

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 1279

Rural Land Protection

**SPONSOR(S):** Russell

**TIED BILLS:** HB 1281

**IDEN./SIM. BILLS:** SB 242

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| REFERENCE  | ACTION          | ANALYST        | STAFF DIRECTOR        |
|--|-----------------|----------------|-----------------------|
| 1) <u>Agriculture Committee</u>                                  | <u>9 Y, 0 N</u> | <u>Kaiser</u>  | <u>Reese</u>          |
| 2) <u>Finance &amp; Tax Committee</u>                            | <u>8 Y, 0 N</u> | <u>Noriega</u> | <u>Diez-Arguelles</u> |
| 3) <u>Agriculture &amp; Environment Appropriations Committee</u> | <u></u>         | <u></u>        | <u></u>               |
| 4) <u>State Resources Council</u>                                | <u></u>         | <u></u>        | <u></u>               |
| 5) <u></u>   | <u></u>         | <u></u>        | <u></u>               |

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### 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 this 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 to exceed \$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) Program 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 such funds can be used for other purposes.

This bill is contingent upon passage of HB 1281 by the Legislature. HB 1281 creates the Rural Lands Program Trust Fund within the department. As required by s. 19(f), Article III of the State Constitution, trust funds must be created by a separate bill and pass by a three-fifths vote of each house of the Legislature. The bill has an effective date of July 1, 2005.

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

**STORAGE NAME:** h1279c.FT.doc

**DATE:** 4/12/2005

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

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

#### B. EFFECT OF PROPOSED CHANGES:

##### **Current Law**

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 this 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, 2005, in an amount not to exceed \$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 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 Program 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 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.; provides the results of a study by the department that was requested by the Legislature.

Section 2. Amends s. 201.15, F.S.; authorizes the deposit of documentary stamp tax revenue into the Rural Lands Program Trust Fund of the department and provides criteria for use.

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

Section 4. Provides approval for implementation by the Legislature.

Section 5. Amends s. 570.207, F.S.; provides that the CARL Program Trust Fund be used to fund the act; provides that no more than one-half of one percent of the bond proceeds be used for administrative purposes; and authorizes the department to use other funds deposited into the CARL Program Trust Fund for the acquisition and funding of various easements.

Section 6. Amends s. 570.71, F.S.; authorizes the department to use funds from rural land protection bonds to acquire conservation easements, agricultural protection agreements, and resource protection agreements; and authorizes 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:

Assuming bonds are issued at the maximum amount allowed by the bill over the next three years, and assuming annual debt service at 10% of the amount issued, the bill will have the following impact on state revenues:

|                                 | FY 05-06<br>Amt/FTE     | FY 06-07<br>Amt/FTE     | FY 07-08<br>Amt/FTE     |
|---------------------------------|-------------------------|-------------------------|-------------------------|
| CARL Trust Fund – bond proceeds | \$ 50,000,000           | \$50,000,000            | \$50,000,000            |
| Rural Lands Program Trust Fund  | 5,000,000               | 10,000,000              | 15,000,000              |
| General Revenue Fund            | <u>(5,000,000)</u>      | <u>(10,000,000)</u>     | <u>(15,000,000)</u>     |
| <br>Total Revenues              | <br><u>\$50,000,000</u> | <br><u>\$50,000,000</u> | <br><u>\$50,000,000</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)

43,006

43,866

44,743

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)

-0-

57,211

58,355

Total Administrative Trust Fund Salaries

-0-

211,073

215,294

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<sup>nd</sup> and 3<sup>rd</sup> 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<br>Amt/FTE | FY 06-07<br>Amt/FTE | FY 07-08<br>Amt/FTE |
| Fixed Capital Outlay – CARL Trust Fund<br>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<br>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<br>Fund   |                     |                     |                     |
| (3) Professional Pkg. @ \$1,800 each FTE 2 <sup>nd</sup><br>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<br>Operating Recurring & Non-Recurring<br>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<br>Program TF****                                    | 5,000,000           | 10,000,000          | 15,000,000          |
| Grand Total of Costs:  |                     |                     |                     |
| Operating/Non-Operating – CARL Trust Fund  | *295,470            | 499,476             | 475,849             |
| FCO – CARL Trust Fund  | 49,704,530          | 49,500,524          | 49,524,151          |

|  |                 |                |                |
|--|-----------------|----------------|----------------|
| Operating – ADMIN Trust Fund - * included in \$295,470 | 5,000<br>25,000 | 248,318<br>-0- | 247,039<br>-0- |
| Operating – GITF - * included in \$295,470             | 5,000,000       | 10,000,000     | 15,000,000     |
| Debt Service – Rural Lands Program TF                  |                 |                |                |

\*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 Program 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 Program 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:

Not applicable because this bill does not appear to: require cities or counties to spend funds or take actions requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

#### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**