

STORAGE NAME: h1715.teda.doc
DATE: March 15, 2002

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
TRANSPORTATION & ECONOMIC DEVELOPMENT COMMITTEE
ANALYSIS**

BILL #: HB 1715 (PCB TEDA 02-22)

RELATING TO: EMERGENCY RESPONSE TRUST FUND

SPONSOR(S): TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATION AND REP.
JOHNSON

TIED BILL(S):

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

- (1) TRANSPORTATION AND ECONOMIC DEVELOPMENT APPROPRIATIONS YEAS 14
NAYS 0
- (2)
- (3)
- (4)
- (5)

I. SUMMARY:

This bill creates the Emergency Response Trust Fund in the Department of Military Affairs, effective July 1, 2002. The revenue sources for this trust fund will be FEMA reimbursements and transfers of state funds when approved by budget amendments processed pursuant to Chapter 216, F.S. The trust fund will be used to pay all operational costs incurred by the Florida National Guard when called to active duty. The bill provides that the trust fund is exempt from the General Revenue surcharge and any balance in the trust fund at the end of the fiscal year shall remain in the trust fund and "carry-forward" for expenditure in subsequent fiscal years.

The recommendations of the General Government Zero-Based Budgeting Subcommittee of the Legislative Budget Commission included creating the "Emergency Response Trust Fund" as one of its recommendations for the Department of Military Affairs -- the department concurs with the recommendation.

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

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

B. PRESENT SITUATION:

The Department of Military Affairs is a state agency whose primary mission is to prepare for the activation of the Florida National Guard. When the President calls the Florida National Guard to active duty, the federal government directly pays the costs of activation. Most state activations of the Florida National Guard have been in response to natural disasters, such as hurricanes or wildfires. In those cases, the Federal Emergency Management Agency (FEMA) has eventually fully reimbursed the state for the costs of activation. Any non-reimbursed activation costs have either been absorbed by the department's operating budget or funds have been transferred to the agency by budget amendment, pursuant to Chapter 216, F.S.

Currently, the department uses the Armory Board Trust Fund to handle all receipts and disbursements related to activation. However, the primary purpose of the Armory Board Trust Fund is to receive, spend and account for funds associated with federal / state cooperative agreements executed with the Department of Defense. Commingling FEMA reimbursements and transfers from other agencies with the other revenue sources in the Armory Board Trust Fund has made it difficult for the department to account for activation costs efficiently.

C. EFFECT OF PROPOSED CHANGES:

This bill creates the Emergency Response Trust Fund in the Department of Military Affairs, effective July 1, 2002. The revenue sources for this trust fund will be FEMA reimbursements and transfers of state funds when approved by budget amendments processed pursuant to Chapter 216, F.S. The trust fund will be used to pay all operational costs incurred by the Florida National Guard when called to active duty. The bill provides that the trust fund is exempt from the General Revenue surcharge and any balance in the trust fund at the end of the fiscal year shall remain in the trust fund and "carry-forward" for expenditure in subsequent fiscal years.

D. SECTION-BY-SECTION ANALYSIS:

See Effect of Proposed Changes section above.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

N/A

2. Expenditures:

To the extent that use of the Emergency Response Trust Fund enables the Department of Military Affairs to streamline processes and reduce paperwork, the department may experience an insignificant cost avoidance.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

N/A

2. Expenditures:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

N/A

D. FISCAL COMMENTS:

The revenue sources in the Emergency Response Trust Fund will be FEMA reimbursements and transfers of state funds when approved by budget amendments. Over the past three or four years, the receipts from FEMA reimbursements ranged from \$2 to \$6 million.

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:

A. CONSTITUTIONAL ISSUES:

N/A

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B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON TRANSPORTATION AND ECONOMIC DEVELOPMENT APPROPRIATIONS:

Prepared by:

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