

STORAGE NAME: h1921.ga
DATE: March 13, 2000

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

BILL #: HB 1921 (PCB GA 00-15)

RELATING TO: Section 19, Article III, Florida Constitution

SPONSOR(S): Committee on General Appropriations and Representative Pruitt

TIED BILL(S):

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

- (1) GENERAL APPROPRIATIONS YEAS 16 NAYS 0
 - (2)
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

HJR 2001 would allow for an exception to the constitutional requirement that a trust fund may only be created by a three-fifths vote of each house of the Legislature, affording the Governor and Cabinet the ability to create trust funds in emergency situations declared pursuant to general law. The trust funds created by the Governor and Cabinet, pursuant to the exception within this resolution, would terminate July 1 after the next regular legislative session following creation.

The resolution provides that each trust fund created by law, shall terminate no more than four years after the effective date of the act authorizing the initial creation of the trust fund. Furthermore, the resolution would authorize the legislature to re-create trust funds upon their termination, and allow for the periodic review of re-created trust funds.

This resolution would be on the ballot and submitted to the electors at the next general election. If approved, the amendment would take effect November 4, 2000.

This resolution appears to have no significant fiscal impact.

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)(1) of the Florida Constitution establishes that "no trust fund of the State of Florida or other public body may be created by law without a three-fifths (3/5) vote of the membership of each house of the legislature." In addition, s. 217.3207, F.S., also requires a three-fifths vote of each house for the creation of a trust fund.

Art. III, Section 19(f)(2) of the State Constitution requires that each trust fund created by the Legislature, with the exception of exempt funds, is terminated not more than four years after the effective date of the act creating the trust fund. Furthermore, if a trust fund is necessary to fund a recurring governmental program, s. 215.3208, F.S., requires that any trust fund not exempt from automatic termination must be reviewed and subsequently re-created in order to continue funding. Currently, the Legislature requires a review of about one-fourth of the state's trust funds each year as part of the budget review process. In the current review cycle, from 1997-2000, over 460 funds were reviewed, with 316 being re-created, 90 determined exempt, 45 terminated, and 39 created.

C. EFFECT OF PROPOSED CHANGES:

Authorizing the Governor and Cabinet to create temporary trust funds in emergency situations without the approval of the Legislature would ultimately allow the State to take advantage of any unexpected revenue source that arises from an emergency situation. Federal matching funds may be required to be segregated in a separate trust fund that does not exist at the time of the emergency. Currently, if the State were to pull funds from several different government entities to provide funding for a State emergency, accounting for the total amount of aid allocated from state funds would prove difficult. By establishing a trust fund, all monies dedicated to an emergency could be distributed from that account, thereby providing for an accurate account of the total State expenditures allocated to a particular emergency. The ability of the Governor and Cabinet to establish such a trust fund would prove to be especially advantageous in situations when the Legislature is out of session, an emergency arises that requires State funding, and an accurate account is necessary to receive Federal matching funds.

Furthermore, this resolution would allow for each new trust fund created by the legislature to be reviewed once, four years after its creation, at which point the Legislature would chose to either re-create, terminate, or modify the fund. If a trust fund is re-created further

review of that fund would be based upon whatever statutory schedule the Legislature adopts.

D. SECTION-BY-SECTION ANALYSIS:

See "EFFECT OF PROPOSED CHANGES."

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:

This joint resolution will improve the State's ability to receive and to track moneys received as the result of major emergencies.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

None

B. REDUCTION OF REVENUE RAISING AUTHORITY:

None

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

None

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None

B. RULE-MAKING AUTHORITY:

None

C. OTHER COMMENTS:

During the first four-year review cycle, over one-half of the state's trust funds were terminated. During the last review cycle, only forty-five funds were terminated, while at the same time thirty-nine new ones were created. If the trend continues, future Legislatures might actually increase the number of trust funds while conducting a review that was supposed to reduce that number.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None

VII. SIGNATURES:

COMMITTEE ON GENERAL APPROPRIATIONS:

Prepared by:

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