

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1279 Rural Land Protection
SPONSOR(S): Russell
TIED BILLS: HB 1281 **IDEN./SIM. BILLS:** SB 242

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Agriculture Committee		Kaiser	Reese
2) Finance & Tax Committee			
3) Agriculture & Environment Appropriations Committee			
4) State Resources Council			
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, 2005, in an amount not exceeding \$50 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 authorizes 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.

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

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Empower families: The bill allows families in agriculture to continue farming while entering into agricultural protection agreements to protect agricultural land threatened by conversion to other uses.

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. 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.

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 July 1, 2005, in an amount not exceeding \$50 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.

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: Amends s. 570.70, F.S.; providing results of a study requested by the Legislature.

Section 2: Amends 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: Creates 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: Provides approval for implementation by the Legislature.

Section 5: Amends 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 (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: Amends 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: Provides an effective date of July 1, 2005, if HB 1281, 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:

1. Revenues:

	FY 05-06 Amt/FTE	FY 06-07 Amt/FTE	FY 07-08 Amt/FTE
Recurring:			
CARL Trust Fund – bond proceeds	\$ 50,000,000	\$50,000,000	\$50,000,000
Rural Lands Program Trust Fund	<u>5,000,000</u>	<u>10,000,000</u>	<u>15,000,000</u>
Total Recurring Revenues	<u>\$55,000,000</u>	<u>\$60,000,000</u>	<u>\$65,000,000</u>

2. Expenditures:

Recurring:			
Positions:			
Division of Forestry – CARL Trust Fund			
1 FTE – Sr. Acq. Review Agent (PG 24)	\$57,211	\$58,355	\$59,522
1 FTE – Sr. Appraiser (PG 25)	60,344	61,551	62,782
1 FTE – Administrative Assistant II (PG 18)	<u>43,006</u>	<u>43,866</u>	<u>44,743</u>
Total CARL Salaries	160,561	163,772	167,047
Division of Administration – Admin Trust Fund			
1 FTE – Senior Attorney (PG 230)	-0-	90,000	91,800
1 FTE – Prof. Accountant Supervisor (PG 26)	-0-	63,862	65,139
1 FTE – Prof. Accountant Specialist (PG 24)	<u>-0-</u>	<u>57,211</u>	<u>58,355</u>
Total Administrative Trust Fund Salaries	<u>-0-</u>	<u>211,073</u>	<u>215,294</u>
Total Salaries*	160,561	374,845	382,341
Expenses:			
Division of Forestry – CARL Trust Fund			
(3) Professional Expense Packages @ \$9,743	29,229	29,229	29,229
Division of Administration - Admin Trust Fund			
(0) Professional Expense Package @ \$9,743 &			
(3) for the 2 nd and 3 rd years	-0-	29,229	29,229
Associated travel	5,000	5,000	5,000
Other:			
Division of Forestry – CARL Trust Fund			
Travel	5,000	5,000	5,000
Public Workshops & 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

	FY 05-06 Amt/FTE	FY 06-07 Amt/FTE	FY 07-08 Amt/FTE
Fixed Capital Outlay – CARL Trust Fund Up to \$50,000,000 per bond issue	49,704,530	49,500,524	49,524,151
AGMIC (GR or GITF)	-0-	-0-	-0-
Total Recurring Costs (by fund)**			
CARL Trust Fund – Operating	211,990	209,701	212,976
ADM Trust Fund – Operating	5,000	245,302	249,523
CARL Trust Fund – Fixed Capital Outlay	<u>49,704,530</u>	<u>49,500,524</u>	<u>49,524,151</u>
Non-Recurring:			
OPS – Division of Forestry – CARL Trust Fund Support (1,040 hrs. @ \$14.50/hr.)	15,080	15,457	15,834
OCO – Division of Forestry – CARL Trust Fund			
(3) Professional Pkg. @ \$1,800 each	5,400	-0-	-0-
OCO Computer upgrades/GPS units	6,000	-0-	-0-
(2) 4x4 Utility Vehicle	26,000	26,000	-0-
(2) Uniforms	<u>1,000</u>	<u>-0-</u>	<u>-0-</u>
OCO – Division of Administration – ADM Trust Fund			
(3) Professional Pkg. @ \$1,800 each FTE 2 nd year	-0-	5,400	-0-
ADMIC – GITF			
Application modification of existing system	25,000	-0-	-0-
Total Non-Recurring Costs (by fund)***			
CARL Trust Fund	53,480	41,457	15,834
ADM Trust Fund	-0-	5,400	-0-
GITF	25,000	-0-	-0-
Transfer to Administrative Trust Fund Operating Recurring & Non-Recurring Expenditures	5,000	248,318	247,039
General Revenue Service Charge	-0-	-0-	-0-
Transfers to State Board of RLPTF	5,000,000	10,000,000	15,000,000
Administration Debt Svc.	25,000	-0-	-0-
Transfer to AGMIC GITF			
Total Non-Operating Costs – CARL Trust Fund	30,000	248,318	247,039
Total Non-Operating Costs – Rural Lands Program TF****	5,000,000	10,000,000	15,000,000
Grand Total of Costs:			
Operating/Non-Operating – CARL Trust Fund			
FCO – CARL Trust Fund	*295,470	499,476	475,849
Operating – ADMIN Trust Fund - * included in \$295,470	49,704,530	49,500,524	49,524,151
Operating – GITF - * included in \$295,470	5,000	248,318	247,039
Debt Service – Rural Lands Program TF	25,000	-0-	-0-
	5,000,000	10,000,000	15,000,000

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

**Acquisition and closing services such as appraisals, mapping, environmental assessments, and title work will be privatized with outside vendors. Costs for these services will be paid using bond funds and come from the Department's CARL Trust Fund. The cost associated with the administration of this privatization is included above (i.e., the Senior Land Acquisition Review Agent will additionally function as the contract manager for the privatization.) Actual cost for the services provided will be funded through the proceeds of the bond issuance.

***Funds for AGMIC and Administration non-operating will be transferred to their respective trust funds from the CARL Trust Fund proceeds for modifying the application for this program and to the Administrative Trust Fund for OCO packages.

****The amount transferred to the State Board of Administration for debt service is dependent on the debt service requirements developed. Debt service is estimated at 10% of bonds issued, not to exceed 20 annual maturities. The amount of Document Excise Tax revenue received in Rural Lands Program Trust Fund is dependent on the debt service requirements developed by the State Board of Administration after bond issuance.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

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, foresters with which to consult, 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 & COMBINED BILL CHANGES