

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 69A Trust Funds

**SPONSOR(S):** Waters

**TIED BILLS:** IDEN./SIM. BILLS:

| REFERENCE         | ACTION | ANALYST  | STAFF DIRECTOR |
|-------------------|--------|----------|----------------|
| 1) Appropriations |        | Birnholz | Hansen         |
| 2)                |        |          |                |
| 3)                |        |          |                |
| 4)                |        |          |                |
| 5)                |        |          |                |

**SUMMARY ANALYSIS**

This bill:

- Terminates the Corporations Trust Fund, the Coconut Grove Playhouse Trust Fund, and the Public Access Data Systems Trust Fund within the Department of State and the Turnpike Controlled Access Trust Fund within the Department of Transportation.
- Provides for deposit of all funds collected by the Division of Corporations of the Department of State into the General Revenue Fund.
- Deletes provisions transferring funds from the Cultural Institutions Trust Fund to certain grant programs and entities.
- Provides that a project that is ranked but not funded for the fiscal year 2003-2004 grant cycle under the Department of State's Historical Facilities Special Category Fixed Capital Outlay Grants Program, Cultural Facilities Fixed Capital Outlay Grants Program, Regional Cultural Facilities Grants Program, or Library Construction Fixed Capital Outlay Grants Program shall, if it continues to meet applicable criteria for the grant program for which it is ranked, maintain its relative ranking for the fiscal year 2004-2005 grant cycle and shall receive priority ranking over new projects applying for the fiscal year 2004-2005 grant cycle.
- Makes conforming changes regarding the distribution of proceeds of the Florida arts license plate annual use fees.
- Provides an effective date of July 1, 2003.

The provisions of this bill relating to the termination of the Department of State's Corporation Trust Fund result in a net change to General Revenue of approximately \$44.5 million. This amount includes \$12.9 million relating to the Division of Corporations operations; \$3.5 million relating to the Department of Revenue's corporation tax administration activities; \$17.8 million relating to programs funded from the Cultural Institutions Trust Fund; \$3.5 million relating to programs funded from the Historical Resources Operating Trust Fund; \$1.6 million relating to international programs funded from the Grants and Donations Trust Fund; \$2.5 million relating to programs funded from the Public Access Data Systems Trust Fund; and \$2.7 million relating to growth in corporate fee revenues. The FY 2003-04 House General Appropriations Bill (HB 21A) provides funding restorations for many of these funding streams.

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

**STORAGE NAME:** h0069.ap.doc  
**DATE:** May 9, 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:

##### **Turnpike Controlled Access Trust Fund**

The Turnpike Controlled Access Trust Fund was created within the Department of Transportation to account for the \$425 million transferred from the State Transportation Trust Fund to pay for the initial stages of the Turnpike's expansion program. All projects have been completed and the trust fund is no longer used. There is no remaining cash balance in the trust fund. This bill terminates the trust fund.

##### **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 terminates the trust fund, thus sending related revenues to the General Revenue Fund.<sup>1</sup> In lieu of these transfers, the FY 2003-04 House General Appropriations Bill (HB 21A) provides approximately \$470,000 in funding restorations for international affairs activities and funding restorations for certain cultural and historical programs, including the following:

- 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 a project that is ranked but not funded for the fiscal year 2003-2004 grant cycle under the Department of State's Historical Facilities Special Category Fixed Capital Outlay Grants Program, Cultural Facilities Fixed Capital Outlay Grants Program, Regional Cultural Facilities Grants Program, or Library Construction Fixed Capital Outlay Grants Program shall, if it continues to meet applicable criteria for the grant program for which it is ranked, maintain its relative ranking for the fiscal year 2004-2005 grant cycle and shall receive priority ranking over new projects applying for the fiscal year 2004-2005 grant cycle. The FY 2003-04 House General Appropriations Bill (HB 21A) does not provide any funding for these four grant programs.

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<sup>1</sup> Estimated disbursements from the trust fund for FY 2003-04, under current law, are as follows: \$12.9 million for the Division of Corporations operations; \$3.5 million for the Department of Revenue; \$17.8 million for the Cultural Institutions Trust Fund; \$3.5 million for the Historical Resources Operating Trust Fund; \$1.6 million for the Grants and Donations Trust Fund; \$2.5 million for the Public Access Data Systems Trust Fund; and \$77.4 million for the General Revenue Fund.

## **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.

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. In lieu of these transfers, the FY 2003-04 House General Appropriations Bill (HB 21A) provides funding restorations for certain cultural programs, including the following:

- 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 21A) provides various Department of State programs with approximately \$1.6 million in funding restorations, including continuation funding for the statewide centralized voter registration database.

### **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, the Legislature passed SB 1954 during the 2003 Regular Session. SB 1954 provides for fee revenues to be kept on the local level and distributed quarterly to the single arts council officially designated by the county in direct proportion to the amounts of fees collected in each county. If there is no county arts council, fees collected must be forwarded to such other agency in the county as the highest ranking county administrative official designates, to be applied by the arts council or agency to support arts organizations, arts programs, and arts activities within the county.

This bill incorporates applicable language from SB 1954 and makes necessary conforming changes to related sections of the Florida Statutes.

### C. SECTION DIRECTORY:

Section 1: Terminates specified trust funds within the Department of State and the Department of Transportation and provides for the disposition of balances in and revenues of the terminated trust funds.

Section 2: Amends s. 15.09, F.S., to provide for deposit of all funds collected by the Division of Corporations of the Department of State into the General Revenue Fund and 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, and to update references to the Treasurer.

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: Provides that a project that is ranked but not funded for the fiscal year 2003-2004 grant cycle under the Department of State's Historical Facilities Special Category Fixed Capital Outlay Grants Program, Cultural Facilities Fixed Capital Outlay Grants Program, Regional Cultural Facilities Grants Program, or Library Construction Fixed Capital Outlay Grants Program shall, if it continues to meet applicable criteria for the grant program for which it is ranked, maintain its relative ranking for the fiscal year 2004-2005 grant cycle and shall receive priority ranking over new projects applying for the fiscal year 2004-2005 grant cycle.

Section 10: Repeals ss. 607.1901, 607.19011, 617.1901, and 620.183, F.S., relating to the Corporations Trust Fund, to conform.

Section 11: Amends s. 607.193(3), F.S., to delete references to the Corporations Trust Fund, to conform.

Section 12: Amends s. 865.09(13), F.S., to delete references to the Corporations Trust Fund and provide for deposit of certain funds into the General Revenue Fund, to conform.

Section 13: Provides for construction of the act in pari materia with laws enacted during the 2003 Regular Session of the Legislature.

Section 14: 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 from other sources 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 21A) does not provide any funding for the Historical Facilities Special Category Fixed Capital Outlay Grants Program, Cultural Facilities Fixed Capital Outlay Grants Program, Regional Cultural Facilities Grants Program, or Library Construction Fixed Capital Outlay Grants Program in the Department of State, this bill provides that a project that is ranked but not funded for the fiscal year 2003-2004 grant cycle under one of the programs shall, if it continues to meet applicable criteria for the grant program for which it is ranked, maintain its relative ranking for the fiscal year 2004-2005 grant cycle and shall receive priority ranking over new projects applying for the fiscal year 2004-2005 grant cycle.

#### 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 from other sources 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 21A) does not provide any funding for the Historical Facilities Special Category Fixed Capital Outlay Grants Program, Cultural Facilities Fixed Capital Outlay Grants Program, Regional Cultural Facilities Grants Program, or Library Construction Fixed Capital Outlay Grants Program in the Department of State, this bill provides that a project that is ranked but not funded for the fiscal year 2003-2004 grant cycle under one of the programs shall, if it continues to meet applicable criteria for the grant program for which it is ranked, maintain its relative ranking for the fiscal year 2004-2005 grant cycle and shall receive priority ranking over new projects applying for the fiscal year 2004-2005 grant cycle.

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.