

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 7037 PCB ENRC 07-08 Federal Grants Trust Fund-DEP
SPONSOR(S): Environment & Natural Resources Council
TIED BILLS: **IDEN./SIM. BILLS:** SB 2388

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.: Environment & Natural Resources Council	12 Y, 0 N	Perkins	Hamby
1) _____	_____	_____	_____
2) _____	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

Section 215.32, F.S., was amended in the 2004 session to require that agencies have certain trust funds for day-to-day operations. One of the required trust funds is a federal grants trust fund.

The bill creates the Federal Grants Trust Fund within the Department of Environmental Protection effective July 1, 2008. The fund is established for use as a depository for funds to be used for allowable grant activities funded by restricted program revenues from federal sources.

The bill creates a new trust fund; therefore, it must pass with a three-fifths vote of the membership of each house of the Legislature.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

The bill does not appear to implicate any of the House Principles.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

Section 19(f), Art. III of the State Constitution governs the creation of trust funds. This constitutional provision prohibits the creation by law of a trust fund of the state or other public body without a three-fifths vote of the membership of each house of the Legislature. This provision further specifies that a trust fund must be created in a separate bill for that purpose only.

The State Constitution also specifies that trust funds created after November 4, 1992, with certain exceptions shall terminate not more than 4 years after the effective date of the act authorizing the creation of the trust fund, unless the Legislature by law sets forth a shorter time period. A bill that creates a trust fund should specify the trust fund's date of termination.

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 Environmental Protection are scheduled for review this year.

In order to meet accounting standards established by the Government Accounting Standards Board, s. 215.32, F.S., was amended in the 2004 session to require that agencies have certain trust funds for day-to-day operations. One of the required trust funds is a federal grants trust fund. The Department of Environmental Protection currently does not have a federal grants fund. Currently, revenues received by the Department of Environmental from federal sources are deposited into various trust funds within the department.

Effect of Proposed Change

The bill creates the Federal Grants Trust Fund within the Department of Environmental Protection effective July 1, 2008. The fund is established for use as a depository for funds to be used for allowable grant activities funded by restricted program revenues from federal sources. Moneys credited to the trust fund will consist of grants and funding from the Federal Government, interest earnings, and cash advances from other trust funds. Funds will be expended pursuant to legislative appropriation or an approved amendment to the Department of Environmental Protection's operating budget pursuant to the provisions of chapter 216, F.S.

The Federal Grants Trust Fund shall, unless terminated sooner, be terminated on July 1, 2012. Before its scheduled termination, the trust fund shall be reviewed as provided in s. 215.3206(1) and (2), F.S.

C. SECTION DIRECTORY:

None.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

The creation of the Federal Grants Trust Fund will provide improved segregation of funds, accounting records, and the ability to analyze revenues and expenditures within the department.

This legislation has no fiscal impact on state agencies or state funds, on local governments as a whole or on the private sector.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

No statement submitted.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

None.