CS/SB 8-A

SPONSOR: Appropriations & Senator Pruitt

SUBJECT: Trust Funds

DATE: May 14, 2003 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Lezcano</u>	<u>Coburn</u>	<u>AP</u>	<u>Fav/CS</u>
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill continues, on a permanent basis, the one-year trust fund changes made by Chapter 2002-402, L.O.F., the law implementing the 2002-2003 General Appropriations Act. Those changes increased the General Revenue service charge for some trust funds and required that more of the interest earned on the balances of some trust funds be deposited to the General Revenue Fund.

This bill substantially amends, creates, or repeals the following sections of the Florida Statutes: ss. 215.20, 215.22, 18.10, 18.125, 14.2015, 1009.66, 385.207, 860.158, 938.01, and 215.32, F.S.

II. Present Situation:

General Revenue Service Charge

Section 215.20, F.S., imposes a service charge on all trust fund revenues of an income nature. State accounting records indicate that the service charges collected and deposited in the General Revenue Fund during fiscal year 2001-2002 totaled \$347 million. Prior to July 1, 2002, s. 215.20, F.S., imposed a 7 percent service charge on funds except those listed in s. 215.22, F.S., which exempted 14 trust funds, 11 types of receipts to any trust fund, and all trust funds in 3 entire departments. It also provided for 0.3 percent to be assessed on the income of a list, which included 32 trust funds, parts of 2 others, and the trust funds of 2 divisions in specific agencies. Sections 215.20 and 215.22, F.S., were amended by Chapter 2002-402, L.O.F., for the 2002-2003 fiscal year, to apply the service charge more uniformly. The change increased the service charge to 7.3 percent from 7 percent for 90 trust funds, assessed a 3 percent service charge on 11 trust funds, and imposed a service charge of 7.3 percent on 4 trust funds. This resulted in an estimated increase to the service charge receipts of \$2,130,167 million during the 2002-2003

fiscal year and an estimated increase of \$2,840,223 million on an annualized basis (if the amendments were continued). Section 215.24, F.S., provides that those trust funds which receive federal contributions or private grants that are received as a result of a state matching effort may be exempted from the assessment of the service charge under authority provided to the Governor.

Treasurer's Duties Regarding Deposits and Investments of State Money

Prior to July 1, 2002, s. 18.10, F.S., required the Treasurer to deposit and invest the moneys of the state as fully as possible, consistent with the cash requirements of the state. It provided that all earnings were to be credited to the General Revenue Fund, except as provided in s. 18.125(3), F.S. Section 18.125, F.S., provided additional authority to the Treasurer to invest all General Revenue Funds, all trust funds, and all agency funds of each state agency. Subsection (3) provided a process for agencies to transfer trust fund moneys not needed for immediate operations to the Treasurer's Administrative and Investment Trust Fund. The interest earned was transferred to the respective trust funds, not to the General Revenue Fund.

During the 2000-2001 fiscal year, interest earned by the State Treasurer, according to records of the State Treasurer, was \$781 million. Of this amount, \$294 million was credited to the General Revenue Fund and \$487 million was credited pro rata to trust funds. For the 2001-2002 fiscal year, interest credited to trust funds was \$417 million; for the first 6 months of 2002-2003, it was \$156 million. Sections 18.10 and 18.125, F.S., were amended for the 2002-2003 fiscal year to limit the trust funds that can retain interest earnings rather than depositing such earnings into the General Revenue Fund. This amendment resulted in an estimated \$25 million being credited to the General Revenue Fund in the 2002-2003 fiscal year.

III. Effect of Proposed Changes:

This bill continues, on a permanent basis, the one-year trust fund changes made by Chapter 2002-402, L.O.F., the law implementing the 2002-2003 General Appropriations Act. It also reenacts the statutory provision that permits the transfer of moneys to the Budget Stabilization Fund and the Working Capital Fund from trust funds. The proposed General Appropriations bill assumes the \$2.1 million in general revenue generated by this bill.

Section 1. Amends s. 215.20, F.S., as amended by s. 61 of Chapter 2002-402, L.O.F. Amends s. 215.20, F.S., relating to the statutory appropriation of the General Revenue service charge. This section is substantially reworded. Trust funds included in the current law that are not affected other than being moved within the section are not included below. For the following 108 trust funds in the following agencies, the General Revenue service charge is increased from 7% to 7.3%.

Agency for Health Care Administration:

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

Agency for Workforce Innovation:

- Employment Security Administration Trust Fund

Special Employment Security Administration Trust Fund

Department of Agriculture and Consumer Services:

- Conservation and Recreation Lands Trust Fund
- Florida Quarter Horse Racing Promotion Trust Fund
- General Inspection Trust Fund, unless a different percent is specified in s. 570.20, F.S.
- Division of Licensing Trust Fund

Department of Business and Professional Regulation:

- Administrative Trust Fund
- Alcoholic Beverages and Tobacco Trust Fund
- Cigarette Tax Collection Trust Fund
- Division of Florida Land Sales, Condominiums and Mobile Homes Trust Fund
- Hotel and Restaurant Trust Fund, except hospitality education program revenues in s. 509.302, F.S.
- Professional Regulation Trust Fund
- Trust funds of the Division of Parimutuel 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 Citrus:

- Florida Citrus Advertising Trust Fund, unless a different percent is specified in s. 601.15(7), F.S.

Department of Community Affairs:

- Operating Trust Fund

Department of Education:

- Educational Certification and Service Trust Fund
- Phosphate Research 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 and Recreation Lands Trust Fund
- Ecosystem Management and 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
Nonmandatory Land Reclamation Trust Fund
Florida Permit Fee Trust Fund
State Park Trust Fund
Water Quality Assurance Trust Fund
Working Capital Trust Fund

Department of Financial Regulation:
Agents and Solicitors County Tax Trust Fund
Insurance Regulatory Trust Fund
Special Disability Trust Fund
Workers' Compensation Administration Trust Fund

Fish and Wildlife Conservation Commission:
Land Acquisition Trust Fund
Florida Panther Research and Management
Conservation and Recreation Lands Program Trust Fund
Marine Resources Conservation Trust Fund, except for recreational saltwater fishing license fees under s. 372.57, F.S.

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 Legal Affairs:
Crimes Compensation Trust Fund

Department of Management Services:
Administrative Trust Fund
Architects Incidental Trust
Bureau of Aircraft Trust Fund
Florida Facilities Pool Working Capital Trust Fund
Grants and Donations Trust Fund
Motor Vehicle Operating Trust Fund
Police and Firefighters' Premium Tax Trust Fund
Public Employees Relations Commission Trust Fund
State Personnel System Trust Fund
Supervision Trust Fund
Working Capital 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
- Fuel Tax Collection Trust Fund
- Land Reclamation Trust Fund
- Local Alternative Fuel User Fee Clearing Trust Fund
- Local Option Fuel Tax 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
- State Alternative Fuel User Fee Clearing Trust Fund
- Motor fuel taxes, except those levied under s. 206.87(1)(a), F.S.

Department of State:

- Records Management Trust Fund
- Trust funds of the Division of Historical Resources

Department of Transportation:

- Income derived from outdoor advertising and from overweight violations that are deposited in the State Transportation Trust Fund

Public Service Commission:

- Florida Public Service Regulatory Trust Fund

Justice Administration Commission:

- Indigent Criminal Defense Trust Fund

Department of Veterans' Affairs:

- Grants and Donations Trust Fund
- Operations and Maintenance Trust Fund
- State Home For Veterans Trust Fund

Office of Financial Regulation of the Financial Services Commission:

- Administrative Trust Fund
- Anti-Fraud Trust Fund
- Mortgage Brokerage Guaranty Trust Fund
- Regulatory Trust Fund

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

Department of Agriculture and Consumer Services:

- Administrative Trust Fund
- Agricultural Law Enforcement Trust Fund
- Contracts and Grant Trust Fund
- Agricultural Emergency Trust Fund
- Incidental Trust Fund
- Market Trade Show Trust Fund
- Relocation and Construction Trust Fund

Florida Saltwater Products Trust Fund
 Viticulture Trust Fund
 Florida Agricultural Promotion Campaign Trust Fund
 Fish and Wildlife Conservation Commission:
 The Save the Manatee Trust Fund

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
 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

The Speech-Language Pathology and Audiology Trust Fund is removed from the list of funds subject to the 0.3 percent service charge.

Section 2. Amends subsection (1) of section 215.22, F.S., as amended by s. 63 of Chapter 2002-402, L.O.F., relating to trust funds exempt from the statutory appropriation of the General Revenue service charge. The funds of the Department of Agriculture and Consumer Services that are exempt from the appropriation 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

Removes the exemption for the Indigent Criminal Defense Trust Fund within the Justice Administration Commission and the Save the Manatee Trust Fund within the Fish and Wildlife Conservation Commission.

Requires the Governor to consult with the Legislative Budget Commission before granting additional exemptions.

Section 3. Amends subsection (4) of s. 18.10, F.S., as amended by s. 65 of Chapter 2002-402, L.O.F., related to appropriations of interest earned on certain trust fund balances to the General Revenue Fund to correct a cross reference.

Section 4. Amends subsection (3) of s. 18.125, F.S., as amended by s. 67 of Chapter 2002-402, L.O.F., which limits trust funds that can retain interest earned rather than depositing such interest into the General Revenue Fund. For the following 74 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:

- 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 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

Florida Public Service Commission:

Florida Public Service Regulatory Trust Fund

Department of State:

Grants and Donations Trust Fund
Records Management 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

Moneys in trust funds are exempt from the investment restrictions of s. 18.10, F.S., if investment is required by federal programs or bond covenants, if such moneys are held by the state as an agent or fiduciary for individuals, or if the Executive Office of the Governor determines that federal matching funds or contributions would be lost to the state were the moneys not invested.

Section 5. Amends subsection (2) of s. 14.2015, F.S., as amended by s. 69 of Chapter 2002-402, L.O.F., which removes 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 subsection (7) of s. 1009.66, F.S., as amended by s. 71 of Chapter 2002-402, L.O.F., which removes the provision that the interest earned by the Nursing Student Loan Forgiveness Trust Fund within the Department of Health will be reverted to the trust fund.

Section 7. Amends subsection (3) of s. 385.207, F.S., as amended by ss. 72-73 of Chapter 2002-402, L.O.F., which removes the provision that the interest earned by the Epilepsy Services Trust Fund within the Department of Health will be reverted to the trust fund.

Section 8. Amends subsection (1) of s. 860.158, F.S., as amended by s. 75 of Chapter 2002-402, L.O.F., which removes the provision that the interest earned by the Florida Motor Vehicle Theft Prevention Trust Fund within the Department of Legal Affairs will be reverted to the trust fund.

Section 9. Amends subsection (1) of s. 938.01, F.S., as amended, by s. 77 of Chapter 2002-402, L.O.F., which removes the provision that the interest earned by the Criminal Justice Standards and Training Trust Fund and the Operating Trust Fund within the Department of Law Enforcement, and the Domestic Violence Trust Fund within the Department of Children and Family Services, will be reverted to the trust fund.

Section 10. Reenacts s. 215.32(2)(b), F.S., which deals with the use of moneys in trust funds. The paragraph permits the transfer of moneys to the Budget Stabilization Fund and the Working Capital Fund from trust funds.

Section 11. Provides that a permanent change made by another law in the 2003 Regular Session of the Legislature to any of the same statutes amended by this bill be given equal precedence to the provision in this bill.

Section 12. Provides an effective date.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

General Revenue Service Charge

The Estimating Conference has estimated an increase in the 2003-2004 fiscal year of \$2.1 million in additional recurring deposits to the General Revenue Fund as a result of the changes in this bill to the service charge. These changes will result in higher General Revenue receipts and an equal decrease to revenue in trust funds.

Trust Fund Interest Earnings

For the 2003-2004 fiscal year, the Estimating Conference has estimated an increase of a recurring \$21.5 million to the General Revenue Fund as a result of the changes in this bill. These changes will result in higher General Revenue receipts and an equal decrease to revenue in trust funds.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

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