

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1657 w/CS Rural land protection
SPONSOR(S): Representative Altman
TIED BILLS: HB 1659 **IDEN./SIM. BILLS:** SB 1420, SB 1436

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Agriculture	12 Y, 0 N w/CS	Kaiser	Reese
2) Natural Resources		Camechis	Lotspeich
3) Appropriations			
4)			
5)			

SUMMARY ANALYSIS

The Rural and Family Lands Protection Act (act) was created by the 2001 Legislature in CS/SB 1922 (ss. 60-63 of ch. 2001-279, L.O.F.)

Pursuant to s. 570.70(5), F.S., the purpose of the act is to bring under public protection lands that serve to limit subdivision and conversion of agricultural and natural areas that provide economic, open space, water, and wildlife benefits by acquiring land or related interests in land such as perpetual, less-than-fee acquisitions, agricultural protection agreements, and resource conservation agreements and innovative planning and development strategies in rural areas.

The proposed legislation authorizes the issuance of rural land protection bonds. These bonds may be issued over the next 10 fiscal years commencing on July 1, 2004, in an amount not exceeding \$100 million in any fiscal year. The duration of each series of bonds issued may not exceed 20 annual maturities. In addition, the bill provides that a series of bonds may not be issued unless an amount equal to the debt service coming due in the year of issuance has been specifically appropriated in the General Appropriations Act.

The bill amends s. 570.207, F.S., to authorize the Department of Agriculture and Consumer Services (department) to use rural land protection bond proceeds, and any other funds deposited into the Conservation and Recreation Lands (CARL) Trust Fund for the purposes of the act, for the acquisition of conservation easements and rural land protection easements and for funding agricultural protection agreements and resource conservation agreements. The bill allows the department to partner with local governments to use funds for the preservation of farm land. In addition, the bill states that no more than one-half of one percent of deposited bond proceeds may be used for administrative purposes.

The bill authorizes the deposit of documentary stamp tax revenue into the Rural Lands Program Trust Fund for the issuance of rural land protection bonds. Any such funds must first be used to pay debt service due on outstanding rural land protection bonds or to make any other payments required pursuant to the bond documents authorizing the issuance, before being used for other purposes.

Conclusions of a study conducted by the department regarding the loss of ranch and forest lands, the natural resource attributes of agricultural lands, and rural land objectives to protect lands are also included in the bill.

For the fiscal impact of this legislation, please refer to Section II., "Fiscal Analysis and Economic Impact Statement" on page 4 of this analysis.

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

STORAGE NAME: h1657b.nr.doc
DATE: March 23, 2004

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|---|-----------------------------|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" 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 checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 5. Empower families? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |

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

B. EFFECT OF PROPOSED CHANGES:

Current Situation

The Rural and Family Lands Protection Act (act) was created by the 2001 Legislature in CS/SB 1922 (ss. 60-63 of ch. 20001-279, L.O.F.)

Pursuant to s. 570.70(5), F.S., the purpose of the act is to bring under public protection lands that serve to limit subdivision and conversion of agricultural and natural areas that provide economic, open space, water, and wildlife benefits by acquiring land or related interests in land such as perpetual, less-than-fee acquisitions, agricultural protection agreements, and resource conservation agreements and innovative planning and development strategies in rural areas.

Section 570.71, F.S., authorizes the Department of Agriculture and Consumer Services (department), on behalf of the Board of Trustees of the Internal Improvement Trust Fund (trustees) to acquire perpetual, less-than-fee interests in land, to enter into agricultural protection agreements, and to enter into resource conservation agreements for the following public purposes:

- Promote and improve wildlife habitat;
- Protect and enhance water bodies, aquifer recharge areas, wetlands, and watersheds;
- Perpetuate open space on lands with significant natural areas; and,
- Protect agricultural lands threatened by conversion to other uses.

Effect of Proposed Changes

The proposed legislation authorizes the issuance of rural land protection bonds. These bonds may be issued over the next 10 fiscal years commencing on July 1, 2004, in an amount not exceeding \$100 million in any fiscal year. The duration of each series of bonds issued may not exceed 20 annual maturities. In addition, the bill provides that a series of bonds may not be issued unless an amount equal to the debt service coming due in the year of issuance has been specifically appropriated in the General Appropriations Act.

The bill further states:

- The state will not take any action that will adversely affect the bond program.
- Bonds issued pursuant to the act will be payable from taxes distributable to the Rural Lands Program Trust Fund of the department.
- The department shall request the Division of Bond Finance to issue the rural land protection bonds.
- The proceeds from the sale of bonds, less certain costs, will be deposited into the Conservation and Recreation Lands (CARL) Program Trust Fund.

- There shall be no sale, disposition, lease, easement, license, or other use of any land, water areas, or related property interests acquired or improved with proceeds of rural land protection bonds which would cause all or any portion of the interest of such bonds to lose the exclusion from gross income for federal income tax purposes.
- A complaint for validation of bonds will be filed only in the circuit court of the county where the seat of state government is situated, the notice required to be published will be published only in the county where the complaint is filed, and the complaint and order of the circuit court will be served only on the state attorney of the circuit in which the action is pending.

The bill amends s. 570.207, F.S., to authorize the department to use rural land protection bond proceeds, and any other funds deposited into the CARL Trust Fund for the purposes of the act, for the acquisition of conservation easements and rural land protection easements and for funding agricultural protection agreements and resource conservation agreements. The bill allows the department to partner with local governments to use funds for the preservation of farm land. In addition, the bill states that no more than one-half of one percent of deposited bond proceeds may be used for administrative purposes.

The bill authorizes the deposit of documentary stamp tax revenue into the Rural Lands Program Trust Fund for the issuance of rural land protection bonds. Any such funds must first be used to pay debt service due on outstanding rural land protection bonds or to make any other payments required pursuant to the bond documents authorizing the issuance, before being used for other purposes.

And lastly, the bill includes the results of a study conducted by the department, in consultation with the Department of Environmental Protection and the Florida Fish and Wildlife Conservation Commission, at the request of the Legislature. The study concluded that:

- Between 1964 and 1997, the state lost nearly 5 million acres of valuable agricultural land;
- The state currently has 9,114,000 acres of agricultural land with natural resource attributes, including groundwater recharge, natural floodplain, and significant species habitat, and more than 900,000 acres of this land will be converted to other uses within a decade; and,
- The objective of the program to protect agricultural land with natural resource value through conservation easements and other tools should be the protection of 1 acre for every acre lost.

C. SECTION DIRECTORY:

Section 1. Amending s. 570.70, F.S., providing results of a study requested by the Legislature.

Section 2. Amending s. 201.15, F.S., authorizing the deposit of documentary stamp tax revenue into the Rural Lands Program Trust Fund of the department and providing criteria for use.

Section 3. Creating s. 215.6195, F.S., authorizing the issuance of rural land protection bonds; providing criteria for issuance; providing agreement by the state regarding bond issuance; providing for bonds to be payable from the Rural Lands Program Trust Fund; authorizing the department to request the Division of Bond Finance to issue bonds; providing for proceeds from sale of bonds, less certain costs, to be deposited into the Conservation and Recreation Lands Program Trust Fund of the department; providing protection of gross income for federal income tax purposes; providing for validation of initial series of bonds; and providing procedures for filing complaints.

Section 4. Providing approval for implementation by the Legislature.

Section 5. Amending s. 570.207, F.S., providing for the Conservation and Recreation Lands (CARL) Program Trust Fund to fund the Rural and Family Lands Protection Act; providing that no more than one-half of one percent of bond proceeds be used for administrative purposes; and authorizing the department to use other funds deposited into the CARL Trust Fund for the acquisition and funding of the various easements.

Section 6. Amending s. 570.71, F.S., authorizing the department to use funds from rural land protection bonds to acquire conservation easements and agreements and authorizing the department to partner with local governments to use funds to acquire farm land.

Section 7. Providing an effective date of July 1, 2004, if HB 1659, which creates the Trust Fund, is adopted in the same legislative session or an extension thereof, and becomes law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

	Fund	FY 2004-05	FY 2005-06	FY 2006-07
REVENUES:				
<u>Recurring Revenues:</u>				
CARL TF bond proceeds		100,000,000	100,000,000	100,000,000
Rural Lands Program Trust Fund		10,000,000	20,000,000	30,000,000
<u>Non-Recurring Revenues:</u>				
		0	0	0
OPERATING COSTS:				
<u>Recurring Costs:</u>				
Division of Forestry –				
Senior Acq. Review Agent (1)	CARL TF	57,211	58,355	59,522
Senior Appraiser (1)		60,344	61,551	62,782
Administrative Assistant II (1)		43,006	43,866	44,743
Division of Administration –				
Senior Attorney (1)	ADM TF	0	90,000	91,800
Prof. Accountant Supervisor (1)		0	63,862	65,139
Prof. Accountant Specialist (1)		0	57,211	58,355
Expenses –				
Division of Forestry:				
Professional Expense Pkgs. (3)	CARL TF	29,745	29,745	29,745
Division of Administration:				
Professional Expense Pkgs. (3)	ADM TF	0	29,745	29,745
Travel associated with rule development, establishment of application process and prioritizing projects	ADM TF	5,000	5,000	5,000
Other –				
Division of Forestry:				
Travel	CARL TF	5,000	5,000	5,000
Public Workshops and Hearings		5,000	2,500	2,500
Uniform Allowances		200	200	200
Additional Supplies		4,000	4,000	5,000
Vehicle Maintenance		500	1,000	1,500
Brochures/Printing Services		7,500	4,000	2,500
Fixed Capital Outlay of up to \$100,000,000 per bond issue	CARL TF	99,704,914	99,500,008	99,522,675

Total Recurring Costs by Fund:

CARL TF – Operating Funds	\$212,506	\$210,217	\$213,492
ADM TF – Operating Funds	\$5,000	\$243,818	\$247,999
CARL TF – Fixed Capital Outlay	\$99,704,914	\$99,500,008	\$99,522,675

Non-Recurring Costs:

Division of Forestry –				
OPS Support	CARL TF	15,080	15,457	15,834
OCO Professional Packages (3)		4,500	0	0
OCO Computer Upgrades		6,000	0	0
4x4 Utility Vehicles (2)		26,000	26,000	0
Uniforms (2)		1,000	0	0
Division of Administration –				
OCO Professional Packages (3)	ADM TF	0	4,500	0
AGMIC –				
Application modification of existing imaging system	GITF	25,000	0	0

Total Non - Recurring Costs by Fund:

CARL TF	\$52,580	\$41,457	\$15,834
ADM TF	0	\$4,500	0
GITF	\$25,000	0	0

Notes on Operating Costs and Revenues:

Salaries and benefits were entered at 10 percent above minimum, except for the Senior Attorney which is listed at mid-range, and increased 2 percent for the second and third years in anticipation of salary increases. This is to ensure the ability to recruit qualified staff.

The Department of Agriculture and Consumer Services has an existing land acquisition program and land acquisition staff and has been involved with conservation easements throughout the state. It also has access to several conservation easement documents to assist with standard contract development. The act provides for the authorization of up to \$100,000,000 in bond revenue to implement the act. The program will not generate revenue to the department, with the exception of those funds generated from the issuance of the bonds and/or those funds deposited into the Conservation and Recreation Land Program Trust Fund. The department will develop and administer an application and selection process for lands before purchasing these perpetual easements, develop and implement a process for the mapping, appraisal, contracting, and approval of agreements by the appropriate body, development and implement management plans, and ensure landowner compliance with the perpetual easements. The Division of Forestry has expertise with all of these elements and will function as contract managers. General Revenue will pay for personnel, administrative and operating costs, computer hardware and software requirements, vehicles and field equipment, and educational material for marketing the program. The production of actual work products such as maps, appraisals, environmental assessments, closing services, easement documentation reports, etc., will be privatized with outside vendors. Costs for acquisition and post acquisition related services will be funded from the proceeds of the bond issuance or from funds placed in the department's Conservation and Recreation Lands Program Trust Fund.

	Fund	FY 2003-04	FY 2004-05	FY 2005-06
NON -OPERATING COSTS:				
Transfers to Administrative TF				
Operating Recurring & Non-Recurring		5,000	248,318	247,039

Expenditures

General Revenue Service Charge		0	0	0
Transfers to State Board of Administration – Debt Service	RLP TF	10,000,000	20,000,000	30,000,000
Transfer to AGMIC GITF	CARL TF	25,000	0	0
<u>Total Non-Operating Costs:</u>				
CARL TF		\$30,000	\$248,318	\$247,999
RLP TF		\$10,000,000	\$20,000,000	\$30,000,000
 <u>TOTAL OF COSTS:</u>				
Operating/Non-operating - CARL TF		\$295,086	\$499,992	\$477,325
FCO – CARL TF		\$99,704,914	\$99,500,008	\$99,522,675
Operating – ADM TF		\$5,000	\$248,318	\$247,999
Operating - GITF		\$25,000	0	0
Debt Service RLP TF		\$10,000,000	\$20,000,000	\$30,000,000
 <u>TOTAL REVENUES:</u>				
Bond Proceeds – CARL TF		\$100,000,000	\$100,000,000	\$100,000,000
Debt Service – RLP TF		\$10,000,000	\$10,000,000	\$10,000,000

Notes on Non-Operating Costs:

The amount transferred to the State Board of Administration for debt service is dependent upon the debt service requirements developed. Debt services are estimated at 10 percent of bonds issued, not to exceed 20 annual maturities.

The amount of Document Excise Tax revenue received in the Rural Lands Protection Trust Fund is dependent upon the debt service requirements developed by the State Board of Administration after bond issuance.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

This program will have the potential to slow growth of property tax revenues due to less conversion of agricultural lands to more intense land-use classifications. However, this would allow the property to stay on the tax rolls and would keep some property from being developed. As such, the local governments would not be required to provide the infrastructure and support services within these areas as they would if the property were to be developed.

The bill authorizes the department to partner with local governments to use the funds to acquire perpetual, less-than-fee interests in land, to enter into agricultural protection agreements, and to enter into resource conservation agreements.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Agricultural landowners who elect to participate in the program could receive undetermined amounts of money. Available to them would also be appraisal services, consulting foresters, title services, environmental services, and non-profit organizations for establishing base-line information on the condition of the property, and implementation of resource conservation and agricultural protection

agreements. In addition, since the property will stay in agriculture or silviculture, the local work forces in those industries could remain unaltered.

D. FISCAL COMMENTS:

None

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require counties or municipalities to take an action requiring the expenditure of funds, does not reduce the authority that counties or municipalities have to raise revenues in the aggregate, and does not reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On March 16, 2004, the Committee on Agriculture adopted one amendment to HB 1657. The amendment allows the Department of Agriculture and Consumer Services to partner with local governments to use funds to acquire perpetual, less-than-fee interests in land, to enter into agricultural protection agreements, and to enter into resource conservation agreements.