

STORAGE NAME: h1173z.gg
DATE: May 15, 2000

****AS PASSED BY THE LEGISLATURE****
CHAPTER #: 2000-122, Laws of Florida

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
GENERAL GOVERNMENT APPROPRIATIONS
FINAL ANALYSIS**

BILL #: HB 1173

RELATING TO: Exemption of Trust Funds in the State Board of Administration

SPONSOR(S): Committee on General Government Appropriations

TIED BILL(S):

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

- (1) GENERAL GOVERNMENT APPROPRIATIONS YEAS 10 NAYS 0
 - (2)
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

Article III, Section 19(f) of the State Constitution terminates most trust funds four years after their effective date. Prior to such termination, the Legislature reviews trust funds to re-create, terminate, or determine them exempt from automatic termination in accordance with provisions of Article III, Section 19(f) of the State Constitution. This bill includes trust funds that are administered by the State Board of Administration, the Department of Banking and Finance, and the Department of Insurance. This bill lists 15 trust funds that have been determined exempt. This bill also amends statutes in order to conform with the provisions of the bill.

The House substituted CS/SB 662 for HB 1173 prior to final passage on March 15, 2000.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Article III, Section 19(f) of the State Constitution, adopted and effective on November 4, 1992, provides that no trust fund may have a life span of more than 4 years and sets forth provisions that exempt certain trust funds from automatic termination.

C. EFFECT OF PROPOSED CHANGES:

This bill exempts 15 trust funds within the State Board of Administration. This bill also merges the State Property Insurance Trust Fund into the Florida Casualty Insurance Risk Management Trust Fund and renames the fund and amends numerous statutes in order to conform with the provisions of the bill.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. The Legislature identifies those trust funds that are exempt from the automatic termination provisions of Article III, Section 19(f) of the State Constitution. Specifically the Legislature identifies the following trust funds within the State Board of Administration¹:

1. The Florida Retirement System Trust Fund. This trust fund is specifically listed as exempt in Article III, Section 19(f)(3).
2. The Local Government Surplus Funds Trust Fund. This trust fund is exempt according to Article III, Section 19(f)(3), because it accounts for assets held by the state in a trustee capacity as an agent or fiduciary for individuals, private organizations, or other governmental units.
3. The Florida Hurricane Catastrophe Fund. This trust fund is exempt according to Article III, Section 19(f)(3), because it accounts for assets held by the state in a trustee capacity as an agent or fiduciary for individuals, private organizations, or other governmental units.

¹The reasons given for the exemptions of the funds are not exhaustive. A fund may be exempt for more than one reason.

4. The Institute of Food and Agriculture Sciences Supplemental Retirement Trust Fund. This trust fund is exempt according to Article III, Section 19(f)(3), because it accounts for assets held by the state in a trustee capacity as an agent or fiduciary for individuals, private organizations, or other governmental units.
5. The Retiree Health Insurance Subsidy Trust Fund. This trust fund is exempt according to Article III, Section 19(f)(3), because it accounts for assets held by the state in a trustee capacity as an agent or fiduciary for individuals, private organizations, or other governmental units.
6. The Bond Proceeds Trust Fund. This trust fund is exempt according to Article III, Section 19(f)(3), because it is established for bond covenants, indentures, or resolutions, whose revenues are legally pledged by the state or public body to meet debt service or other financial requirements of any debt obligations of the state or any public body.
7. The Florida Prepaid Postsecondary Education Expense Trust Fund. This trust fund is exempt according to Article III, Section 19(f)(3), because it accounts for assets held by the state in a trustee capacity as an agent or fiduciary for individuals, private organizations, or other governmental units.
8. The Student Loan Escrow Fund. This trust fund is exempt according to Article III, Section 19(f)(3), because it accounts for assets held by the state in a trustee capacity as an agent or fiduciary for individuals, private organizations, or other governmental units.
9. The Trust Fund for United States Zero Coupon Treasury Bonds. This trust fund is exempt according to Article III, Section 19(f)(3), because it accounts for assets held by the state in a trustee capacity as an agent or fiduciary for individuals, private organizations, or other governmental units.
10. The Debt Service Trust Fund. This trust fund is exempt according to Article III, Section 19(f)(3), because it is established for bond covenants, indentures, or resolutions, whose revenues are legally pledged by the state or public body to meet debt service or other financial requirements of any debt obligations of the state or any public body.
11. The Gas Tax Fund. This trust fund is exempt according to Article III, Section 19(f)(3), because it is established for bond covenants, indentures, or resolutions, whose revenues are legally pledged by the state or public body to meet debt service or other financial requirements of any debt obligations of the state or any public body.
12. The Police and Firefighters' Premium Tax Trust Fund. This trust fund is exempt according to Article III, Section 19(f)(3), because it accounts for assets held by the state in a trustee capacity as an agent or fiduciary for individuals, private organizations, or other governmental units.
13. The Lawton Chiles Endowment Fund. This trust fund is exempt according to Article III, Section 19(f)(3), because it accounts for assets held by the state in a trustee capacity as an agent or fiduciary for individuals, private organizations, or other governmental units.

14. Funds of the Inland Protection Financing Corporation. This trust fund is exempt according to Article III, Section 19(f)(3), because it accounts for assets held by the state in a trustee capacity as an agent or fiduciary for individuals, private organizations, or other governmental units.

15. Funds of the Investment Fraud Restoration Financing Corporation. This trust fund is exempt according to Article III, Section 19(f)(3), because it accounts for assets held by the state in a trustee capacity as an agent or fiduciary for individuals, private organizations, or other governmental units.

Section 2. Amends section 11.045(8), Florida Statutes, to modify the purpose for which moneys in the Legislative Lobbyist Registration Trust Fund may be used to include expenses incurred by the Legislature in providing services to lobbyists.

Section 3. Amends section 17.41(2), Florida Statutes, to exempt funds and interest received from the settlement of State of Florida v. American Tobacco Co., No. 95-1466AH (Fla. 15th Cir. Ct. 1996) from the general revenue service charge in section 215.20, Florida Statutes.

Section 4. Amends section 413.615(4)(c), Florida Statutes, to establish the endowment fund principal of the Florida Endowment for Vocational Rehabilitation at \$1 million for the 2000-2001 fiscal year and provide for subsequent annual increases of 5 percent each fiscal year.

Section 5. Merges the State Property Insurance Trust Fund into the Florida Casualty Insurance Risk Management Trust Fund and renames the fund the "State Risk Management Trust Fund". Sections 5 - 26 shall take effect upon the act becoming a law.

Section 6. Renames part I of chapter 284, Florida Statutes, "State Property Claims" and renames part II of chapter 284, Florida Statutes, "State Casualty Claims".

Section 7. Amends section 258.007(1), Florida Statutes, to conform with the provisions of this bill by changing a reference from the State Property Insurance Trust Fund to the State Risk Management Trust Fund.

Section 8. Amends section 272.185(2), Florida Statutes, to conform with the provisions of this bill by changing a reference from the State Property Insurance Trust Fund to the State Risk Management Trust Fund.

Section 9. Amends section 284.01(1), Florida Statutes, to conform with the provisions of this bill by changing a reference from the State Property Insurance Trust Fund to the State Risk Management Trust Fund.

Section 10. Amends section 284.03, Florida Statutes, to conform with the provisions of this bill by changing a reference from the State Property Insurance Trust Fund to the State Risk Management Trust Fund.

Section 11. Amends section 284.05, Florida Statutes, to conform with the provisions of this bill by changing a reference from the State Property Insurance Trust Fund to the State Risk Management Trust Fund.

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Section 12. Amends section 284.14, Florida Statutes, to conform with the provisions of this bill by changing a reference from the State Property Insurance Trust Fund to the State Risk Management Trust Fund.

Section 13. Amends section 284.30, Florida Statutes, to conform with the provisions of this bill by changing a reference from the State Florida Casualty Insurance Risk Management Trust Fund to the State Risk Management Trust Fund.

Section 14. Amends section 284.36, Florida Statutes, to conform with the provisions of this bill by changing a reference from the State Florida Casualty Insurance Risk Management Trust Fund to the State Risk Management Trust Fund.

Section 15. Amends section 284.385, Florida Statutes, to conform with the provisions of this bill by changing a reference from the State Florida Casualty Insurance Risk Management Trust Fund to the State Risk Management Trust Fund.

Section 16. Amends subsections (3), (5), (6), and (7) of section 284.44, Florida Statutes, to conform with the provisions of this bill by changing a reference from the State Florida Casualty Insurance Risk Management Trust Fund to the State Risk Management Trust Fund.

Section 17. Amends section 284.50(2), Florida Statutes, to conform with the provisions of this bill by changing a reference from the State Florida Casualty Insurance Risk Management Trust Fund to the State Risk Management Trust Fund.

Section 18. Amends section 287.025(3), Florida Statutes, to conform with the provisions of this bill by changing a reference from the State Property Insurance Trust Fund to the State Risk Management Trust Fund.

Section 19. Amends section 287.059(2)(c), Florida Statutes, to conform with the provisions of this bill by changing a reference from the State Florida Casualty Insurance Risk Management Trust Fund to the State Risk Management Trust Fund.

Section 20. Amends subsections (1) and (2) of section 331.350, Florida Statutes, to conform with the provisions of this bill by changing a reference from the State Property Insurance Trust Fund to the State Risk Management Trust Fund.

Section 21. Amends section 393.075(2), Florida Statutes, to conform with the provisions of this bill by changing a reference from the State Florida Casualty Insurance Risk Management Trust Fund to the State Risk Management Trust Fund.

Section 22. Amends section 402.3015(6)(f), Florida Statutes, to conform with the provisions of this bill by changing a reference from the State Florida Casualty Insurance Risk Management Trust Fund to the State Risk Management Trust Fund.

Section 23. Amends section 409.175(14)(a), Florida Statutes, to conform with the provisions of this bill by changing a reference from the State Florida Casualty Insurance Risk Management Trust Fund to the State Risk Management Trust Fund.

Section 24. Amends section 946.509, Florida Statutes, to conform with the provisions of this bill by changing a reference from the State Property Insurance Trust Fund to the State Risk Management Trust Fund.

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Section 25. Amends section 985.406(8), Florida Statutes, to conform with the provisions of this bill by changing a reference from the State Florida Casualty Insurance Risk Management Trust Fund to the State Risk Management Trust Fund.

Section 26. Amends section 985.409, Florida Statutes, to conform with the provisions of this bill by changing a reference from the State Florida Casualty Insurance Risk Management Trust Fund to the State Risk Management Trust Fund.

Section 27. Except as otherwise provided, provides an effective date of July 1, 2000.

III. 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:

None.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require municipalities or counties to spend money.

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B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority of municipalities or counties to raise revenue.

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

This bill does not reduce the percentage of a state tax shared with municipalities or counties.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On February 9, 2000, the Committee on General Government Appropriations adopted an amendment to PCB GG 00-05 which has been engrossed in the bill. This amendment directs the merger of the State Property Insurance Trust Fund and the Florida Casualty Insurance Risk Management Trust Fund into the State Risk Management Trust Fund to take effect upon the act becoming law.

VII. SIGNATURES:

COMMITTEE ON GENERAL GOVERNMENT APPROPRIATIONS:

Prepared by:

Staff Director:

Sarah E. Spector

Cynthia P. Kelly

FINAL ANALYSIS PREPARED BY THE COMMITTEE ON GENERAL GOVERNMENT APPROPRIATIONS:

Prepared by:

Staff Director:

Sarah E. Spector

Cynthia P. Kelly