

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1855 Department of State
SPONSOR(S): Appropriations
TIED BILLS: None **IDEN./SIM. BILLS:** None

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Appropriations</u>	<u>26 Y, 14 N</u>	<u>Birnholz</u>	<u>Hansen</u>
2) _____	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

This bill:

- Eliminates the transfer of funds from the Department of State's Corporations Trust Fund to the Cultural Institutions Trust Fund, the Historical Resources Operating Trust Fund, and the Grants and Donations Trust Fund.
- Deletes provisions transferring funds from the Department of State's Cultural Institutions Trust Fund to certain grant programs and entities and removes a restriction on certain grant recipients under the Cultural Institutions Program against receiving funds from other arts grants programs.
- Provides that any FY 2003-04 ranked projects which are not funded under the Historical Facilities Special Category Fixed Capital Outlay Grants, Cultural Facilities Fixed Capital Outlay Grants, or Library Construction Fixed Capital Outlay Grants in the Department of State shall maintain their relative ranking for the FY 2004-05 grant cycles and shall receive priority ranking over new projects applying for the FY 2004-05 grant cycles.
- Terminates the Coconut Grove Playhouse Trust Fund and the Public Access Data Systems Trust Fund within the Department of State and provides for the disposition of balances in and revenues of the terminated trust funds.
- Changes the process of distributing proceeds of the Florida arts license plate annual use fees.
- Provides an effective date of July 1, 2003.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h1855.ap.doc
DATE: April 21, 2003

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|---|-----------------------------|---|
| 1. Reduce government? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | 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. EFFECT OF PROPOSED CHANGES:

Corporations Trust Fund

Section 607.1901, F.S., provides for the creation of the Corporations Trust Fund (trust fund) within the Division of Corporations of the Department of State. All funds required to be paid to the division are deposited into this trust fund. Trust fund dollars are distributed as follows:

- The Legislature appropriates from the fund amounts necessary for the operation of the division.
- An amount equal to 2.9 percent of all moneys deposited each month in the fund is transferred to the Corporation Tax Administration Trust Fund, from which funds are appropriated to the Department of Revenue for the administration of taxes levied upon corporations.
- In the last six months of any fiscal year, an amount equal to 43 percent of all moneys deposited each month into the fund is transferred to the General Revenue Fund.
- The division must transfer from the trust fund to the Cultural Institutions Trust Fund, quarterly, the amount of \$10 from each corporate annual report fee collected by the division and prorations transferring \$8 million each fiscal year, to be used as provided in s. 265.2861, F.S., (cultural institution grant programs). Beginning in 2001, an additional \$2 million each fiscal year has also been transferred from the trust fund to the Cultural Institutions Trust Fund to be used as provided in s. 265.2861, F.S., (cultural institution grant programs); however, this additional \$2 million is contingent upon the receipt of corresponding revenues collected under s. 55.209, F.S., (judgment lien processing).
- The division must transfer from the trust fund to the Cultural Institutions Trust Fund, quarterly, prorations transferring \$250,000 each fiscal year, to be used as provided in s. 265.609, F.S., (youth and children's museum grants).
- The division must transfer from the trust fund to the Cultural Institutions Trust Fund, quarterly, prorations transferring \$550,000 each fiscal year, to be used as provided in s. 265.608, F.S., (science museum grants).
- The division must transfer from the trust fund to the Historical Resources Operating Trust Fund, quarterly, prorations transferring \$2 million each fiscal year, to be used as provided in s. 267.0617, F.S., (historic preservation grants).
- The division must transfer from the trust fund to the Historical Resources Operating Trust Fund, quarterly, prorations transferring \$1.5 million each fiscal year, to be used as provided in s. 267.0619, F.S., (historical museum grants).
- The division must transfer from the trust fund to the department's Grants and Donations Trust Fund quarterly prorations equaling not more than \$1.6 million each fiscal year, to be used in the

provision of services under s. 288.816, F.S., (international affairs activities); however, this transfer is contingent upon the receipt of corresponding revenues collected under s. 55.209, F.S., (judgment lien processing).

- The unencumbered balance in the trust fund at the close of each quarter within the fiscal year may not exceed \$300,000. Any funds in excess of this amount are transferred unallocated to the General Revenue Fund.

This bill eliminates the transfers from the trust fund to the Cultural Institutions Trust Fund, the Historical Resources Operating Trust Fund, and the Grants and Donations Trust Fund, thus sending these dollars to the General Revenue Fund.¹ In lieu of these transfers, the FY 2003-04 House General Appropriations Bill (HB 1789) provides approximately \$470,000 in new, recurring General Revenue dollars for international affairs activities and nonrecurring General Revenue dollars for the following programs:

- Cultural
 - Coconut Grove Playhouse: \$250,000
 - Arts Grants: \$1.35 million
 - Sciences Grants: \$250,000
 - Arts in Education Grants: \$250,000
 - Local Arts Agencies/State Service Organizations: \$200,000
 - Youth and Children's Museum Grants: \$125,000
 - Cultural Exchange Program: \$125,000
 - Cultural Institutions Grants: \$3.25 million
 - Florida Endowment for the Humanities: \$215,000
 - State Touring Program: \$100,000
- Historical
 - Historic Preservation Grants: \$1 million
 - Historic Museum Grants: \$750,000

This bill also provides that any FY 2003-04 ranked projects which are not funded under the Historical Facilities Special Category Fixed Capital Outlay Grants, Cultural Facilities Fixed Capital Outlay Grants, or Library Construction Fixed Capital Outlay Grants in the Department of State shall maintain their relative ranking for the FY 2004-05 grant cycles and shall receive priority ranking over new projects applying for the FY 2004-05 grant cycles. The FY 2003-04 House General Appropriations Bill (HB 1789) does not provide any funding for these three grant programs.

Cultural Institutions Trust Fund

Section 265.2861, F.S., provides for the creation of the Cultural Institutions Trust Fund within the Department of State for the purposes of funding the Cultural Institutions Program and specifically supporting the following programs:

- For statewide arts grants, \$2.7 million.
- For arts in education and visiting arts programs, \$250,000.
- For the State Touring Program, \$200,000.
- For local arts agencies or state service organizations, \$400,000.
- For the Florida State University Ringling Center for Cultural Arts, \$2.2 million, and for the Coconut Grove Playhouse, \$500,000.

¹ Transfers from the trust fund to the Cultural Institutions Trust Fund are estimated to be approximately \$17.8 million in FY 2003-04.

Additionally, s. 265.2861(2)(d), F.S., precludes the Florida State University Ringling Center for Cultural Arts and the Coconut Grove Playhouse from receiving other arts grants administered by the Department of State's Division of Cultural Affairs.

As noted above in the "Corporations Trust Fund" subsection, this bill eliminates the transfers from the Corporations Trust Fund to the Cultural Institutions Trust Fund.² In lieu of these transfers, the FY 2003-04 House General Appropriations Bill (HB 1789) provides nonrecurring General Revenue dollars for the following cultural programs:

- Coconut Grove Playhouse: \$250,000
- Arts Grants: \$1.35 million
- Sciences Grants: \$250,000
- Arts in Education Grants: \$250,000
- Local Arts Agencies/State Service Organizations: \$200,000
- Youth and Children's Museum Grants: \$125,000
- Cultural Exchange Program: \$125,000
- Cultural Institutions Grants: \$3.25 million
- Florida Endowment for the Humanities: \$215,000
- State Touring Program: \$100,000

Within s. 265.2861, F.S., this bill also eliminates the specific funding distributions for statewide arts grants, arts in education and visiting arts programs, the State Touring Program, local arts agencies or state service organizations, the Florida State University Ringling Center for Cultural Arts, and the Coconut Grove Playhouse. Because this bill eliminates statutory funding for the Florida State University Ringling Center for Cultural Arts and for the Coconut Grove Playhouse, s. 265.2861(2)(d), F.S., is also stricken in order to allow those organizations to compete for other state cultural grants.

Public Access Data Systems Trust Fund

Section 15.09(5), F.S., provides for the creation of the Public Access Data Systems Trust Fund within the Department of State, which is used by the department to fund general departmental operations and to purchase information systems and equipment that provide greater public accessibility to the information and records maintained by the department. Each fiscal year, the department's divisions of Elections and Corporations must transfer the following to the trust fund from their respective trust funds:

- An amount equal to 2 percent of all revenues received for the processing of documents, filings, or information requests.
- All public access network revenues collected pursuant to s. 15.16, F.S., (electronic document filing) or s. 119.085, F.S., (remote access to documents).

This bill terminates the Public Access Data Systems Trust Fund, thus redirecting to the General Revenue Fund an estimated \$2.5 million that would have been transferred during FY 2003-04 from the Corporations Trust Fund to the Public Access Data Systems Trust Fund. (See the description of the Corporations Trust Fund in the "Corporations Trust Fund" subsection.) In lieu of funding from the Public Access Data Systems Trust Fund, the FY 2003-04 House General Appropriations Bill (HB 1789) provides various Department of State programs with approximately \$1.6 million in recurring General Revenue dollars, including continuation funding for the statewide centralized voter registration database.

² *Id.*

Coconut Grove Playhouse Trust Fund

Section 265.2901, F.S., provides for the creation of the Coconut Grove Playhouse Trust Fund within the Division of Cultural Affairs of the Department of State. All revenue received by the Department of State as a result of leasing the Coconut Grove Playhouse property in Miami, Florida; from the granting of licenses for the use of the property; or from the operation of licensed concessions on the premises by anyone other than a state theater contract organization is deposited into the trust fund. All funds deposited into the Coconut Grove Playhouse Trust Fund are used for the maintenance and operation of the Coconut Grove Playhouse property and the operation of state theater programs thereon. In practice, the Coconut Grove Playhouse collects these revenues and deposits them in the trust fund, only to have the Legislature appropriate the funds and transfer them back to the Coconut Grove Playhouse.

This bill terminates the Coconut Grove Playhouse Trust Fund. As a result, the Coconut Grove Playhouse would simply keep the revenues that currently revolve through the trust fund.

Florida Arts License Plates

Section 265.284(4), F.S., provides for the Florida Fine Arts Trust Fund within the Department of State to receive distributions as provided in s. 320.08058, F.S. Section 320.08058(12), F.S., provides for the creation of a Florida arts license plate. The license plate annual use fees are to be annually distributed as follows:

- All fees collected must be forwarded quarterly to the Division of Cultural Affairs of the Department of State, together with a report setting forth the amount of such fees collected in each county, and must be deposited into the Florida Fine Arts Trust Fund.
- The Division of Cultural Affairs must then distribute the fees forwarded to it by the department to the counties in the amounts set forth in the report described above. The fees must be distributed to the county arts council for such county or, if there is none, to such other agency in the county as the division designates, to be applied by the council or agency to support art organizations, programs, and activities within the county.

In order to eliminate the administrative workload associated with the current system which simply revolves fee revenue between the counties and the state, this bill provides for fee revenues to be kept on the local level and distributed quarterly to the single arts council officially designated by a county or, if no county arts council exists, to another such agency designated by the county, which must apply the funds to support arts organizations, arts programs, and arts activities within the county.

C. SECTION DIRECTORY:

Section 1: Terminates the Coconut Grove Playhouse Trust Fund and the Public Access Data Systems Trust Fund within the Department of State and provides for the disposition of balances in and revenues of the terminated trust funds.

Section 2: Amends s. 15.09, F.S., to delete a provision that created and provided uses of the Public Access Data Systems Trust Fund, to conform.

Section 3: Amends s. 215.22(1), F.S., to delete a reference to the Coconut Grove Playhouse Trust Fund, to conform.

Section 4: Amends s. 265.284(4), F.S., to revise the sources of funding for the Florida Fine Arts Trust Fund, to conform.

Section 5: Amends s. 265.2861, F.S., to delete provisions transferring funds from the Cultural Institutions Trust Fund to certain grant programs and entities and to eliminate a funding source of the trust fund. This

section also removes a restriction on certain grant recipients under the Cultural Institutions Program against receiving funds from other arts grants programs.

Section 6: Repeals s. 265.2901, F.S., relating to the Coconut Grove Playhouse Trust Fund, to conform.

Section 7: Amends s. 267.0617, F.S., to remove a provision specifying funding sources for the Historic Preservation Grant Program, to conform.

Section 8: Amends s. 320.08058(12), F.S., to change the process of distributing proceeds of the Florida arts license plate annual use fees.

Section 9: Amends s. 607.1901(2), F.S., to delete the transfer of funds from the Corporations Trust Fund to the Cultural Institutions Trust Fund, the Historical Resources Operating Trust Fund, and the Grants and Donations Trust Fund.

Section 10: Amends s. 607.19011, F.S., to revise the uses of the Corporations Trust Fund, to conform.

Section 11. Provides that any FY 2003-04 ranked projects which are not funded under the Historical Facilities Special Category Fixed Capital Outlay Grants, Cultural Facilities Fixed Capital Outlay Grants, or Library Construction Fixed Capital Outlay Grants in the Department of State shall maintain their relative ranking for the FY 2004-05 grant cycles and shall receive priority ranking over new projects applying for the FY 2004-05 grant cycles.

Section 12: Provides an effective date of July 1, 2003.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

Although certain revenues generated by the Coconut Grove Playhouse and by the sale of Florida arts license plates would no longer be transferred to the state, there would be no net fiscal impact to the state because, currently, these dollars are simply revolved and transferred back to the local level.

2. Expenditures:

See the "Effect of Proposed Changes" section of this analysis for a discussion of the fiscal impacts of deleting certain provisions related to the Corporations Trust Fund, the Cultural Institutions Trust Fund, and the Public Access Data Systems Trust Fund.

This bill would generate a small, indeterminate savings by eliminating the administrative processes related to the current revolving of revenues generated by the Coconut Grove Playhouse and by the sale of Florida arts license plates between the state and local level.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

To the extent that local governments might be recipients of various cultural or historical grants in the future and this bill eliminates the statutory distribution of funds to those grant programs, local governments might receive fewer state grant dollars in the future. However, the Legislature could still fund those grant programs with General Revenue dollars in the future. Moreover, the Cultural

Institutions Trust Fund and the Historical Resources Operating Trust Fund may still accept funds from sources other than the Legislature.

It should also be noted that, although the FY 2003-04 House General Appropriations Bill (HB 1789) does not provide any funding for the Historical Facilities Special Category Fixed Capital Outlay Grants, Cultural Facilities Fixed Capital Outlay Grants, or Library Construction Fixed Capital Outlay Grants in the Department of State, this bill provides that any FY 2003-04 ranked projects which are not funded under these three grant programs shall maintain their relative ranking for the FY 2004-05 grant cycles and shall receive priority ranking over new projects applying for the FY 2004-05 grant cycles.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

To the extent that private organizations might be recipients of various cultural or historical grants in the future and this bill eliminates the statutory distribution of funds to those grant programs, these organizations might receive fewer state grant dollars in the future. However, the Legislature could still fund those grant programs with General Revenue dollars in the future. Moreover, the Cultural Institutions Trust Fund and the Historical Resources Operating Trust Fund may still accept funds from sources other than the Legislature.

It should also be noted that, although the FY 2003-04 House General Appropriations Bill (HB 1789) does not provide any funding for the Historical Facilities Special Category Fixed Capital Outlay Grants, Cultural Facilities Fixed Capital Outlay Grants, or Library Construction Fixed Capital Outlay Grants in the Department of State, this bill provides that any FY 2003-04 ranked projects which are not funded under these three grant programs shall maintain their relative ranking for the FY 2004-05 grant cycles and shall receive priority ranking over new projects applying for the FY 2004-05 grant cycles.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The legislation does not require expenditure of funds by local governments, does not reduce the authority to raise revenue, nor reduce the percentage of state tax shared with local governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

None.