

**STORAGE NAME:** h1923a.in

**DATE:** April 8, 1999

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
INSURANCE  
ANALYSIS**

**BILL #:** HB 1923

**RELATING TO:** Constitutional revisions

**SPONSOR(S):** Representative Bainter

**COMPANION BILL(S):**

**ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:**

- (1) INSURANCE YEAS 8 NAYS 3
  - (2) GENERAL GOVERNMENT APPROPRIATIONS
  - (3)
  - (4)
  - (5)
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**I. SUMMARY:**

In the November 1998 General Election, the voters of the state of Florida approved amendment 8 to the Florida Constitution. Amendment 8 merges the cabinet offices of Treasurer and Comptroller into one chief financial officer. Membership of the Cabinet would consist of the chief financial officer, the attorney general, and the Commissioner of Agriculture. The secretary of state and the education commissioner would be eliminated from the elected Cabinet. These changes would apply to the November 2002 General Election and would take effect January 7, 2003.

The constitutional amendment does not address the organizational alignment of the regulatory functions assigned to the Treasurer and the Comptroller by statute.

The Task Force on Constitutional Governmental Reorganization would be created to study the implementation of amendment 8 to the Florida Constitution as it relates to the position of chief financial officer that was approved in the November 1998 General Election.

Amendments

On April 7, 1999, the Committee on Insurance adopted two amendments to HB 1923. See section VI of the analysis for a discussion of the amendments.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

AMENDMENT 8

In the November 1998 General Election, the voters of the state of Florida approved amendment 8 to the Florida Constitution. Amendment 8 merges the cabinet offices of Treasurer and Comptroller into one chief financial officer. The Cabinet is reduced from 7 to 4 members, consisting of the Governor, the chief financial officer, the attorney general, and the Commissioner of Agriculture. The secretary of state and the education commissioner are eliminated from the elected Cabinet. These changes apply to the November 2002 General Election and take effect January 7, 2003.

The constitutional amendment does not address the organizational alignment of the regulatory functions assigned to the Treasurer and the Comptroller by statute.

TREASURER

The Treasurer is an elected position created by the state constitution as part of the Cabinet. The constitutional duties of the Treasurer, under Article IV, section 4, Florida Constitution, are to "keep all state funds and securities." The Treasurer is also a member of the State Board of Administration.

The statutory duties of the Treasurer include investing the state's general revenue fund and trust funds. The Treasurer also administers the Florida Security for Public Deposits Act and the State Employees Deferred Compensation Program.

Under s. 20.13, F.S., the Treasurer is designated as the head of the Department of Insurance (DOI). The DOI regulates all aspects of insurance in Florida, as well as investigating insurance fraud and violations of the Insurance Code.

Under s. 633.01, F.S., the head of the DOI is designated as the State Fire Marshal. The primary duties of the State Fire Marshal are to minimize the loss of life and property in this state due to fire.

COMPTROLLER

The Comptroller is an elected position created as part of the Cabinet. The constitutional duties of the Comptroller are to serve as chief financial officer of the state and to settle and approve all accounts against the state. The Comptroller is also a member of the State Board of Administration.

The statutory duties of the Comptroller include examining, auditing and settling claims and demands against the state.

Under s. 20.12, F.S., the Comptroller is designated as the head of the department of Banking and Finance (DBF). The DBF is responsible for regulating financial institutions and those conducting securities related business, providing for consumer financial protection, and administering the Unclaimed Property Act.

B. EFFECT OF PROPOSED CHANGES:

The Task Force on Constitutional Governmental Reorganization would be created to study the implementation of amendment 8 to the Florida Constitution as it relates to the position of chief financial officer that was approved in the November 1998 General Election.

The task force would consist of seven members: one appointed by the Governor, three Senators appointed by the President of the Senate, and three members of the House of Representatives appointed by the Speaker. Members of the task force would meet in Tallahassee and in other locations around the state and would be eligible for reimbursable per diem and travel expenses.

The task force would review the directives adopted in amendment 8 relating to the restructuring of the state's Cabinet and the position of Chief Financial Officer. The task force would also review the organizational structures for the regulation of banking, insurance, finance, and securities by the state. In reviewing these proposals, the task force would study:

- ◆ industry trends and regulatory environments;

- ◆ whether the regulation of insurance, banking, finance, and securities should be assigned to an appointed or elected official;
- ◆ whether there should be a consolidated department to oversee the regulation of insurance, banking, finance, and securities;
- ◆ whether the governor, Governor and Cabinet, or the Chief Financial Officer should have administrative and oversight of the regulatory agency or agencies; and
- ◆ any other issues deemed appropriate by the task force.

The task force would report its findings to the Governor, Speaker and the Senate President by December 1, 1999.

After making its report, the task force would cease to exist.

**C. APPLICATION OF PRINCIPLES:**

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

N/A

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

N/A

(3) any entitlement to a government service or benefit?

N/A

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

N/A

b. Does the bill require or authorize an increase in any fees?

N/A

c. Does the bill reduce total taxes, both rates and revenues?

N/A

d. Does the bill reduce total fees, both rates and revenues?

N/A

e. Does the bill authorize any fee or tax increase by any local government?

N/A

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

N/A

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

N/A

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

a. If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

b. Does the bill directly affect the legal rights and obligations between family members?

N/A

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

N/A

E. SECTION-BY-SECTION ANALYSIS:

N/A

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

N/A

2. Direct Private Sector Benefits:

N/A

3. Effects on Competition, Private Enterprise and Employment Markets:

N/A

D. FISCAL COMMENTS:

HB 1923 does not contain an appropriation. It could be possible that members of the task force would incur reimbursable travel expenses and per diem.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

N/A

B. REDUCTION OF REVENUE RAISING AUTHORITY:

N/A

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

N/A

V. COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On April 7, 1999, the Committee on Insurance adopted two amendments to HB 1923.

Amendment 1, offered by Representative Patterson, would remove the requirement that the members of the task force appointed by the President of the Senate and the Speaker of the House of Representatives would have to be members of the Senate and members of the House of Representatives. This change would permit them to appoint a broader cross-section of people to serve on the task force.

Amendment 2 offered by Representative Goode would change the date by which the task force would be required to make its report to the Governor, the Speaker, and the Senate President to February 15, 2000 from December 1, 1999.

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VII. SIGNATURES:

COMMITTEE ON INSURANCE:

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