

Tab 2	CS/SB 164 by TR, Grimsley (CO-INTRODUCERS) Baxley ; (Identical to CS/H 00097) Certificates of Title for Motor Vehicles
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Tab 3	SB 7010 by MS ; (Identical to H 07029) Department of Military Affairs Direct-support Organization
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The Florida Senate
COMMITTEE MEETING EXPANDED AGENDA

**APPROPRIATIONS SUBCOMMITTEE ON
TRANSPORTATION, TOURISM, AND ECONOMIC
DEVELOPMENT**

Senator Brandes, Chair
Senator Powell, Vice Chair

MEETING DATE: Wednesday, March 8, 2017
TIME: 9:30—11:30 a.m.
PLACE: *Toni Jennings Committee Room, 110 Senate Office Building*

MEMBERS: Senator Brandes, Chair; Senator Powell, Vice Chair; Senators Artiles, Benacquisto, Gainer, Gibson, Passidomo, Rader, Simpson, and Thurston

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	Chair's Proposed Budget Reductions for Fiscal Year 2017-2018		Presented
2	CS/SB 164 Transportation / Grimsley (Identical CS/H 97)	Certificates of Title for Motor Vehicles; Prohibiting the Department of Highway Safety and Motor Vehicles and tax collector from charging any fee or service charge, except for the expedited title fee, if applicable, for a certificate of title issued for a motor vehicle solely to remove a deceased coowner from a title registered in the name of two persons if the other coowner is the surviving spouse, etc. TR 02/07/2017 Fav/CS ATD 03/08/2017 Favorable AP	Favorable Yeas 8 Nays 0
3	SB 7010 Military and Veterans Affairs, Space, and Domestic Security (Identical H 7029)	Department of Military Affairs Direct-support Organization; Abrogating the scheduled repeal of provisions governing a direct-support organization established under the department, etc. ATD 03/08/2017 Favorable AP	Favorable Yeas 9 Nays 0

Other Related Meeting Documents

Budget Subcommittee on Transportation, Tourism and Economic Development Appropriations

Fiscal Year 2017-2018

Chairman's Proposed Budget Reductions for FY 2017-18

#	Entity/Issue	FTE	General Revenue			Trust Fund	Total All Funds	3YR New LBR Gov Recs	Type	Comments	#
			Recurring	NR	Subtotal						
1	Department of Economic Opportunity										1
2	Reduce Workforce Operations					(550,000)	(550,000)		Gov Recs	EFI reduced approximately 27 positions over the interim. The funds freed up from these reduction have been reallocated within EFI for other mission critical services. The \$2.5 million fund shift proposed has a net zero effect and no positions are associated with this issue.	2
3	Temporary Assistance for Needy Families Reduction Based on Reversions					(1,800,000)	(1,800,000)		New	This is a double budget issue recommended by the Subcommittee on Healthcare Appropriations. The reduction is based on prior years reversion history of excess funds.	3
4	Initial Skills Review - Reduce Funding Based On Number Of Participants					(500,000)	(500,000)		New	The department has demonstrated the trend of increasing unspent funds at the end of each year due to improving unemployment numbers. DEO's projections for FY 2017-18, and the current trend for FY 2016-17, anticipate to have an excess funds in this program.	4
5	Enterprise Florida Program/Operations		(2,500,000)		(2,500,000)	2,500,000			Gov Recs	Fund shifts the GR base funding for EFI operations to the SEED TF. Governor's Recommendations included this issue.	5
6	Department of State										6
7	Florida Humanities Council		(500,000)		(500,000)		(500,000)		LBR-Gov Recs	Eliminate funding to entity. This represents 25% of the Council's funding. The Council also receives funding from the National Endowment for Humanities, contributions, and program service fees. The Council develops and funds public programs and resources around the state that explore Florida's history and cultural heritage, literary and artistic life, environment and development, issues and ideas, communities and traditions. The Council has expended \$1M of non-state funds for walking tours, seminars for high school juniors, and provided opportunities for communities to trace our historical connections with through the study of art, culture, and literature and to explore the issues we face today. Governor's Recommendations included this issue.	7

Budget Subcommittee on Transportation, Tourism and Economic Development Appropriations

Fiscal Year 2017-2018

Chairman's Proposed Budget Reductions for FY 2017-18

#	Entity/Issue	FTE	General Revenue			Trust Fund	Total All Funds	3 YR New LBR Gov Recs	Type	Comments	#
			Recurring	NR	Subtotal						
8	Operational Reduction- Administrative Code and Register					(62,043)	(62,043)	LBR-Gov Recs	The Department of State, Division of Library and Information Services, is proposing a reduction in the expense category due to excess authority in the Records Management Trust Fund. The impact would be minimal on the Department. Governor's Recommendations included this issue.	8	
9	Department of Military Affairs									9	
10	Forward March Program		(1,250,000)		(1,250,000)	1,250,000		New	Fund Shift Recurring GR to Nonrecurring TF. Forward March: Serves unemployed economically disadvantaged out-of-school youth and adults, ages 17 to 29 years of age, with training designed to improve work readiness skills and facilitate job placement and retention. The main program goal is to reduce dependence on public assistance by enhancing their employability. The 140-hour long program helps participants by; improving their core academic skills, improving their workplace readiness skills, finding them employment. In 2015-16, 285 people were served. That equates to \$4,386 per person.	10	
11	About Face Program		(750,000)		(750,000)	750,000		New	Fund Shift Recurring GR to Nonrecurring TF. About Face: Serves economically disadvantaged youth, ages 13-17 who are still in school but at risk of becoming dropouts. The 60-hour long program (90 hours in summer), helps students by; improving their academic skills, teaching effective study habits, teaching life coping skills and good citizenship, providing strong mentor and role model experiences. In 2015-16, 770 students were served. that equates to \$974 per student.	11	
12	Other Personal Services		(17,903)		(17,903)	(18,172)	(36,075)	LBR-Gov Recs	OPS reduction in support of the FLNG Governor's Recommendations included this issue.	12	
13	Operational Expenses					(34,803)	(34,803)	LBR-Gov Recs	Reduction in operations at the Camp Blanding Joint Training Center. Governor's Recommendations included this issue.	13	

Budget Subcommittee on Transportation, Tourism and Economic Development Appropriations

Fiscal Year 2017-2018

Chairman's Proposed Budget Reductions for FY 2017-18

#	Entity/Issue	FTE	General Revenue			Trust Fund	Total All Funds	3 YR New LBR Gov Recs	Type	Comments	#
			Recurring	NR	Subtotal						
14	Division of Emergency Management (DEM)										14
15	Reduce Operating Capital Outlay					(17,392)	(17,392)		LBR	Reduce funding for operating capital outlay. Based on prior year disbursements, the division does not anticipate needing this appropriation for FY 17/18. Governor's Recommendations included this issue.	15
16	Reduce Expenses					(10,000)	(10,000)		LBR	Reduce funding for expenses for savings realized through procurement actions. Governor's Recommendations included this issue.	16
17	Reduce Contracted Services					(20,000)	(20,000)		LBR	Reduce funding for contracted services for savings realized through procurement actions. Governor's Recommendations included this issue.	17
18	Department of Highway Safety & Motor Vehicles										18
19	Commercial Vehicle Enforcement Program - Contracted Services Category					(109,000)	(109,000)		LBR	This reduction is a result of the current reduced price of fuel as compared to historic high levels in recent years. Governor's Recommendations included this issue.	19
20	Division of Administrative Services - Expenses Category					(73,088)	(73,088)		LBR	Warehouse storage space that will no longer be needed. Governor's Recommendations included this issue.	20
21	FHP Operation of Motor Vehicles					(576,095)	(576,095)		LBR	This reduction is a result of the current reduced price of fuel as compared to historic high levels in recent years. Governor's Recommendations included this issue.	21
22	Florida Highway Patrol Program					(605,349)	(605,349)		LBR	The department has reviewed historical, current and anticipated future expenditures within FHP and has identified reductions in several appropriations categories. Governor's Recommendations included this issue.	22
23	Division of Motorist Services					(323,686)	(323,686)		LBR	The department has reviewed historical, current and anticipated future expenditures within the Division of Motorist Services and has identified reductions in several appropriations categories. Governor's Recommendations included this issue.	23

Budget Subcommittee on Transportation, Tourism and Economic Development Appropriations

Fiscal Year 2017-2018

Chairman's Proposed Budget Reductions for FY 2017-18

#	Entity/Issue	FTE	General Revenue			Trust Fund	Total All Funds	3 YR New LBR Gov Recs	Type	Comments	#
			Recurring	NR	Subtotal						
24	Department of Transportation									24	
25	Management Position Reductions	(80.00)				(2,529,140)	(2,529,140)	LBR-Gov Recs	Reduction to reflect management reductions for organizational efficiencies being implemented by the department. Efficiencies include improvements to processes, systematic enhancements, consolidation of activities in functional areas, and increased use of technology to automate manual tasks and improve speed of task completion. Governor's Recommendations included this issue.	25	
26	Grand Total Reductions	(80.00)	(5,017,903.00)		(5,017,903.00)	(2,728,768.00)	(7,746,671.00)			26	

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Appropriations Subcommittee on Transportation, Tourism, and Economic Development

BILL: CS/SB 164
INTRODUCER: Transportation Committee and Senators Grimsley and Baxley
SUBJECT: Certificates of Title for Motor Vehicles
DATE: March 8, 2017 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Jones</u>	<u>Miller</u>	<u>TR</u>	Fav/CS
2.	<u>Wells</u>	<u>Pitts</u>	<u>ATD</u>	Recommend: Favorable
3.	<u> </u>	<u> </u>	<u>AP</u>	<u> </u>

Please see Section IX. for Additional Information:
COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 164 prohibits the Department of Highway Safety and Motor Vehicles (DHSMV) and tax collectors from charging a surviving spouse any fee or service charge, excluding an expedited title fee, if applicable, for a motor vehicle certificate of title when the title is being issued solely to remove the deceased co-owner from the title.

The bill is expected to reduce, on an annual basis, revenues flowing to the General Revenue Fund by \$222,000; the Highway Safety Operating Trust Fund by \$100,000; and local trust funds by \$19,000.

This bill takes effect July 1, 2017.

II. Present Situation:

Most vehicles, with exceptions for mopeds, motorized bicycles, and trailers weighing less than 2,000 pounds, are required to have a certificate of title.¹ A person must apply for a title in his or her name after purchasing a new vehicle, bringing a vehicle into the state, or at any time the ownership of a vehicle changes.² A certificate of title is a record that proves ownership of a vehicle and can be a certificate in either paper or electronic form and authorized or stored by the

¹ DHSMV, *FAQs on Getting a Hassle Free Title*, <http://www.flhsmv.gov/dmv/faqtitle.html> (last visited Jan. 30, 2017).

² *Id.*

DHSMV.³ The application for a certificate of title requires, if applicable, information including, but not limited to, the⁴:

- Owner's, co-owner's, or lessee's names, mailing addresses, dates of birth, and driver license numbers;
- Vehicle identification number;
- Make, manufacturer, year, body, and color of the vehicle;
- Lienholder information; and
- Odometer declaration.

Certificate of Title Fees

Section 319.32, F.S, provides the fees, service charges, and disposition of funds for certificates of title. The DHSMV charges a \$70 fee for each original and duplicate certificate of title, except for motor vehicles for hire⁵, which are \$49, and \$2 for each salvage certificate of title. The DHSMV also charges \$2 to note a lien on the certificate, \$1 to cover the cost of materials, and \$2.50 for shipping and handling. Additionally, there is a \$4.25 service charge for each certificate of title application.

The \$70 fee is distributed between the State Transportation Trust Fund and the General Revenue Fund, excluding \$1 that is deposited into the Highway Safety Operating Trust Fund to fund the DHSMV's efforts to prevent and detect odometer fraud.⁶ The DHSMV or the tax collector who processes the application retains the \$4.25 service charge.⁷

Additionally, expedited service for title transfers, issuances, duplicates, and recordation of liens is an option available for a \$10 fee. If requested, expedited service ensures the title is issued within five working days after receipt of the application.⁸

Co-owning a Vehicle⁹

Motor vehicles can be registered in the names of two or more persons as co-owners of the vehicle. Names conjoined with the word "or" are held in joint tenancy. Co-owners are deemed to have granted one another absolute right to dispose of the title and interest in a motor vehicle or place a lien or encumbrance on the motor vehicle. As part of joint tenancy, the signature of any co-owner constitutes proper endorsement. Upon the death of any co-owner under this title, interest of the vehicle passes to the surviving co-owner. Names conjoined with the word "and" require the signature of each co-owner to transfer a title or place a lien or encumbrance on the vehicle.

³ Section 319.001(1), F.S.

⁴ DHSMV, *Application for Certificate of Title With/Without Registration*, <http://www.flhsmv.gov/dmv/forms/BTR/82040.pdf> (last visited Jan. 30, 2017).

⁵ Vehicles registered under s. 320.08(6), F.S.

⁶ Sections 319.32(5) and 319.324, F.S.; Section 319.32(5), F.S., provides that \$47 of each fee collected for an original or duplicate certificate of title is deposited into the State Transportation Trust Fund, which may receive up to \$200 million in any fiscal year. The remainder of the fee and any fees in excess of the \$200 million are deposited into the General Revenue Fund.

⁷ Section 319.32(2)(b), F.S.

⁸ Section 319.323, F.S.

⁹ Sections 319.22(2) and 319.235, F.S.

The DHSMV indicated 22.63 percent of Florida vehicles are co-owned, but the number of these vehicles co-owned by spouses is unknown.¹⁰

Transfer of Ownership- Death of Spouse

A surviving spouse who inherits the deceased spouse's motor vehicle may dispose of the vehicle without being required to obtain a certificate of title in his or her name.¹¹ If the married couple are co-owners of the vehicle with names appearing conjoined by an "or" on the title, it is not necessary for the surviving spouse to apply for a new title, as he or she already has absolute rights to the vehicle. However, if the names are conjoined by "and" and the surviving spouse wishes to maintain ownership of the vehicle, the surviving spouse will be required to apply for a certificate of title in order to remove the name of the deceased spouse.

III. Effect of Proposed Changes:

The bill prohibits the DHSMV and tax collectors from charging a surviving spouse any fee or service charge (excluding an expedited title fee, if applicable) for issuance of a motor vehicle certificate of title when the title is being issued solely to remove the deceased spouse as a co-owner. The fee waiver is only applicable if the vehicle is co-owned by the surviving and deceased spouse with both names on the certificate of title.

The bill takes effect July 1, 2017.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Because this bill requires tax collectors to issue a no-cost replacement motor vehicle certificate of title to a surviving spouse, the bill falls within the purview of Art, VII, s. 18(a), of the Florida Constitution, which provides that counties are not bound by certain general laws that require the expenditure of funds unless certain exceptions or exemptions are met. Subsection (d) provides an exemption from this prohibition for laws determined to have an "insignificant fiscal impact," and this bill appears to have an insignificant impact.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

¹⁰ Office of Economic and Demographic Research, The Florida Legislature, *Revenue Estimating Conference: SB164/HB 97* (Jan. 20, 2017), http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2017/_pdf/page14-16.pdf (Jan. 31, 2017).

¹¹ Section 319.28(1)(c), F.S.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

CS/SB 164 waives the certificate of title fee for a surviving spouse who is issued a certificate of title solely to remove his or her deceased spouse from the co-owned title.

B. Private Sector Impact:

A surviving spouse will no longer be required to pay a motor vehicle title fee or service charge for a title being issued solely to remove the deceased spouse from the title registered in the names of both spouses.

C. Government Sector Impact:

The number of married couples who jointly owned vehicles within the state is unknown. The DHSMV estimates the bill will have a negative fiscal impact that could be as much as \$222,182 to the General Revenue Fund, \$99,948 to the Highway Safety Operating Trust Fund and \$19,078 to local trust funds.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 319.32 of the Florida Statutes.

IX. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)**CS by Transportation on February 7, 2017:**

The CS clarifies that the fee waiver is only applicable if the vehicle is co-owned by the surviving and deceased spouse with both names on the certificate of title. Additionally, the CS prohibits *tax collectors* and DHSMV from charging any fee or *service charge*, with an exception for expedited title fees, if applicable.

B. Amendments:

None.

By the Committee on Transportation; and Senators Grimsley and Baxley

596-01726-17

2017164c1

1 A bill to be entitled

2 An act relating to certificates of title for motor
3 vehicles; amending s. 319.32, F.S.; prohibiting the
4 Department of Highway Safety and Motor Vehicles and
5 tax collector from charging any fee or service charge,
6 except for the expedited title fee, if applicable, for
7 a certificate of title issued for a motor vehicle
8 solely to remove a deceased coowner from a title
9 registered in the name of two persons if the other
10 coowner is the surviving spouse; providing an
11 effective date.

12
13 Be It Enacted by the Legislature of the State of Florida:

14
15 Section 1. Subsection (7) is added to section 319.32,
16 Florida Statutes, to read:

17 319.32 Fees; service charges; disposition.—

18 (7) Notwithstanding any other provision of this section,
19 the department and tax collector may not charge any fee or
20 service charge, except for the expedited title fee, if
21 applicable, for a certificate of title issued for a motor
22 vehicle solely to remove a deceased coowner from a title
23 registered in the names of two persons if the other coowner is
24 the surviving spouse.

25 Section 2. This act shall take effect July 1, 2017.

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Appropriations Subcommittee on Transportation, Tourism, and Economic Development

BILL: SB 7010

INTRODUCER: Military and Veterans Affairs, Space, and Domestic Security Committee

SUBJECT: Department of Military Affairs Direct-support Organization

DATE: March 8, 2017

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
	<u>Sanders</u>	<u>Ryon</u>		MS Submitted as Committee Bill
1.	<u>Wells</u>	<u>Pitts</u>	<u>ATD</u>	Recommend: Favorable
2.	<u>_____</u>	<u>_____</u>	<u>AP</u>	<u>_____</u>

I. Summary:

SB 7010 saves from repeal the statutory authority granted to the Florida Department of Military Affairs to establish a direct-support organization.

The bill has no fiscal impact on state funds. The direct-support organization is funded through private sector contributions.

II. Present Situation:

Citizen Support Organizations and Direct-Support Organizations

Citizen support organizations (CSOs) and direct-support organizations (DSOs) are statutorily created entities that are generally required to be non-profit corporations and are authorized to carry out specific tasks in support of public entities or public causes. The functions and purpose of a CSO or DSO are prescribed by its enacting statute and also, for most, by a written contract with the agency the CSO or DSO was created to support.

CSO and DSO Transparency and Reporting Requirements (s. 20.058, F.S.)

In 2014, the legislature created s. 20.058, F.S., establishing a comprehensive set of transparency and reporting requirements for CSOs and DSOs.¹ Specifically, the law requires each CSO and DSO to annually submit by August 1, the following information to the agency it supports:²

- The CSO or DSO's name, mailing address, telephone number, and website address;
- The statutory authority or executive order that created the CSO or DSO;
- A brief description of the mission of, and results obtained by, the CSO or DSO;
- A brief description of the CSO or DSO's plans for the next three fiscal years;

¹ Chapter 2014-96, Laws of Fla.

² Section 20.058(1), F.S.

- A copy of the CSO or DSO's code of ethics; and
- A copy of the CSO or DSO's most recent Internal Revenue Service (IRS) Form 990.³

Additionally, the information submitted annually by a CSO or DSO must be available on the respective agency's website along with a link to the CSO or DSO's website if one exists.⁴ Any contract between an agency and a CSO or DSO must be contingent upon the CSO or DSO submitting the required information to the agency and posting of the information on the agency's website.⁵ If a CSO or DSO fails to submit the required information to the agency for two consecutive years, the agency head must terminate its contract with the CSO or DSO.⁶

By August 15 of each year, the agency must report to the Governor, President of the Senate, Speaker of the House of Representatives, and the Office of Program Policy Analysis and Government Accountability the above information submitted by the CSO or DSO along with the agency's recommendation to continue, terminate, or modify the agency's association with the CSO or DSO.⁷

Laws creating or authorizing a CSO or DSO repeal on October 1 of the fifth year after enactment unless reviewed and saved from repeal by the legislature. CSOs and DSOs in existence prior to July 1, 2014, must be reviewed by the legislature by July 1, 2019.⁸

CSO and DSO Audit Requirements (s. 215.981, F.S.)

Section 215.981, F.S., requires each CSO and DSO created or authorized pursuant to law with annual expenditures in excess of \$100,000 to provide for an annual financial audit of its accounts and records.⁹ The audit must be conducted by an independent certified public accountant in accordance with rules adopted by the Auditor General. The audit report must be submitted within nine months after the end of the fiscal year to the Auditor General and to the state agency the CSO or DSO supports. Additionally, the Auditor General may, pursuant to his or her own authority, or at the direction of the Legislative Auditing Committee, conduct audits or other engagements of a CSO's or DSO's accounts and records.¹⁰

CSO and DSO Ethics Code Requirement (s. 112.3251, F.S.)

Section 112.3251, F.S., requires a CSO or DSO created or authorized pursuant to law to adopt its own ethics code. The ethics code must contain the specified standards of conduct and disclosures provided in ss. 112.313 and 112.3143(2), F.S.¹¹ A CSO or DSO may adopt additional or more

³ The IRS Form 990 is an annual information return required to be filed with the IRS by most organizations exempt from federal income tax under 26 U.S.C. 501.

⁴ Section 20.058(2), F.S.

⁵ Section 20.058(4), F.S.

⁶ Id.

⁷ Section 20.058(3), F.S.

⁸ Section 20.058(5), F.S.

⁹ The independent audit requirement does not apply to a CSO or DSO for a university, district board of trustees of a community college, or district school board. Additionally, the expenditure threshold for an independent audit is \$300,000 for a CSO or DSO for the Department of Environmental Protection and the Department of Agriculture and Consumer Services.

¹⁰ Section 11.45(3)(d), F.S.

¹¹ Some of the standards of conduct and disclosures in ss. 112.313 and 112.3143(2), F.S., include misuse of public position, solicitation or acceptance of gifts, unauthorized compensation, and voting conflicts.

stringent standards of conduct and disclosure requirements and must conspicuously post its code of ethics on its website.¹²

Florida Department of Military Affairs and Florida National Guard

The Florida Department of Military Affairs (DMA) is a state agency created to provide management oversight and administrative support to the Florida National Guard.¹³ The DMA is responsible for:

- Combat readiness and emergency preparedness of the Florida National Guard;
- Responding to disasters and civil disturbances;
- Drug interdiction operations; and
- Assisting Floridians at risk.¹⁴

The Adjutant General, who is a federally-recognized general officer, is an appointee of the Governor and serves as both the agency head of the DMA and the commanding officer of the Florida National Guard. Under the Adjutant General's command are nearly 12,000 servicemembers of the Army and Air Force National Guard and over 400 DMA state employees.¹⁵ Members of the Florida National Guard may be called to state active duty by the Governor¹⁶ or activated by the federal government to support national security objectives, protect the public safety of citizens and their property, or defend the State of Florida.

Direct-support Organization for the Department of Military Affairs

In 2000, the legislature created s. 250.115, F.S., authorizing a DSO for the DMA.¹⁷ The law requires the DMA DSO to be a Florida non-profit corporation¹⁸ that operates exclusively to:

- Raise funds and request and receive grants, gifts, and bequests of moneys;
- Acquire, receive, hold, invest, and administer in its own name securities, funds, or property;
- Support the processing of requests for assistance from the Soldiers and Airmen Assistance Program¹⁹ or similar programs, as directed by the Adjutant General; and
- Make expenditures for the direct or indirect benefit of the DMA or the Florida National Guard.²⁰

The statutory authority for the DMA DSO is scheduled to repeal on October 1, 2017, unless reviewed and saved from repeal by the legislature.²¹

¹² Section 112.3251, F.S.

¹³ DMA, *Adjutant General's Report: Fiscal Year 2014*, 4 (March 10, 2015), available at <http://dma.myflorida.com/wp-content/uploads/2015/04/AGReport2014.pdf> (last visited Jan. 30, 2017).

¹⁴ Office of Program Policy Analysis and Gov't Accountability, Florida Legislature, *Government Program Summaries: Department of Military Affairs*, available at <http://www.oppaga.state.fl.us/profiles/4109> (last visited Jan. 30, 2017).

¹⁵ Florida Department of Military Affairs, *Department of Military Affairs Mission*, available at <http://dma.myflorida.com/about-us/> (last visited Jan. 30, 2016).

¹⁶ See s. 250.01(21), F.S.

¹⁷ Chapter 2000-258, Laws of Fla.

¹⁸ Section 250.115(1)(a)1., F.S.

¹⁹ The Soldiers and Airmen Assistance Program is established in s. 250.116, F.S., to provide emergency financial assistance to Florida National Guard members who are on or were recently on federal active duty orders and their families.

²⁰ Section 250.115(1)(a)2., F.S.

²¹ Section 250.115(8), F.S.

Soldiers and Airmen Assistance Program

Section 250.116, F.S., assigns the DMA DSO funding and administration responsibilities for the Soldiers and Airmen Assistance Program (Program). The legislature established the Program in 2010 as a means to provide financial assistance and services to certain Florida National Guard members on federal active duty orders and their families.²² Program eligibility is limited to Florida National Guard members who are currently, or were recently on federal active duty orders, and their dependent family members.²³

The Program is funded by the DMA DSO²⁴ and administered by both the DMA and the DMA DSO.²⁵ The types of assistance available under the Program may include housing, basic living needs, vehicles, health care, and other reasonable services or expenses.²⁶ The financial committee of the DMA DSO board of directors is required to review the financial transactions of the Program on a quarterly basis and provide the review to the DMA.²⁷

Florida National Guard Foundation, Inc.

Florida National Guard Foundation, Inc., (FLNGF) serves as the DSO for the DMA. The FLNGF was initially founded as a non-profit corporation in 1983 to support Florida National Guard members and their families²⁸ and became the DMA DSO following enactment of s. 250.115, F.S., in 2000, which authorizes and prescribes the duties of the DMA DSO.

The mission of the FLNGF is to:

- Provide support to Florida National Guard members in times of emergencies and deployments;
- Honor and assist those soldiers and airmen who have sacrificed their health and well-being for the security of the state and nation; and
- Preserve the Florida National Guard's rich history so the sacrifices of the soldiers and airmen are not forgotten.²⁹

The FLNGF is currently governed by an eight-member board of directors and operates pursuant to a written contract with the DMA.³⁰ The FLNGF occupies a small office in the DMA

²² Chapter 2010-98, Laws of Fla.

²³ See s. 250.116(4), F.S. Eligible Florida National Guard members include those who are on federal active duty serving in the Global War on Terrorism or Overseas Contingency Operations, or are within 120 days of termination of such orders; and those deployed by the Federal Government and participating in state operations for homeland defense, or are within 120 days of return from such deployment. Dependent family members must be designated on the servicemember's U.S. Department of Defense Form 93.

²⁴ Section 250.116(2), F.S.

²⁵ Section 250.116(1), F.S.

²⁶ Section 250.116(3), F.S.

²⁷ Section 250.116(6), F.S.

²⁸ FLNGF Articles of Incorporation (March 29, 1983) (on file with the Senate Military and Veterans Affairs, Space, and Domestic Security Committee).

²⁹ FLNGF website, *Our Mission*, available at <http://www.floridanationalguardfoundation.org/index.html> (last visited Jan. 11, 2017).

³⁰ DMA-FLNGF Contract (June 20, 2011) (on file with the Senate Military and Veterans Affairs, Space, and Domestic Security Committee).

headquarters building in St. Augustine, Florida, which is staffed by a part-time employee of the DMA who serves as the FLNGF executive director.

The FLNGF is funded primarily by individual and corporate charitable contributions. However, for FY 2016-17, the FLNGF received state funding for the first time, in the amount of \$500,000, to be used exclusively to support Florida National Guard members and their immediate families in circumstances of exceptional financial need.³¹

Tables 1 and 2 below provide the FLNGF’s total annual revenue and expenditure amounts, respectively, for fiscal year 2009-10 through fiscal year 2014-15.³²

Table 1: Florida National Guard Foundation Revenue Totals³³ FY 2009-10 through FY 2014-15							
Fiscal Year	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Total</u>
Total Revenue	\$755,323	\$89,403	\$242,990	\$290,902	\$295,407	\$166,820	\$1,840,845

Table 2: Florida National Guard Foundation Total Annual Expenditures³⁴ FY 2009-10 through FY 2014-15							
Fiscal Year	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Total</u>
DSO Services Expenses³⁵	\$770,041	138,233	\$111,556	\$245,724	\$243,745	\$120,935	\$1,630,234
Administrative Expenses³⁶	\$79,585	\$18,662	\$10,387	7,856	\$9,313	\$8,762	\$134,565
Fundraising Expenses	\$0	\$0	\$0	\$92,735	\$51,643	\$1,000	\$145,378
Total Expenditures	\$849,626	\$156,895	\$121,943	\$346,315	\$304,701	\$130,697	\$1,910,177

For fiscal year 2014-15, the FLNGF’s services expenditures were 93 percent of the organization’s total expenditures. Administrative and fundraising expenses were 6 percent and 1 percent, respectively.

Florida National Guard Foundation Program Services

The FLNGF’s primary function is to fund and administer an emergency financial assistance program and a scholarship grant program for current members of the Florida National Guard,

³¹ See 2016 General Appropriations Act (HB 5001), Line 2952

³² The FLNGF FY 2015-16 financial audit and the FY 2015-16 IRS Form 990 are not yet available.

³³ Data retrieved from the FLNGF’s IRS Form 990, Part VIII.

³⁴ Data retrieved from FLNGF’s IRS Form 990, Part IX.

³⁵ DSO services expenses include, but are not limited to, emergency financial assistance and scholarship grants for Florida National Guard members, grants to other organizations, and other FLNGF non-administrative activities.

³⁶ Administrative expenses include, but is not limited to, contract services, travel and meetings, office expenses and supplies, audit and legal fees, insurance, and other miscellaneous expenses.

and in some cases their families. All current members of the Florida National Guard are eligible to apply for both grant types.

The FLNGF's emergency financial assistance program provides grants to current Florida National Guard members, and their families, during times of serious financial need. Grants are provided to cover expenses relating to housing, food, child care, utilities, transportation, medical, and other immediate needs. Grants are generally provided on a one-time basis and funds are paid directly to the appropriate vendor.³⁷ Only in extreme cases are funds issued directly to the servicemember.³⁸

The emergency financial assistance program serves those who are eligible for the Soldiers and Airmen Assistance Program³⁹ in addition to all other traditional Florida National Guard members not on federal active duty orders.⁴⁰ From fiscal year 2009-10 through fiscal year 2015-16, the FLNGF distributed approximately \$1.6 million in emergency financial assistance grants to 1,429 recipients.⁴¹ Of that amount, approximately \$42,260 was distributed to 40 recipients under the authority of the Soldiers and Airmen Assistance Program.⁴²

The FLNGF's scholarship program provides grants to Florida National Guard members and their dependents pursuing advanced academic and vocational opportunities. Current students in good standing at an accredited college, university, or vocational technical school in Florida, and graduating high school seniors, are eligible to receive a FLNGF scholarship grant.⁴³ Since fiscal year 2008-09, the FLNGF has awarded \$69,400 in scholarship grants to 43 participants.⁴⁴

Senate Professional Staff Review of the DMA and the FLNGF

Section 250.115, F.S., the statutory authority for the DMA DSO, is scheduled to repeal on October 1, 2017, unless reviewed and saved from repeal by the legislature. Professional staff of the Senate Committee on Military and Veterans Affairs, Space, and Domestic Security reviewed the FLNGF to verify its compliance with applicable Florida Statutes.

Senate professional staff reviewed relevant FLNGF records from fiscal year 2009-10 to present, and found that the FLNGF is an active DSO that supports the DMA primarily by providing emergency financial assistance and scholarship grants to members of the Florida National Guard.

³⁷ FLNGF Standard Operating Procedures (on file with the Senate Military and Veterans Affairs, Space, and Domestic Security Committee).

³⁸ Id.

³⁹ See s. 250.116, F.S.

⁴⁰ See FLNGF website, available at <http://www.floridanationalguardfoundation.org/assistance.html> (last visited, Jan. 12, 2017).

⁴¹ Data retrieved from FLNGF's IRS Form 990, Schedule I, Part III, and e-mail correspondence from the Department of Military Affairs on January 10, 2017 (on file with the Senate Military and Veterans Affairs, Space, and Domestic Security Committee).

⁴² Data received from FLNGF staff (on file with the Senate Military and Veteran Affairs, Space, and Domestic Security Committee).

⁴³ Supra note 40.

⁴⁴ Supra note 41.

Senate professional staff identified eight deficiencies in which the DMA and the FLNGF were not in full compliance with the applicable Florida Statutes.⁴⁵ These deficiencies are largely administrative or procedural and may be easily addressed. In response to Senate professional staff's findings, the DMA and the FLNGF developed an internal checklist of statutory requirements to ensure future compliance.

III. Effect of Proposed Changes:

The bill amends s. 250.115, F.S., to save from repeal the Florida Department of Military Affairs direct-support organization, which is currently scheduled to repeal on October 1, 2017.

The effective date of the bill is July 1, 2017.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

By saving the DMA DSO from repeal, the bill sustains a source of financial assistance and scholarship grants for Florida National Guard members and their families.

C. Government Sector Impact:

By saving the DMA DSO from repeal, the bill allows the DMA DSO to continue to provide funding for the Soldiers and Airmen Assistance Program, pursuant to s. 250.116, F.S.

⁴⁵ See Florida Senate Review of the Department of Military Affairs Direct-support Organization, Staff Findings and Recommendations (March 6, 2017) (on file with the Senate Military and Veterans Affairs, Space, and Domestic Security Committee).

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 250.115, Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

By the Committee on Military and Veterans Affairs, Space, and Domestic Security

583-01721-17

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A bill to be entitled

An act relating to the Department of Military Affairs direct-support organization; amending s. 250.115, F.S.; abrogating the scheduled repeal of provisions governing a direct-support organization established under the department; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 250.115, Florida Statutes, is amended to read:

250.115 Department of Military Affairs direct-support organization.—

(1) DEFINITIONS.—As used in this section, the term:

(a) "Direct-support organization" means an organization that is:

1. A Florida corporation not for profit, incorporated under chapter 617, and approved by the Department of State.

2. Organized and operated exclusively to raise funds; request and receive grants, gifts, and bequests of moneys; acquire, receive, hold, invest, and administer in its own name securities, funds, or property; support the processing of requests for assistance from the Soldiers and Airmen Assistance Program or similar programs, as directed by the Adjutant General; and make expenditures to or for the direct or indirect benefit of the Department of Military Affairs or the Florida National Guard.

3. Determined by the Department of Military Affairs to be operating in a manner consistent with the goals of the Department of Military Affairs and the Florida National Guard and in the best interest of the state. Any organization that is

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denied certification by the Adjutant General may not use the name of the Florida National Guard or the Department of Military Affairs in any part of its name or its publications.

(b) "Personal services" includes full-time or part-time personnel as well as payroll processing.

(2) BOARD OF DIRECTORS.—The organization shall be governed by a board of directors. The Adjutant General, or his or her designee, shall appoint a president of the board. The board of directors shall be appointed by the president of the board.

(3) CONTRACT.—The direct-support organization shall operate under a written contract with the department. The written contract must provide for:

(a) Certification by the department that the direct-support organization is complying with the terms of the contract and is doing so consistent with the goals and purposes of the department and in the best interests of the state. This certification must be made annually and reported in the official minutes of a meeting of the direct-support organization.

(b) The reversion of moneys and property held by the direct-support organization:

1. To the department if the direct-support organization is no longer approved to operate by the department;

2. To the department if the direct-support organization ceases to exist; or

3. To the state if the department ceases to exist.

(c) The disclosure of the material provisions of the contract and the distinction between the department and the direct-support organization to donors of gifts, contributions, or bequests, including such disclosure on all promotional and

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61 fundraising publications.

62 (4) USE OF PROPERTY.—

63 (a) The Department of Military Affairs may permit the use
64 of property, facilities, and personal services of the Department
65 of Military Affairs by the direct-support organization, subject
66 to the provisions of this section.

67 (b) The Department of Military Affairs may prescribe by
68 rule any condition with which a direct-support organization
69 organized under this section must comply in order to use
70 property, facilities, or personal services of the Department of
71 Military Affairs.

72 (c) The Department of Military Affairs may not permit the
73 use of its property, facilities, or personal services by any
74 direct-support organization organized under this section which
75 does not provide equal employment opportunities to all persons
76 regardless of race, color, national origin, gender, age, or
77 religion.

78 (5) ACTIVITIES; RESTRICTIONS.—Any transaction or agreement
79 between the direct-support organization organized pursuant to
80 this section and another direct-support organization must be
81 approved by the Department of Military Affairs.

82 (6) ANNUAL BUDGETS AND REPORTS.—The direct-support
83 organization shall submit to the Department of Military Affairs
84 its annual budget and financial reports, its federal Internal
85 Revenue Service Application for Recognition of Exemption form
86 (Form 1023), and its federal Internal Revenue Service Return of
87 Organization Exempt from Income Tax form (Form 990).

88 (7) ANNUAL AUDIT.—The direct-support organization shall
89 provide for an annual financial audit in accordance with s.

Page 3 of 4

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

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90 215.981.

91 ~~(8) REPEAL. This section is repealed October 1, 2017,~~
92 ~~unless reviewed and saved from repeal by the Legislature.~~

93 Section 2. This act shall take effect July 1, 2017.

Page 4 of 4

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

The Florida Senate

**Review of the Department of Military Affairs Direct-support Organization:
Florida National Guard Foundation, Inc.**
(review pursuant to s. 250.115(8), F.S.)

STAFF FINDINGS AND RECOMMENDATIONS

Prepared by: Professional Staff of the Committee on Military and Veterans Affairs,
Space, and Domestic Security

March 6, 2017

The DSO is required to submit a DSO report to the DMA by August 1 of each year (see s. 20.058(1), F.S.).

Finding 1:

The DSO report was signed by and addressed to the incorrect entities.

Recommendation:

Future DSO reports should be signed by the DSO, addressed to the DMA, and submitted by August 1.

Compliance Status

The DMA intends to address deficiency for future DSO reports.

The DMA must publish the DSO report required by s. 20.058(1), F.S., on the DMA's website (see s. 20.058(2), F.S.).

Finding 2:

As of March 6, 2017, the DSO report was not available on the DMA's website.

Recommendation:

The DMA should publish the most recent DSO report on its website and ensure timely publication of future DSO reports.

Compliance Status

Not yet compliant.

The DSO is required to adopt a code of ethics that contains the standards of conduct and disclosures required under ss. 112.313 and 112.3143(2), F.S. (see s. 112.3251, F.S.).

Finding 3:

At the time of the review, the DSO's code of ethics did not include the standards of conduct and disclosures required by s. 112.3251, F.S.

Recommendation:

The DSO should adopt a revised code of ethics compliant with s. 112.3251, F.S.

Compliance Status:

The DSO adopted an amended code of ethics compliant with the applicable provisions of s. 112.3251, F.S., at its February 22, 2017 meeting of the board of directors.

For each year the DSO's expenditures exceed \$100,000, it must provide for an annual financial audit and submit the audit to the Auditor General within nine months after the end of the fiscal year (see s. 215.981, F.S.).

Finding 4:

The DSO annual expenditures exceeded \$100,000 in FYs 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, and 2014-15. At the time of the review, the DSO had only submitted the FY 2014-15 annual audit to the Auditor General.

Recommendation:

The DSO should submit its annual audits to the Auditor General for past fiscal years when expenditures exceeded \$100,000. The DSO should ensure timely submission of future audits to the Auditor General.

Compliance Status:

The DSO submitted the past due audits to the Auditor General on December 3, 2016.

The DSO board of directors is required by s. 250.115, F.S., and the DMA-DSO contract to perform certain functions that necessitate at least one annual meeting.

Finding 5:

The DSO board of directors did not conduct an official board of directors meeting in 2010 and 2013.

Recommendation:

The DSO board of directors should meet at least annually to conduct official DSO business.

Compliance Status:

The DSO board of directors conducted an official meeting on February 22, 2017.

The DMA must annually certify that the DSO is compliant with the terms of the DMA-DSO contract. The DSO must report the annual DMA certification in the DSO meeting minutes (see s. 250.115(3), F.S.).

Finding 6:

The DMA and DSO have not fully complied with the annual certification procedure established in the DMA-DSO contract (see Part 7, DMA-DSO contract). Deficiencies identified by Senate staff include:

- The DSO application for certification was not signed by the appropriate authority.
- The DSO did not submit its application for certification to the DMA prior to the deadline.
- The DSO did not attach all required documents with its application for certification.
- The DMA did not respond in writing to the DSO's application for certification in a timely manner.
- The DSO did not report the annual DSO certification in its meeting minutes.

Recommendation:

The DMA and DSO should comply with the DSO certification process provided in Part 7 of the DMA-DSO contract.

Compliance Status:

The DSO reported the annual certification in its meeting minutes on November 8, 2016.

The DMA and DSO intend to comply with the established certification process for future certification proceedings

The DSO is required to submit its annual budget to the DMA (see s. 250.115(6), F.S.).

Finding 7:

The DSO did not submit its annual budget to the DMA.

Recommendation:

The DSO should submit its annual budget each year to the DMA.

Compliance Status:

The DSO intends to submit future annual budgets to the DMA.

Each quarter the DSO must review the financial transactions of the Soldiers and Airmen Assistance Program and provide the review to the DMA (see s. 250.116(6), F.S., and Part 8, DMA-DSO contract).

Finding 8:

The DSO did not conduct the quarterly reviews of the Soldiers and Airmen Assistance Program and submit to the DMA.

Recommendation:

The DSO board of directors should review the financial transactions of the Soldiers and Airmen Assistance Program each quarter and submit the review to the DMA.

Compliance Status:

The DSO intends to conduct future quarterly reviews and submit to the DMA.

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/8/17

Meeting Date

SB 164

Bill Number (if applicable)

Topic Certificate of Title for Motor Vehicles

Amendment Barcode (if applicable)

Name Dorene Barker

Job Title Associate State Director

Address 200 West College Ave, Suite 304

Phone (850) 228-6387

Street

Jel FL 32301

City

State

Zip

Email dobarker@carp.org

Speaking: For Against Information

Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing AARP

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)



THE FLORIDA SENATE

Senator Wilton Simpson

Location

330 Senate Office Building

Mailing Address

404 South Monroe Street
Tallahassee, Florida 32399-1100
(850) 487-5184

March 8, 2017

The Honorable Jeff Brandes
Appropriations Subcommittee on Transportation, Tourism, and Economic Development
201 The Capitol
404 S. Monroe Street
Tallahassee, FL 32399-1100

Re: Request for Excusal from Committee Meeting

Dear Chairman Brandes:

Please excuse me from the meeting on March 8, 2017, as I will not be able to attend.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Wilton Simpson".

Wilton Simpson
State Senator, District 10

cc: Teddi Pitts, Staff Director of the Appropriations Subcommittee on Transportation, Tourism, and Economic Development;
Karen Manning, Committee Administrative Assistant of the Appropriations Subcommittee on Transportation, Tourism, and Economic Development

CourtSmart Tag Report

Room: EL 110

Case No.:

Type:

Caption: Appropriations Subcommittee on Transportation, Tourism, and Economic Development **Judge:**

Started: 3/8/2017 9:30:49 AM

Ends: 3/8/2017 9:40:38 AM **Length:** 00:09:50

9:30:53 AM	Sen. Brandes (Chair)
9:31:35 AM	TAB 2 - CS/SB 164 Certificates of Title for Motor Vehicles
9:31:37 AM	Sen. Brandes
9:31:40 AM	Sen. Grimsley
9:32:13 AM	Sen. Brandes
9:32:24 AM	Dorene Barker, Associate State Director, American Association of Retired Persons (waives in support)
9:32:27 AM	Sen. Brandes
9:33:00 AM	TAB 3 - SB 7010 Department of Military Affairs Direct-support Organization
9:33:05 AM	Sen. Brandes
9:33:10 AM	Sen. Gibson
9:34:29 AM	Sen. Brandes
9:34:42 AM	Sen. Gibson
9:34:45 AM	Sen. Brandes
9:35:24 AM	Teddi Pitts
9:36:37 AM	Sen. Brandes
9:36:43 AM	Sen. Gibson
9:36:52 AM	Sen. Brandes
9:37:07 AM	Sen. Gibson
9:37:15 AM	T. Pitts
9:37:31 AM	Sen. Gibson
9:37:40 AM	Sen. Powell
9:37:51 AM	T. Pitts
9:38:01 AM	Sen. Benacquisto
9:38:14 AM	Sen. Brandes
9:38:22 AM	Sen. Gibson
9:38:44 AM	T. Pitts
9:39:02 AM	Sen. Gibson
9:39:20 AM	T. Pitts
9:39:25 AM	Sen. Gibson
9:39:31 AM	Sen. Brandes