

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 1112

SPONSOR: Senator Atwater

SUBJECT: General Revenue Service Charges

DATE: April 11, 2005

REVISED: _____

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

I. Summary:

This bill expresses the intent to revise laws relating to general revenue service charges.

II. Present Situation:

The imposition of service charges on named trust funds began in 1941 when the initial rate was set at 3 percent.¹ The succeeding rate changes that occurred in 1961, 1979, 1983, and 1990 brought the service charges to their current level of 7 percent plus an additional 0.3 percent assessed on selected funds. The charge paid by the trust funds is paid to the General Revenue Fund to offset the cost of general government. These general government operating costs include, but are not limited to, the Legislature, Governor, State Court System, including state attorneys and public defenders, public safety entities, including corrections, juvenile justice, and some law enforcement, and education. The service charge applies to the initial deposits into each trust fund and is not charged again if the moneys are transferred.

In order to fund *Mobility 2000*, service charges imposed on collections of motor fuel and diesel fuel taxes, local option fuel taxes, auto title fees, and the \$100 “new-wheels-on-the-road” fee were eliminated. Effective July 1, 2000, the 7.3 percent General Revenue service charge was eliminated on the Fuel Tax Collection Trust Fund for motor fuel and diesel fuel collections and on the \$24 original certificate of title fee and each duplicate copy. Effective July 1, 2001, the 7.3 percent General Revenue service charge was eliminated on SCETS² tax collections and on the \$100 “new-wheels-on-the-road” fee. The service charge on local option fuel tax collections is

¹ Florida Senate Finance and Taxation Committee, “2004 Florida Tax Handbook Including Fiscal Impact of Potential Changes, Tallahassee, FL, 2004 ed., 124.

² State Comprehensive Expanded Transportation System Tax.

phased out over a two-year period. Effective July 1, 2005 through June 30, 2006, the General Revenue service charge rate is reduced from 7.3 percent to 3.5 percent and effective July 1, 2006, and thereafter, the 3.5 percent General Revenue service charge is eliminated.

The University Concurrency Trust Fund, found at s. 1013.63, F.S., was originally created in 1993 as the State University System Concurrency Trust Fund (s. 240.156, F.S.). It is funded by depositing the General Revenue service charge on local option fuel tax collections in the Trust Fund rather than in the General Revenue Fund. This funding will be reduced in 2005-2006 and eliminated in 2006-2007 as the service charge on those taxes is reduced to zero (as described in the paragraph above) to fund county transportation programs, as provided in s. 215.211, F.S.

Section 215.20, F.S., imposes a service charge of 7 percent on all trust fund income of a revenue nature except for those funds listed in s. 215.22, F.S. That latter section exempts all trust funds in the Department of Labor,³ Department of Education, and the Department of Transportation, as well as several types of receipts to any trust fund. It exempts fourteen trust funds in the Departments of: Agriculture and Consumer Services; Management Services; Veterans' Affairs; Highway Safety and Motor Vehicles; Environmental Protection; and Health.

Additionally, s. 215.20, F.S., specifies trust funds in the Department of Agriculture and Consumer Services and the Department of Citrus that are to pay a lower service charge of 3 percent and specifies over 100 trust funds that are to pay a higher service charge of 7.3 percent.

Section 215.24, F.S., exempts those trust funds that receive federal matching contributions.

The Senate Finance and Taxation Committee report indicates the following history of collections:

General Revenue Service Charges, Analysis of Collections, FY 1999 - 2005⁴

Fiscal Year	Regular 7% or 7.3%	Motor and Diesel 7.3%	Agriculture and Citrus 3%	TOTAL
2004-05 ⁵				\$375,000,000
2003-04 ⁶				396,700,000
2002-03	\$386,244,734	\$13,329,648	\$4,842,555	386,416,937
2001-02	328,995,609	13,037,712	4,920,822	346,954,143
2000-01	347,299,581	12,652,766	4,771,734	364,724,081
1999-00	338,333,643	66,709,115	4,670,120	409,712,878

III. Effect of Proposed Changes:

Section 1: The intent of this bill is to revise laws relating to general revenue service charges.

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

³ Since renamed the Agency for Workforce Innovation.

⁴ Id. at 123.

⁵ Estimated

⁶ Estimated

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:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.

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