

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 418

SPONSOR: Appropriations Committee and Senator Pruitt

SUBJECT: State Planning and Budgeting

DATE: April 15, 2003

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Lezcano/Eisenbart</u>	<u>Coburn</u>	<u>AP</u>	<u>Fav/CS</u>
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill accomplished three objectives:

- More uniform application of the General Revenue service charge at a reduced rate.
- Adjustment of the split of interest on commingled trust fund moneys between the General Revenue Fund and individual trust funds.
- Repeal of numerous exemptions to the requirement that unspent moneys revert at the end of the fiscal year to the fund from which they were appropriated.

The bill is effective July 1, 2004, to allow adequate time for implementation of these changes.

Related to more uniform application of General Revenue service charge, this bill substantially amends, creates, or repeals the following sections of the F.S.: ss. 215.20, 215.22, 215.24, 11.045, 112.3215, 365.173, 372.105, 372.106, 464.0198, 576.045, 946.522, and 1009.86, F.S.

Related to adjustment of the split of interest on commingled trust fund moneys, this bill substantially amends, creates, or repeals the following sections of the F.S.: ss. 18.125, 14.2015, 211.31, 261.12, 288.95155, 320.781, 372.105, 373.4137, 376.11, 376.121, 376.307, 376.3071, 376.40, 378.035, 385.207, 420.9079, 440.50, 445.0325, 468.392, 473.3065, 527.23, 597.010, 601.15, 938.15, 1009.68, 1009.72, 1009.73, 1010.86, 1011.51, 1013.79, 601.15, 601.28, 206.46, 339.135, and 288.9607, F.S.

Related to reversions of appropriations, this bill substantially amends, creates, or repeals the following sections of the F.S.: ss. 17.43, 20.2553, 20.3315, 20.435, 20.505, 61.1812, 16.1816, 202.193, 250.175, 250.601, 261.12, 288.063, 288.065, 288.0655, 288.95155, 338.2216, 339.082, 372.107, 372.127, 380.5115, 400.0239, 430.41, 440.501, 445.0325, 464.0198, 561.027, 570.205, 570.207, 932.705, 943.365, 944.72, 945.21501, 946.522, 985.4041, 985.4042, 1004.41, 1009.50,

1009.51, 1009.52, 1009.73, 1009.86, 1009.89, 1010.73, 1010.87, 1011.51, 1011.57, and 1011.94, F.S.

II. Present Situation:

General Revenue Service Charge

Trust funds are required to pay 7 percent of their income of a revenue nature to the General Revenue Fund as a service charge representing the estimated pro rata share of the cost of general government paid from the General Revenue Fund, s. 215.20, F.S. "Income of a revenue nature" basically refers to money when it first comes into the State Treasury and excludes money that is transferred among funds.

Some funds, listed in s. 215.20(4), F.S., are required to pay an additional 0.3 percent service charge (for a total of 7.3 percent). A few agriculture trust funds pay a reduced service charge of 3 percent, s. 215.20(2), F.S.

A number of trust funds and types of trust fund revenues are exempted from the service charge by s. 215.22, F.S. A number of other trust funds are exempted from the service charge by provisions scattered throughout the statutes and never compiled.

The implementing bill for the 2002-2003 General Appropriations Act, Chapter 2002-402, Laws of Florida, expanded the application of the service charge for the 2002-2003 fiscal year for a few trust funds.

Interest Earnings

Funds in the State Treasury are invested (typically in short-term treasuries). Investment occurs in two ways. The first process is that trust fund moneys are commingled, for investment purposes only, and all investment income accrues to the General Revenue Fund. Of the total interest earned on trust fund moneys, over half accrues to the General Revenue Fund.

The second process is a cumbersome one, set out in s. 18.125(3), F.S. Each state agency can analyze its cash flow needs and determine whether it has money in a trust fund that is not immediately needed. If it makes that determination, it may request that the amount identified be transferred to the Treasurer Investment Trust Fund. The moneys transferred to that trust fund are commingled, for investment purposes only, and invested exactly the same way as in the first process. The agency must constantly monitor its cash flow needs and when it determines the need exists, it must request the return of money from the Treasurer Investment Trust Fund. The Chief Financial Officer then liquidates investments sufficient to return the money, plus interest earned thereon, to the agency. The interest earnings are credited to the agency trust fund.

For the 2002-2003 fiscal year, the implementing bill for the General Appropriations Act, Chapter 2002-402, Laws of Florida, limits the number of trust funds that are subject to the second process.

Reversion of Appropriations

Each year the Legislature makes numerous appropriations from the General Revenue Fund and various agency trust funds for the operation of state programs. An appropriation is an authorization to expend funds, but it may also direct the transfer of money from one fund to another. For example, General Revenue may be appropriated to a trust fund that is experiencing a one-time deficit.

At the end of each fiscal year, the balance of each appropriation that remains unspent and uncommitted reverts to the fund from which the appropriation was made, s. 216.301, F.S. In the example above, if the trust fund completed the fiscal year without needing the full amount of General Revenue appropriated, the remaining General Revenue would revert to the General Revenue Fund. It would not be retained by the trust fund but would be available to the Legislature for appropriation in the following fiscal year.

Dozens of trust fund provisions, scattered throughout statutes, exempt specific funds from the reversion requirements of s. 216.301, F.S. In many cases the exemptions have no effect because the only moneys appropriated from those trust funds are the direct receipts to the funds. Any unspent appropriation would revert back to the fund itself. Only when a trust fund receives legislative appropriations, or transfers, of money from another fund or from the General Revenue Fund, would an exemption from the reversion requirements of s. 216.301, F.S., affect the trust fund.

III. Effect of Proposed Changes:

Effects of the proposed changes are grouped according to subject matter. Within each group, sections are listed in order of importance.

General Revenue Service Charge

This bill makes significant changes to the General Revenue service charge. Specifically, it:

- Reduces the rate of the service charge from a maximum of 7.3 percent to 6 percent.
- Removes the exemption from the service charge for most trust funds.
- States the intent of the Legislature that if future exemptions to the service charge are created, the rate of the service charge for all the other trust funds should be increased to offset the exemptions.

The bill makes trust fund income exempt from the service charge when:

- Federal requirements limit the application of a service charge.
- Grant restrictions prohibit a service charge.
- Bond covenants or requirements prohibit a service charge.
- Constitutional requirements are inconsistent with a service charge.

Under any of those circumstances, the Governor, with the approval of the Legislative Budget Commission, will certify to the Chief Financial Officer that the service charge is not to be applied to the trust fund receipts involved.

Section 15. Amends s. 215.20, F.S. Applies the General Revenue service charge uniformly to trust funds at 6 percent. This section also eliminates the additional 0.3 percent service charge on specified trust funds.

Section 16. Amends s. 215.22, F.S. Applies the General Revenue service charge to more trust funds. Reduces the number of trust funds exempt from the General Revenue service charge.

Section 17. Amends s. 215.24, F.S. Provides for exemptions from service charge if recipient of revenue has already pledged or requires these moneys to pay debt service on bonds. Requires approval from the Legislative Budget Commission to certify that the exemption provisions of this section have been met.

Section 1. Amends s. 11.045, F.S. Repeals General Revenue service charge exemption for Legislative Lobbyist Registration Trust Fund in the legislative branch.

Section 11. Amends s. 112.3215, F.S. Repeals General Revenue service charge exemption for Executive Branch Lobby Registration Trust Fund in the legislative branch.

Section 31. Amends s. 365.173, F.S. Repeals General Revenue service charge exemption for Wireless Emergency Telephone System Fund in the Department of Management Services.

Section 32. Amends s. 372.105, F.S. Repeals General Revenue service charge exemption for Lifetime Fish and Wildlife Trust Fund within the Fish and Wildlife Conservation Commission.

Section 33. Amends s. 372.106, F.S. Repeals subsection (3), relating to General Revenue service charge exemption for Dedicated License Trust Fund within the Fish and Wildlife Conservation Commission.

Section 51. Amends s. 464.0198, F.S. Repeals General Revenue service charge exemption for Florida Center for Nursing Trust Fund in the Department of Health.

Section 58. Amends s. 576.045, F.S. Repeals General Revenue service charge exemption for fees paid into the General Inspection Trust Fund in Agriculture and Consumer Services.

Section 67. Amends s. 946.522, F.S. Repeals General Revenue service charge exemption for the Prison Industries Trust Fund in the Department of Financial Services.

Section 77. Amends s. 1009.86, F.S. Repeals General Revenue service charge exemption for the Student Loan Operating Trust Fund in the Department of Education.

Interest Earnings

This bill reduces the ability of agencies to transfer money from their trust funds to the Treasurer Investment Trust Fund. Such transfers are required only when:

- Federal programs or mandates require retention of investment earnings.
- Bond covenants, indentures, or resolutions require retention of investment earnings.

- The state is acting in a trustee capacity for moneys of individuals, private organizations, or other governmental units.
- The Governor, with the approval of the Legislative Budget Commission, determines that federal or private funds would be lost to the state unless investment earnings are retained.
- Moneys are invested by the State Board of Administration (primarily the State Retirement Trust Fund and the Florida Hurricane Catastrophe Fund).

This bill limits the interest earnings that will accrue to trust funds and increases the earnings that will be deposited in the General Revenue Fund. In addition to the obvious reallocation of funds, this will result in a substantial decrease in the workload associated with agencies monitoring their cash flow needs for each trust fund and transferring money to and from the Treasurer Investment Trust Fund.

Section 4. Amends s. 18.125, F.S. Agencies shall retain the interest earned on individual trust funds with the exception of the following: the money in the trust fund and the retention of interest is required by federal programs or mandates, bond covenants, indentures, resolutions; or held by the state in a trustee capacity as an agent or fiduciary for individuals, private organizations, or other governmental units; or if the Executive Office of the Governor, with the approval of the Legislative Budget Commission, determines that federal matching funds or contributions or private grants to any trust fund would be lost to the state.

Section 2. Amends s. 14.2015, F.S. Requires interest earnings from the Economic Development Trust Fund, the Grants and Donations Trust Fund, the Brownfield Property Ownership Clearance Assistance Revolving Loan Trust fund, and the Economic Development Transportation Trust Fund to accrue to the benefit to the General Revenue Fund.

Section 14. Amends s. 211.31, F.S. Requires interest earnings from the Minerals Trust Fund from severance tax receipts to accrue to the benefit of the General Revenue Fund.

Section 20. Amends s. 261.12, F.S. Requires interest earnings from the designated off-highway vehicle funds within the Incidental Trust Fund of the Division of Forestry of the Department of Agriculture and Consumer Services to accrue to the benefit of the General Revenue Fund.

Section 24. Amends s. 288.95155, F.S. Requires interest earnings from the Florida Technology Research Investment Fund used for Florida Small Business Technology Growth Program to accrue to the benefit of the General Revenue Fund.

Section 26. Amends s. 320.781, F.S. Requires interest earnings from the Mobile Home and Recreational Vehicle Trust Fund to accrue to the benefit of the General Revenue Fund.

Section 32. Amends s. 372.105, F.S. Requires interest income from sales after July 1, 2004 in the Lifetime Fish and Wildlife Trust Fund to accrue to the benefit of the General Revenue Fund.

Section 36. Amends s. 373.4137, F.S. Requires interest earnings from the State Transportation Trust Fund used for the mitigation plan to accrue to the benefit of the General Revenue Fund.

Section 37. Amends s. 376.11, F.S. Requires interest earnings from the Florida Coastal Protection Trust Fund to accrue to the benefit of the General Revenue Fund.

Section 38. Amends s. 376.121, F.S. Requires interest earnings from investment of moneys recovered by Department of Environmental Protection for damage to natural resources to accrue to the benefit of the General Revenue Fund.

Section 39. Amends s. 376.307, F.S. Requires interest earnings from the Water Quality Assurance Trust Fund to accrue to the benefit of the General Revenue Fund. In addition, the Water Quality Assurance Trust Fund will no longer receive an annual transfer of interest funds from the Florida Coastal Protection Trust Fund.

Section 40. Amends s. 376.3071, F.S. Requires interest earnings from the Inland Protection Trust Fund to accrue to the General Revenue Fund rather than this fund and the Water Quality Assurance Trust Fund.

Section 41. Amends s. 376.40, F.S. Requires interest earnings from the Minerals Trust Fund relating to receipts from petroleum exploration and production to accrue to the benefit of the General Revenue Fund.

Section 42. Amends s. 378.035, F.S. Requires interest earnings from the Nonmandatory Land Reclamation Trust Fund to accrue to the benefit of the General Revenue Fund.

Section 44. Amends s. 385.207, F.S. Requires interest earnings from the Epilepsy Services Trust Fund to accrue to the benefit of the General Revenue Fund.

Section 46. Amends s. 420.9079, F.S. Requires interest earnings from the Local Government Housing Trust Fund to accrue to the benefit of the General Revenue Fund.

Section 48. Amends s. 440.50, F.S. Requires interest earnings from the Workers' Compensation Administration Trust Fund to accrue to the benefit of the General Revenue Fund.

Section 50. Amends s. 445.0325, F.S. Requires interest earnings from the Welfare Transition Trust Fund to accrue to the benefit of the General Revenue Fund.

Section 52. Amends s. 468.392, F.S. Requires interest earnings from the Auctioneer Recovery Trust Fund to accrue to the benefit of the General Revenue Fund.

Section 53. Amends s. 473.3065, F.S. Requires that interest earnings from the Professional Regulation Trust Fund from receipts for the Certified Public Accountant Education Minority Assistance Program to accrue to the benefit of the General Revenue Fund.

Section 54. Amends s. 527.23, F.S. Removes a requirement that a portion of interest earnings from the General Inspection Trust Fund on receipts from marketing orders be transferred to the General Revenue Fund.

Section 59. Amends s. 597.010, F.S. Requires all interest earnings from the General Inspection Trust Fund on receipts from the surcharge on leases related to shellfish to accrue to the benefit of the General Revenue Fund.

Section 60. Amends s. 601.15, F.S. Requires all interest earnings after July 1, 2004 on the Department of Citrus trust funds to accrue to the benefit of the General Revenue Fund.

Section 61. Amends s. 601.28, F.S. Requires all interest earnings after July 1, 2004 on citrus inspection fees to accrue to the benefit of the General Revenue Fund.

Section 63. Amends s. 938.01, F.S. Requires all interest earnings from the Department of Law Enforcement Criminal Justice Standards and Training Trust Fund, the Department of Law Enforcement Operating Trust Fund, and Family Services Domestic Violence Trust Fund to accrue to the benefit of the General Revenue Fund.

Section 74. Amends s. 1009.68, F.S. Requires all interest earnings from the State Student Financial Assistance Trust Fund receipts for the Florida Minority Medical Education Program to accrue to the benefit of the General Revenue Fund.

Section 75. Amends s. 1009.72, F.S. Requires all interest earnings from the Jose Marti Scholarship Challenge Grant Program to accrue to the benefit of the General Revenue Fund.

Section 76. Amends s. 1009.73, F.S. Requires all interest earnings from the Mary McLeod Bethune Scholarship Program to accrue to the benefit of the General Revenue Fund.

Section 80. Amends s. 1010.86, F.S. Requires all interest earnings from the Capital Improvement Fee Trust Fund and the Building Fee Trust Fund to accrue to the benefit of the General Revenue Fund.

Section 82. Amends s. 1011.51, F.S. Requires all interest earnings on the Grants and Donations Trust Fund receipts for the Florida Postsecondary Endowment Grants Program to accrue to the benefit of the General Revenue Fund.

Section 85. Amends s. 1013.79, F.S. Requires all interest earnings on the Alec P. Courtelis Capital Facilities Matching Trust Fund receipts for the University Facility Enhancement Challenge Matching Program to accrue to the benefit of the General Revenue Fund.

Section 13. Amends s. 206.46, F.S., limiting the interest that can be retained by the State Transportation Trust Fund.

Section 29. Amends s. 339.08, F.S., limiting the interest on the \$50 million minimum balance that can be retained by the State Transportation Trust Fund.

Section 30. Amends s. 339.135, F.S., limiting the investment of interest on the State Transportation Trust Fund.

Section 25. Amends s. 288.9607, F.S., limiting the use of interest earned on the State Transportation Trust Fund.

Reversion of Appropriations

This bill repeals many of the exemptions from the reversion requirements of s. 216.301, F.S. that are scattered throughout the statutes. Most of the trust funds involved will not be affected because they receive only direct revenues and not appropriations from other trust funds or from the General Revenue Fund.

For any trust fund that does receive appropriations from other trust funds or from the General Revenue Fund, repeal of the exemption from the reversion requirements of s. 216.301, F.S., will mean that money appropriated for a specific fiscal year by the Legislature that is unspent and uncommitted at the end of the year will be returned to the fund from which it was appropriated. Rather than retaining the money, pursuant to the exemption, the agency will have to request the Legislature to make a new appropriation for the subsequent year. This will allow the Legislature to maintain better oversight on agency spending and prevent unintentional windfalls to funds that do not return unspent appropriations.

Section 3. Amends s. 17.43, F. S. Requires that undisbursed balances from the Comptroller's Federal Equitable Sharing Trust Fund revert to the originating fund at the end of the fiscal year.

Section 5. Amends s. 20.2553, F.S. Requires that undisbursed balances from the Federal Law Enforcement Trust Fund within the Department of Environmental Protection revert to the originating fund at the end of the fiscal year.

Section 6. Amends s. 20.3315, F.S. Requires that undisbursed balances from the Florida Forever Program Trust Fund of the Florida Fish and Wildlife Conservation Commission revert to the originating fund at the end of the fiscal year.

Section 7. Amends s. 20.435, F.S. Requires that undisbursed balances from the following 6 trust funds within the Department of Health revert to the originating fund at the end of the fiscal year:

- Administrative Trust Fund
- Federal Grants Trust Fund
- Grants and Donations Trust Fund
- Medical Quality Assurance Trust Fund
- Operations and Maintenance Trust Fund
- Social Services Block Grant Trust Fund

Section 8. Amends s. 20.505, F.S. Requires that undisbursed balances from the Administrative Trust Fund of the Agency for Workforce Innovation revert to the originating fund at the end of the fiscal year.

Section 9. Amends s. 61.1812, F.S. Requires that undisbursed balances from the Child Support Incentive Trust Fund revert to the originating fund at the end of the fiscal year.

Section 10. Amends s. 61.1816, F.S. Requires that undisbursed balances from the Child Support Clearing Trust Fund revert to the originating fund at the end of the fiscal year.

Section 12. Amends s. 202.193, F.S. Requires that undisbursed balances from the Local Communications Services Tax Clearing Trust Fund revert to the originating fund at the end of the fiscal year.

Section 18. Amends s. 250.175, F.S. Requires that undisbursed balances from the Federal Law Enforcement Trust Fund within the Department of Military Affairs revert to the originating fund at the end of the fiscal year.

Section 19. Amends s. 250.601, F.S. Requires that undisbursed balances from the Emergency Response Trust Fund revert to the originating fund at the end of the fiscal year.

Section 20. Amends s. 261.12, F.S. Requires that undisbursed balances from the designated off-highway vehicle funds within the Incidental Trust Fund of the Division of Forestry of the Department of Agriculture and Consumer Services revert to the originating fund at the end of the fiscal year.

Section 21. Amends s. 288.063, F.S. Requires that undisbursed balances from transportation projects contracted within the Office of Tourism, Trade, and Economic Development revert to the originating fund at the end of the fiscal year.

Section 22. Amends s. 288.065, F.S. Requires that undisbursed balances from the Rural Community Development Revolving Loan Fund revert to the originating fund at the end of the fiscal year.

Section 23. Amends s. 288.0655, F.S. Requires that undisbursed balances from the Rural Infrastructure Fund revert to the originating fund at the end of the fiscal year.

Section 24. Amends s. 288.95155, F.S. Requires that undisbursed balances from the Florida Small Business Technology Growth Program account revert to the originating fund at the end of the fiscal year and cancels the continuous appropriation of moneys in the account.

Section 27. Amends s. 338.2216, F.S. Requires that undisbursed balances from the budget submitted by Florida Turnpike Enterprise revert to the originating fund at the end of the fiscal year.

Section 29. Amends s. 339.082, F.S. Requires that undisbursed balances from the Federal Law Enforcement Trust Fund within the Department of Transportation revert to the originating fund at the end of the fiscal year.

Section 34. Amends s. 372.107, F.S. Requires that undisbursed balances from the Federal Law Enforcement Trust Fund within the Fish and Wildlife Conservation Commission revert to the originating fund at the end of the fiscal year.

Section 35. Amends s. 372.127, F.S. Requires that undisbursed balances from the Conservation and Recreation Lands Program Trust Fund within the Fish and Wildlife Conservation Commission revert to the originating fund at the end of the fiscal year.

Section 43. Amends s. 380.5115, F.S. Requires that undisbursed balances from the Florida Forever Program Trust Fund within the Department of Community Affairs revert to the originating fund at the end of the fiscal year.

Section 45. Amends s. 400.0239, F.S. Requires that undisbursed balances from the Quality of Long-Term Care Facility Improvement Trust Fund revert to the originating fund at the end of the fiscal year.

Section 47. Amends s. 430.41, F.S. Requires that undisbursed balances from the Grants and Donations Trust Fund within the Department of Elderly Affairs revert to the originating fund at the end of the fiscal year.

Section 49. Amends s. 440.501, F.S. Requires that undisbursed balances from the Workers' Compensation Administration Trust Fund within the Department of Business and Professional Regulation revert to the originating fund at the end of the fiscal year.

Section 50. Amends s. 445.0325, F.S. Requires that undisbursed balances from the Welfare Transition Trust Fund revert to the originating fund at the end of the fiscal year.

Section 51. Amends s. 464.0198, F.S. Requires that undisbursed balances from the Florida Center for Nursing Trust Fund revert to the originating fund at the end of the fiscal year.

Section 55. Amends s. 561.027, F.S. Requires that undisbursed balances from the Federal Law Enforcement Trust Fund within the Department of Business and Professional Regulation revert to the originating fund at the end of the fiscal year.

Section 56. Amends s. 570.205, F.S. Requires that undisbursed balances from the Federal Law Enforcement Trust Fund within the Department of Agriculture and Consumer Services revert to the originating fund at the end of the fiscal year.

Section 57. Amends s.570.207, F.S. Requires that undisbursed balances from the Conservation and Recreation Lands Program Trust Fund within the Department of Agriculture and Consumer Services revert to the originating fund at the end of the fiscal year.

Section 62. Amends s. 932.705, F.S. Requires that undisbursed balances deposited into the Law Enforcement Trust Fund of the Department of Highway Safety and Motor Vehicles revert to the originating fund at the end of the fiscal year.

Section 64. Amends s. 943.365, F.S. Requires that undisbursed balances from the Federal Law Enforcement Trust Fund within the Department of Law Enforcement revert to the originating fund at the end of the fiscal year.

Section 65. Amends s. 944.72, F.S. Requires that undisbursed balances from the Privately Operated Institutions Inmate Welfare Trust Fund within the Department of Corrections revert to the originating fund at the end of the fiscal year.

Section 66. Amends s. 945.21501, F.S. Requires that undisbursed balances from the Employee Benefit Trust Fund within the Department of Corrections revert to the originating fund at the end of the fiscal year.

Section 67. Amends s. 946.522, F.S. Requires that undisbursed balances from the Prison Industries Trust Fund within the Department of Banking and Finance revert to the originating fund at the end of the fiscal year.

Section 68. Amends s. 985.4041, F.S. Requires that undisbursed balances from the Juvenile Welfare Trust Fund within the Department of Juvenile Justice revert to the originating fund at the end of the fiscal year.

Section 69. Amends s. 985.4042, F.S. Requires that undisbursed balances from the Juvenile Care and Maintenance Trust Fund within the Department of Juvenile Justice revert to the originating fund at the end of the fiscal year.

Section 70. Amends s. 1004.41, F.S. Requires that undisbursed balances from the University of Florida Health Center Operations and Maintenance Trust Fund revert to the originating fund at the end of the fiscal year.

Section 71. Amends s. 1009.50, F.S. Requires that undisbursed balances allocated to the Florida Public Student Assistance Grant Program that are remaining in the State Student Financial Assistance Trust Fund revert to the originating fund at the end of the fiscal year.

Section 72. Amends s. 1009.51, F.S. Requires that undisbursed balances allocated to the Florida Private Student Assistance Grant Program that are remaining in the State Student Financial Assistance Trust Fund revert to the originating fund at the end of the fiscal year.

Section 73. Amends s. 1009.52, F.S. Requires that undisbursed balances allocated to the Florida Postsecondary Student Assistance Grant Program that are remaining in the State Student Financial Assistance Trust Fund revert to the originating fund at the end of the fiscal year.

Section 76. Amends s. 1009.73, F.S. Requires that undisbursed balances allocated to the Mary McLeod Bethune Scholarship Program that are remaining in the State Student Financial Assistance Trust Fund revert to the originating fund at the end of the fiscal year.

Section 77. Amends s. 1009.86, F.S. Requires that undisbursed balances from the Student Loan Operating Trust Fund revert to the originating fund at the end of the fiscal year.

Section 78. Amends s. 1009.89, F.S. Requires that undisbursed balances allocated to the William L. Boyd, IV, Florida Resident Access Grant Program that are remaining in the State Student Financial Assistance Trust Fund revert to the originating fund at the end of the fiscal year.

Section 79. Amends s. 1010.73, F.S. Requires that undisbursed balances from the State Student Financial Assistance Trust Fund revert to the originating fund at the end of the fiscal year.

Section 81. Amends s. 1010.87, F.S. Requires that undisbursed balances from the Workers' Compensation Administration Trust Fund within the Department of Education revert to the originating fund at the end of the fiscal year.

Section 82. Amends s. 1011.51, F.S. Requires that undisbursed balances allocated to the Florida Postsecondary Endowment Grants Program and deposited into the Grants and Donations Trust Fund within the Department of Education revert to the originating fund at the end of the fiscal year.

Section 83. Amends s. 1011.57, F.S. Requires that undisbursed balances appropriated to the operating budget for the Florida School for the Deaf and the Blind revert to the originating fund at the end of the fiscal year.

Section 84. Amends s. 1011.94, F.S. Requires that all undisbursed balances from the Trust Fund for University Major Gifts revert to the originating fund at the end of the fiscal year.

Section 86. Provides an effective date of July 1, 2004.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

General Revenue Service Charge

The impact of the proposed changes has not been before an estimating conference for evaluation.

This bill removes exemptions from the General Revenue service charge for approximately 90 funds. However, it expands the categories of moneys in trust funds that are exempt from the service charge. Exemptions include federal contributions or private grants if payment of the service charge would result in the loss of revenue to the state, and revenues pledged to pay debt service on bonds. As an example, if the proposed service charge of 6 percent is applied to 50 percent of the total direct revenues reported for trust funds that are currently exempt from the service charge, in the 2001-2002 fiscal year, \$233 million in additional service charge revenues would have been deposited into the General Revenue Fund (based on 2001-2002 data).

This bill also proposes a reduction in the service charge currently assessed on trust funds. The decrease in service charge from 7.3 to 6 percent, or from 7 to 6 percent, results in an estimated 14.7 to 17 percent reduction in moneys paid by trust funds already subject to the charge. In the 2001-2002 fiscal year, \$347 million in service charge revenue was collected from trust funds. The proposed decrease to a 6 percent service charge would have reduced the amount of revenue collected by about \$50 million.

The loss of revenue from reducing the service charge for funds that currently pay it would be more than offset by the amount of new revenue collected from currently exempt funds. The net effect of removing exemptions and reducing the rate of the service charge, based upon the previous example, is an additional increase of \$171 million in new revenue deposited into the General Revenue Fund.

The changes in this bill are not effective until the 2004-2005 fiscal year.

Interest Earnings

No official estimate has been made to forecast the impact of the proposed changes. However, the following amounts were reported for past years in trust fund interest credited to the General Revenue Fund and to trust funds:

Present Situation	Interest accrues to Trust Fund	Interest accrues to General Revenue Fund
FY 2000-2001	\$479,683,796	\$639,677,301
FY 2001-2002	\$416,936,708	\$512,680,839
FY 2002-2003	\$324,505,505 (estimate)	

While the amount that will be transferred to the General Revenue Fund has not been estimated, as an example, if 50 percent of the interest currently accruing to trust funds is instead deposited into the General Revenue Fund, it would result in approximately \$162 million in additional revenues deposited into the General Revenue Fund.

Reversion of Appropriations

The unspent balances of appropriations for most trust funds currently revert to the funds. In these instances, repealing the reversion exemption will have no impact.

For those trust funds that receive one-time or periodic appropriations from other funds, unspent balances will revert as required by s. 216.301, F.S., and the Legislature will be in the position of determining whether the need exists to re-appropriate the reverted funds.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
