

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: Transportation and Economic Development Appropriations Committee

BILL: CS/SB 74

SPONSOR: Transportation and Economic Development Appropriations Committee, Senator Geller

SUBJECT: Trust Funds

DATE: April 26, 2005

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Stockton</u>	<u>Cooper</u>	<u>CM</u>	<u>Fav/1 amendment</u>
2.	<u>Vickers</u>	<u>Yeatman</u>	<u>CA</u>	<u>Favorable</u>
3.	<u>Martin</u>	<u>Martin</u>	<u>TA</u>	<u>Fav/CS</u>
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

Committee Substitute for Senate Bill 74 creates the Citizen Soldier Matching Grant Trust Fund to be administered by the Agency for Workforce Innovation. This committee substitute provides that monies credited to the fund shall be those appropriated by the Legislature to provide matching grants under the grant program created in SB 72. Senate Bill 72 establishes the Citizen Soldier Matching Grant Program to be administered by the Agency for Workforce Innovation. The program authorizes matching grants for private sector employers who pay wages to employees serving in the United States Armed Forces Reserves or the Florida National Guard while those employees are on federal active duty.

This committee substitute creates an unnumbered section of the Florida Statutes.

II. Present Situation:

Citizen Soldier Matching Grant Program

Senate Bill 72 establishes the Citizen Soldier Matching Grant Program to be administered by the Agency for Workforce Innovation. The committee substitute provides for matching grants to private sector employers who pay wages to employees serving in the United States Armed Forces Reserves or the Florida National Guard while those employees are on federal active duty. The matching grant program shall be funded by legislative appropriations. The Agency for Workforce Innovation is directed under SB 72 to administer the matching grant program.

Creation and Operation of Trust Funds

A trust fund consists of monies received by the state which, under law or under trust agreement, are segregated for a purpose authorized by law (s. 215.32(2)(b)1., F.S.). Section 19(f), Art. III of the State Constitution, governs the creation of trust funds. This constitutional provision prohibits the creation by law of a trust fund of the state or other public body without a three-fifths vote of the membership of each house of the Legislature.¹ This provision further specifies that a trust fund must be created in a separate bill for that purpose only.

In addition, the Legislature has established criteria governing the establishment of trust funds. Under these criteria, a law creating a trust fund must, at a minimum, specify:

- The name of the trust fund;
- The agency or branch of state government responsible for administering the trust fund;
- The requirements or purposes that the trust fund is established to meet; and
- The sources of moneys to be credited to the trust fund or specific sources of receipts to be deposited in the trust fund (s. 215.3207, F.S.).

The Chief Financial Officer is directed to invest all the trust funds and all agency funds of each state agency (s. 17.61, F.S.). Under current law, any balance of an appropriation for any given fiscal year that is remaining after lawful expenditures have been charged against it reverts to the fund from which the Legislature appropriated it and shall be available for reappropriation (s. 216.301(1)(b), F.S.). Any reversion of appropriations provided from the General Revenue Fund must be transferred to the General Revenue Fund within 15 days after the reversion, unless otherwise provided by federal or state law, including the General Appropriations Act (s. 216.301(1)(c), F.S.).

Termination of Trust Funds

Section 19(f)(2), Art. III of the State Constitution, specifies that trust funds created after November 4, 1992, with certain exceptions, shall terminate not more than 4 years after the effective date of the act authorizing the creation of the trust fund, unless the Legislature by law sets a shorter time period. Accordingly, a bill that creates a trust fund should specify the trust fund's date of termination, or, if the trust fund is exempt from the automatic 4-year termination requirement, the bill should declare that the trust fund is exempt from this requirement.²

The Legislature established a schedule and process for reviewing trust funds (ss. 215.3206 and 215.3208, F.S.). Before the regular session of the Legislature immediately before the scheduled termination date of an executive branch trust fund (or an earlier date if specified by the Legislature), the agency responsible for administration of the trust fund and the Governor must recommend to the Legislature whether the trust fund should be allowed to terminate or should be re-created (s. 215.3206(1), F.S.). Each recommendation is based on a review of the trust fund's purpose, use, and necessity. A recommendation to re-create the trust fund may include suggested modifications to the purpose, sources of receipts, and allowable expenditures for the trust fund.

¹ Section 19(f)(1), Art. III of the State Constitution.

² See Florida Senate, *Manual for Drafting General Bills* 82 (Sept. 1999).

If the trust fund is terminated and not immediately re-created, all cash balances and income of the trust fund are deposited into the General Revenue Fund (s. 215.3206(2), F.S.). The agency must pay any outstanding debts of the trust fund as soon as practicable, and the Chief Financial Officer closes out and removes the trust fund from the various state accounting systems, using generally accepted accounting practices concerning outstanding warrants, assets, and liabilities.

III. Effect of Proposed Changes:

Citizen Soldier Matching Grant Trust Fund

This committee substitute creates the Citizen Soldier Matching Grant Trust Fund to be administered by the Agency for Workforce Innovation. This committee substitute provides that monies credited to the fund shall be those appropriated by the Legislature to provide matching grants under the grant program created in SB 72. Senate Bill 72 establishes the Citizen Soldier Matching Grant Program to be administered by the Agency for Workforce Innovation. The program provides matching grants for private sector employers who pay wages to employees serving in the United States Armed Forces Reserves or the Florida National Guard while those employees are on federal active duty.

The committee substitute specifies that the trust fund shall be terminated on July 1, 2009, unless terminated sooner and must be reviewed according to the Legislature's established schedule and process for reviewing trust funds (ss. 215.3206 and 215.3208, F.S.) before the trust fund's termination.

Contingent Effective Date

The committee substitute provides that it shall take effect July 1, 2005, if SB 72, or similar legislation creating the Citizen Soldier Matching Grant Program, is enacted in the same legislative session or an extension thereof and becomes law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

This committee substitute creates the Citizen Soldier Matching Grant Trust Fund to be administered by the Agency for Workforce Innovation. This committee substitute appears to comply with s. 19(f), Art. III of the State Constitution, relating to the creation and termination of trust funds.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

This committee substitute creates the Citizen Soldier Matching Grant Trust Fund to provide for matching grants to private-sector employers who pay wages to employees while the employees are on federal active duty in the United States Armed Forces Reserves or the Florida National Guard.

C. Government Sector Impact:

Annual funding for the Citizen Soldier Matching Grant Trust Fund is subject to legislative appropriation. The committee substitute creates a Citizen Soldier Matching Grant Trust Fund but does not provide appropriations for the matching grant program.

This committee substitute requires the Agency for Workforce Innovation to administer the trust fund.

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.
