

By the Committee on Finance & Taxation and Representative
Cosgrove

1 A bill to be entitled
2 An act relating to state revenue limitations;
3 providing procedures and requirements to
4 implement the limitation on state revenues
5 imposed by s. 1(e), Art. VII of the State
6 Constitution; providing definitions; providing
7 for calculation of the maximum amount of state
8 revenue allowed; providing for adjustment of
9 that amount; providing duties of the
10 Comptroller, the Governor, the State Board of
11 Administration, and state governmental
12 entities; specifying actions to be taken when
13 revenue collections exceed the limitation;
14 providing an appropriation to the Budget
15 Stabilization Fund if action is not taken;
16 providing for refunds to taxpayers under
17 certain conditions; providing an effective
18 date.

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

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22 Section 1. Definitions.--For purposes of implementing
23 s. 1(e), Art. VII and s. 21, Art. XII of the State
24 Constitution:
25 (1) "State revenues" shall be determined as follows:
26 (a) Taxes, fees, licenses, and charges for services
27 imposed by the Legislature on individuals, businesses, or
28 agencies outside state government shall be considered state
29 revenues. Taxes, fees, licenses, and charges for services
30 imposed by state governmental entities pursuant to authority
31 granted by the Legislature shall be considered state revenues.

1 Refunds of taxes, fees, licenses, and charges for services
2 shall be subtracted in the year paid. The following shall not
3 be considered state revenues:
4 1. Fund balances carried forward from the prior fiscal
5 year.
6 2. Receipts of the Florida Hurricane Catastrophe Trust
7 Fund.
8 3. Revenue from taxes, licenses, fees, and charges for
9 services imposed by local, regional, or school district
10 governing bodies.
11 4. Revenue from taxes, licenses, fees, and charges for
12 services required to be imposed by any amendment or revision
13 to the State Constitution after July 1, 1994.
14 5. Rents and royalties.
15 6. Contracts and grants from the Federal Government
16 and other private and governmental entities to state
17 governmental entities.
18 7. Revenues collected by university direct support
19 organizations, university health services support
20 organizations, auxiliary enterprises of state universities,
21 and university faculty practice plans.
22 8. Reimbursements for expenditures and repayment of
23 loans to state governmental entities.
24 9. Fines and other punitive assessments.
25 10. Revenues collected pursuant to state law by
26 entities other than state governmental entities and retained
27 by such entities; however, this does not include portions of a
28 tax, fee, license, or charge for service retained by the
29 collecting agent.
30 11. Revenues collected pursuant to state law by
31 statutorily created nonprofit legal entities; such entities

1 include insurance guaranty associations created pursuant to
2 chapter 631 or chapter 440, Florida Statutes, the Florida
3 Birth-Related Neurological Injury Compensation Plan, insurance
4 risk apportionment plans created pursuant to chapter 627,
5 Florida Statutes, the Florida Comprehensive Health
6 Association, and other similarly created entities.

7 (b) Pursuant to s. 1(e), Art. VII and s. 21, Art. XII
8 of the State Constitution, the following shall be subtracted
9 from the amount calculated pursuant to paragraph (a):

10 1. Moneys required to be expended by documents
11 authorizing the issuance of bonds by the state, including, but
12 not limited to, debt service payments, amounts required for
13 sinking funds and reserve funds, and amounts expended for
14 operations and maintenance of the facilities financed by the
15 bonds. However, this amount shall not include moneys required
16 to be expended for any bond which is exclusively funded from
17 revenue sources not considered state revenues under paragraph
18 (a). In implementing this act, the Legislature does not intend
19 to create an incentive for the state to borrow funds as a
20 means of growing the state budget beyond the maximum amount of
21 state revenues allowed pursuant to s. 2(1).

22 2. Moneys expended by the state to provide matching
23 funds for the federal Medicaid program. However, such moneys
24 do not include moneys expended from the Public Medical
25 Assistance Trust Fund or moneys to provide matching funds for
26 elective expansions to the federal Medicaid program made after
27 July 1, 1994.

28 3. Proceeds from the state lottery returned as prizes.

29 (2) "State governmental entity" includes the judicial
30 branch; the legislative branch; and state agencies as defined
31 by s. 216.011, Florida Statutes.

1 (3) "Florida personal income" means the seasonally
2 adjusted annual amount of Florida personal income, by quarter,
3 as reported by the United States Department of Commerce.

4 (4) "Average annual rate of growth in Florida personal
5 income over the most recent 20 quarters" means the sum of the
6 most recent 20 quarters of Florida personal income for which
7 data are available on February 1 prior to the start of the
8 fiscal year to which the limitation applies, divided by the
9 sum of the 20 quarters of Florida personal income beginning
10 and ending 4 quarters earlier, less one. The average annual
11 rate of growth in Florida personal income over the most recent
12 20 quarters shall be determined using information available on
13 February 1 of each year and shall not be changed irrespective
14 of subsequent revisions to the information made by the United
15 States Department of Commerce.

16 Section 2. Maximum amount of state revenues allowed;
17 adjustments.--

18 (1) The maximum amount of state revenues allowed for
19 any fiscal year under s. 1(e), Art. VII of the State
20 Constitution shall be limited to the maximum amount of state
21 revenues allowed under s. 1(e), Art. VII of the State
22 Constitution for the prior fiscal year plus an adjustment for
23 growth. The adjustment for growth shall be calculated by
24 multiplying the average annual rate of growth in Florida
25 personal income over the most recent 20 quarters by the
26 maximum amount of state revenues allowed under s. 1(e), Art.
27 VII of the State Constitution for the prior fiscal year. For
28 fiscal year 1995-1996, the maximum amount of state revenues
29 allowed under s. 1(e), Art. VII of the State Constitution for
30 the prior fiscal year shall equal the state revenues for the
31 1994-1995 fiscal year.

1 (2) The maximum amount of state revenues allowed under
2 subsection (1) for any fiscal year may be adjusted as follows:

3 (a) The maximum amount of state revenues allowed for
4 any fiscal year shall be increased if, by a two-thirds vote of
5 the membership of each house, the Legislature votes to allow
6 such an increase. The increase must be contained in a
7 separate bill that contains no other subject and that sets
8 forth the dollar amount by which the maximum amount of state
9 revenues allowed will be increased. The vote may not be taken
10 less than 72 hours after the third reading of the bill.

11 (b) In any fiscal year in which a transfer of
12 responsibility for the funding of a governmental function from
13 state government to another level of government occurs, there
14 shall be a subtraction from the maximum amount of state
15 revenues allowed for that fiscal year equal to the state
16 revenues needed to perform that function for that fiscal year
17 had it remained with state government, as estimated by the
18 consensus estimating conference. In any fiscal year in which
19 a transfer of responsibility for the funding of a governmental
20 function to the state government from another level of
21 government occurs, there shall be an addition to the maximum
22 amount of state revenues allowed for that fiscal year equal to
23 the estimated state revenues necessary to perform the function
24 for that fiscal year. In the event that such transfers are
25 phased in over a period of time, the adjustments to the
26 maximum amount of state revenues allowed may be similarly
27 phased in until such time as the transfer is complete.

28 Section 3. Duties of the Comptroller.--

29 (1) On or before September 1, 1997, the Comptroller
30 shall certify to the Governor and the presiding officers of
31 the Legislature the amount of state revenues for fiscal year

1 1994-1995. This information shall be reported on a cash basis
2 of accounting, including supplemental receipts, and shall be
3 used as the measure of state revenues for fiscal year
4 1994-1995.

5 (2) On or before November 1 of each year, the
6 Comptroller shall certify to the Governor and the presiding
7 officers of the Legislature the amount of state revenues for
8 the fiscal year ending on the previous June 30. This
9 information shall be reported on a cash basis of accounting,
10 including supplemental receipts.

11 (3) On or before September 1, 1997, the Comptroller
12 shall determine the maximum amount of state revenues allowed
13 under s. 1(e), Art. VII of the State Constitution for the
14 1995-1996, 1996-1997, and 1997-1998 fiscal years and notify
15 the Governor and the presiding officers of the Legislature of
16 the amount so determined. Beginning in 1998, the Comptroller
17 shall determine by February 1 of each year the maximum amount
18 of state revenues allowed under s. 1(e), Art. VII of the State
19 Constitution and section 2 for the fiscal year beginning on
20 the upcoming July 1. The Comptroller shall notify the
21 Governor and the presiding officers of the Legislature of the
22 amount so determined. This amount shall be adjusted
23 accordingly if an adjustment to the maximum amount of state
24 revenues allowed is made pursuant to section 2(2).

25 (4) The Comptroller shall, on or before November 1 of
26 each year, notify the Governor and the presiding officers of
27 the Legislature of the extent, if any, to which state revenues
28 for the fiscal year that ended on the previous June 30
29 exceeded the maximum amount of state revenues allowed under s.
30 1(e), Art. VII of the State Constitution as determined under
31 subsection (3).

1 (5) If the Legislature does not bring the state into
2 compliance with the revenue limitation pursuant to section 7
3 prior to the adjournment of the next regular session following
4 notification by the Comptroller, there is hereby appropriated
5 to the Budget Stabilization Fund from the General Revenue Fund
6 an amount equivalent to the amount by which the Comptroller
7 certifies the state revenues exceeded the revenue limitation.
8 The Comptroller shall implement this appropriation not later
9 than 30 days following the adjournment of that regular session
10 of the Legislature. If the appropriation causes the Budget
11 Stabilization Fund to exceed the maximum balance specified in
12 s. 19(g), Art. III of the State Constitution, any excess shall
13 be refunded to taxpayers as provided by general law.

14 Section 4. Duties of the Governor.--

15 (1) On or before August 15 of each year, the Governor
16 shall certify to the Comptroller and the presiding officers of
17 the Legislature the amount of money expended by the state to
18 provide matching funds for the federal Medicaid program during
19 the fiscal year ending on the previous June 30, excluding
20 moneys expended from the Public Medical Assistance Trust Fund
21 or state moneys to provide matching funds for elective
22 expansions to the federal Medicaid program made after July 1,
23 1994. This information shall be reported on a cash basis of
24 accounting and shall not include funds certified forward
25 pursuant to s. 216.301, Florida Statutes. For the fiscal
26 years ending June 30, 1995, and June 30, 1996, the information
27 required by this subsection shall be reported on or before
28 June 15, 1997.

29 (2)(a) In calculating the information required in
30 subsection (1), "moneys to provide matching funds for elective
31 expansions to the federal Medicaid program made after July 1,

1 1994" means the amount of state matching funds spent during a
2 fiscal year on any changes to the federal Medicaid program
3 occurring after July 1, 1994. The federal Medicaid program
4 shall be as defined in s. 409.901, Florida Statutes. Subject
5 to the provisions of paragraph (b), changes include:
6 1. Expansions in categorical eligibility for Medicaid
7 to persons not previously eligible for the Medicaid program.
8 2. Expansions in financial eligibility for Medicaid to
9 persons not previously eligible for the Medicaid program.
10 3. Expansions of optional Medicaid services.
11 4. Additions of new health care provider types.
12 5. Subsidies, discounts, or any other use of state
13 funds for the purchase of insurance, including any portion of
14 the price thereof.
15 (b) To the extent that changes are due to federal
16 mandates, court orders, federally mandated price level
17 changes, or federally mandated workload changes, as determined
18 by the social services estimating conference pursuant to s.
19 216.136, Florida Statutes, they shall not be considered
20 elective expansions.
21 (3) On or before August 15 of each year, the Governor
22 shall certify to the Comptroller and the presiding officers of
23 the Legislature the amount of lottery receipts returned as
24 prizes during the fiscal year ending the previous June 30.
25 This information shall be reported on a cash basis of
26 accounting. For the fiscal years ending June 30, 1995, and
27 June 30, 1996, the information required by this subsection
28 shall be reported on or before June 15, 1997.
29 Section 5. Duties of the State Board of
30 Administration.--On or before August 15 of each year, the
31 State Board of Administration shall certify to the

1 Comptroller, the Governor, and the presiding officers of the
2 Legislature the amount of money required to be expended by
3 documents authorizing the issuance of bonds by state
4 governmental entities as specified in section 1 for the fiscal
5 year ending the previous June 30. For the fiscal years ending
6 June 30, 1995, and June 30, 1996, the information required by
7 this section shall be reported on or before June 15, 1997.

8 Section 6. Duties of all state governmental
9 entities.--

10 (1) Any state governmental entity that has authority
11 to increase taxes, fees, licenses, or charges for services
12 shall notify the Executive Office of the Governor and the
13 chairpersons of the House and Senate fiscal committees not
14 less than 90 days prior to any increase estimated to raise
15 more than \$1 million annually.

16 (2) Upon the request of the Comptroller, all state
17 governmental entities must submit, by the date and in the form
18 and format specified by the Comptroller, information necessary
19 for the Comptroller to fulfill his or her duties pursuant to
20 section 3. If any state governmental entity fails to comply
21 with this subsection, the provisions of s. 216.102(3), Florida
22 Statutes, shall apply.

23 Section 7. Required actions when revenues exceed the
24 limitation.--Upon notification by the Comptroller that
25 revenues for any fiscal year have exceeded the maximum amount
26 of state revenues allowed under s. 1(e), Art. VII of the State
27 Constitution, the Legislature, prior to the adjournment of the
28 next regular session, shall take one of the following actions
29 to bring the state into compliance with the State
30 Constitution:

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1 (1) Appropriate an amount of money equivalent to the
2 amount by which the maximum amount of state revenues allowed
3 has been exceeded for transfer to the Budget Stabilization
4 Fund, and, if the appropriation causes the Budget
5 Stabilization Fund to exceed the maximum balance specified in
6 s. 19(g), Art. III of the State Constitution, refund any
7 excess to taxpayers as provided by general law; or

8 (2) Increase the maximum amount of state revenues
9 allowed as provided in section 2(2)(a).

10 Section 8. This act shall take effect upon becoming a
11 law.

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14 HOUSE SUMMARY

15 Provides procedures and requirements to implement the
16 limitation on state revenues imposed by s. 1(e), Art. VII
17 of the State Constitution. Provides for calculation of
18 the maximum amount of state revenue allowed and for
19 adjustment of that amount. Provides duties of the
20 Comptroller, the Governor, the State Board of
21 Administration, and state agencies. Specifies actions to
22 be taken when revenue collections exceed the limitation.
23 Provides an appropriation to the Budget Stabilization
24 Fund if action is not taken, and provides for refunds to
25 taxpayers if that appropriation causes the fund to exceed
26 its maximum allowed balance.
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