

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.)

Prepared By: Government Efficiency Appropriations Committee

BILL: SB 1108

SPONSOR: Senator Atwater

SUBJECT: Interest & Trust Funds

DATE: April 11, 2005

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Gilreath	Johansen	GE	Pre-meeting
2.	_____	_____	WM	_____
3.	_____	_____	RC	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill expresses the intent to revise laws relating to interest and trust funds.

II. Present Situation:

Prior to July 1, 2002, s. 18.10, F.S., required the Treasurer to deposit the moneys of the state and to invest them through qualified public depositories as fully as possible consistent with its cash requirements. It further provided that all earnings were to be credited to the General Revenue Fund, except as provided in s. 18.125(3).

Section 18.125, F.S., provided additional authority to the Treasurer to invest all moneys contained in the General Revenue Fund, all trust funds, and all state agency funds. Subsection (3) provided a process for agencies to transfer trust fund monies not needed for immediate operations to the Treasurer's Administrative and Investment Trust Fund. The interest earned was transferred to the respective trust funds rather than to the General Revenue Fund.

Records of the State Treasurer indicate that \$781 million was earned during the 2000-2001 fiscal year. Of this amount, \$294 million was credited to the General Revenue Fund and \$487 was credited *pro rata* to trust funds. For the 2001-2002 fiscal year, interest credited to trust funds was \$417 million and that amount was \$329 for fiscal year 2002-2003.

Sections 18.10 and 18.125, F.S., were amended by ch. 2002-402, L.O.F., for the fiscal year 2002-2003, to limit the number of trust funds allowed to retain interest earnings. This provision resulted in an estimated \$25 million being credited to the General Revenue Fund rather than trust funds for that period. That change was subsequently made permanent by ch. 2003-400, L.O.F.

Chapter 2003-261, L.O.F., transferred and amended ss. 18.10 and 18.125, F.S., to new ss. 17.57 and 17.61, F.S. respectively.

Moneys in trust funds are exempt from the investment restrictions imposed by s. 17.57, F.S., if such moneys and their retained interest meet one or more of the criteria established in s. 17.61(3)(d)1.- 4., F.S.: federal mandates; restrictive bond covenants; fiduciary duties; or gubernatorial determination following legislative consultation that matching funds would be lost.

III. Effect of Proposed Changes:

Section 1: The intent of this bill is to revise laws relating to interest and trust funds.

Section 2: This act shall take effect upon becoming a law.

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:

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

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

VIII. Summary of Amendments:

None.

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