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: Education Committee

BILL: SB 2130

SPONSOR: Senator Miller

SUBJECT: Cigarette Tax Proceeds/H. Lee Moffitt Center

DATE: April 8, 2005 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Matthews	O'Farrell	ED	**Favorable**
2.			HE	
3.			GE	
4.			WM	
5.				
6.				

I. Summary:

This bill requires the Division of Alcoholic Beverages and Tobacco of the Department of Business and Professional Regulation (division) to distribute on a monthly basis to the Board of Directors of the H. Lee Moffitt Cancer Center and Research Institute (center) 2.1 percent of the net collections of cigarette taxes deposited into the Cigarette Tax Collection Trust Fund. The funds are to be used for the development and maintenance of a technology-based clinical care and research network.

The center would receive an annual amount of at least $8,128,867.

The center may secure financing to pay the costs of developing and maintaining the network through the issuance of tax exempt bonds by a local authority, municipality, or county.

This bill substantially amends the following sections of the Florida Statutes: 210.20 and 210.201.

II. Present Situation:

The H. Lee Moffitt Cancer Center and Research Institute; background

Section 1004.43, F.S., establishes the H. Lee Moffitt Cancer Center and Research Institute (center) at the University of South Florida. A not-for profit corporation governs the institute in accordance with an agreement with the State Board of Education for the use of facilities on the campus of the University of South Florida. A board of directors manages the not-for-profit corporation. A chief executive officer, who serves at the pleasure of the board of directors, administers the center.

Subject to approval of the State Board of Education, the not-for-profit corporation may create corporate subsidiaries. There are currently three (3) not-for-profit subsidiaries: a hospital, a cancer-screening center, and a foundation.

The agreement between the State Board of Education and the not-for-profit corporation provides, in pertinent part, for the use of lands, facilities and personnel for mutually approved teaching and research programs conducted by the University of South Florida, accredited medical schools, or research institutes.

A council of scientific advisers reviews the center's programs and research priorities. The board of directors of the not-for-profit corporation appoints the members of the council of scientific advisers.

Under s. 210.20, F.S., the center receives 4.06 percent of net cigarette tax collections deposited into the Cigarette Tax Collection Trust Fund. According to the division, the center would receive approximately $16.8 million for FY 2005-2006 based on the division's projected cigarette tax collections.

Moffitt Total Cancer Care Initiative

The center has begun an initiative to develop a technology-based clinical care and research network. The center has partnered with 15 medical center affiliates and more than 280 oncologists throughout the state and Georgia. The network would be designed to increase access to the center's cancer care and research expertise, continue clinical research that can be translated into clinical benefit for patients, integrate genetic profiling of patient specimens leading to personalized therapies, create a health information system, and to follow patients over their lifetime. The network would serve as a model of best practices for cancer care and research.

III. Effect of Proposed Changes:

This bill requires the Board of Directors of the H. Lee Moffitt Cancer Center and Research Institute (center) to develop a technology-based clinical care and research network for the center, affiliated hospitals, and providers. The cost of the research network is funded from the cigarette tax proceeds deposited into the Cigarette Tax Collection Trust Fund. The amount of the funds to be transferred to the center from the Trust Fund would be 2.1 percent of the net collections. However, for FY 2005-2006 and thereafter the center would receive as much as it would have received in FY 2003-2004 if the bill had been in effect. The funds are appropriated monthly and are paid directly to the board.

Unlike the current distributions that the center receives through the Cigarette Tax Collection Trust Fund, the center's new funds are not limited by a date certain. Accordingly, the center would, at a minimum, receive $8,128,867 a year after the research network is operating.[1]

[1] Net cigarette taxes collections deposited into the Cigarette Tax Collection Trust Fund in FY 2003-2004 were $387,088,920. Accordingly, 2.1 percent of the net collections would be $8,128,867.

The Legislature may replace the cigarette tax dollars pledged to the development and maintenance of the network from tobacco litigation settlement proceeds.

The center may use the funds under the trust fund to secure financing to pay costs related to the development of the technology-based clinical care and research network. The financing may include the issuance of tax exempt bonds by a local authority, municipality, or county pursuant to parts II and III of chapter 159, F.S. The bill provides that the bonds are not state bonds under s. 11, Art. VII of the State Constitution; rather, the bonds are local agency bonds as defined in s. 159.27(4), F.S.

The act has an effective date of July 1, 2005.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

If the clinical care and research network fulfills its promise, there may be a positive fiscal impact on citizens of the state. However, this impact is indeterminate at this time.

C. Government Sector Impact:

The Cigarette Tax Collection Trust Fund is a deposit and transfer fund. According to the division, the tax collection is projected to be $424 million for FY 2005-2006. Under s. 210.20, F.S., funds are distributed to center. Any balance remaining in the trust fund reverts to the General Revenue Fund. For FY 2005-2006, the distribution to the center under current law would be approximately $16 million. The bill would create an additional distribution to the center in the amount of $8.2 million. Accordingly, there would be an $8.2 million reduction in General Revenue for FY 2005-2006. The center would annually receive at least $8,128,867, an amount equivalent to what the center would have received in FY 2003-2004 if the bill had been in effect.

VI. Technical Deficiencies:

None.

VII. Related Issues:

Section 210.20(2)(b)2., F.S., contains a distribution formula for the center in the amount of 0.2632 percent of net cigarette tax collections from July 1, 2002, through June 30, 2004. By its terms, this provision has expired and the Legislature may consider repealing this distribution. The entire subparagraph should not be repealed as it contains an additional distribution to the center that has not expired.

VIII. Summary of Amendments:

None.