

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: Commerce and Consumer Services Committee

BILL: SB 164

INTRODUCER: Senator Lynn

SUBJECT: Qualified Job Training Organizations

DATE: December 2, 2005 REVISED: 12/07/05 _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Gordon</u>	<u>Cooper</u>	<u>CM</u>	Fav/2 amendments
2.	_____	_____	<u>TA</u>	_____
3.	_____	_____	<u>WM</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see last section for Summary of Amendments

- Technical amendments were recommended
- Amendments were recommended
- Significant amendments were recommended

I. Summary:

This bill creates a new statutory provision regarding job training organizations and does the following:

- Defines the term “qualified job training organization”;
- Requires the Office of Tourism, Trade, and Economic Development (OTTED) to certify such an organization;
- Provides for the distribution of funds to a certified organization and specifies the use of those funds;
- Authorizes the Auditor General to examine a certified organization’s use of funds for compliance with this provision;
- Permits OTTED to recover any misused funds as determined by the Auditor General and pursuant to laws and rules governing tax assessment;
- Permits the revocation of certification where funds have been misused; and
- Requires that funds for qualified job training organizations be distributed through OTTED.

This bill creates the following section of the Florida Statutes: s. 288.1171.

II. Present Situation:

A number of job training organizations currently exist in Florida. These organizations train individuals for a variety of jobs ranging from employment in the service industry to executive positions.

Representatives from one job-training organization, Goodwill Industries, report that 95,000 individuals annually participate in vocational programs. Last year, Goodwill helped approximately 24,000 individuals obtain jobs in Florida resulting in more than \$234 million in new salaries.

Goodwill representatives also report that the majority of the organization's revenue is invested in creating jobs for those with disabilities, developing training opportunities that lead to employment in the local communities and assisting in job placement. The primary source of revenue for Goodwill is its retail operation. It currently operates over 300 stores across Florida which generate over \$100 million dollars annually, employs about 5,700 Floridians and pays more than \$7 million to the state in sales taxes

III. Effect of Proposed Changes:

Section 1 of creates s. 288.1171, F.S., which specifies criteria to become a "qualified job training organization." This section of the bill also outlines OTTED's duties regarding certification of these organizations, funding parameters and the Auditor General's responsibility regarding examining an organization's use of state funds.

Subsection (1) defines a "qualified job training organization" as an organization that:

- Is accredited by the Commission for Accreditation of Rehabilitation Facilities;
- Collects Florida state sales tax;
- Has more than 100 locations within the state;
- Is exempt from income taxation under s. 501(c)(3) or s. 501(c)(4) of the Internal Revenue Code of 1986, as amended;
- Specializes in the retail sale of donated items;
- Provides job training and employment services to individuals with workplace disadvantages and disabilities; and
- Uses a majority of its revenues for job training and placement programs that create jobs and foster economic development.

Subsection (2) provides that, in order to receive funding, an organization must be certified as a qualified job training organization by the Office of Tourism, Trade, and Economic Development.

Subsection (3) requires that certified qualified job training organizations only use their funding to encourage and provide economic development. More specifically, the funding must be used for capital construction, capital improvements, and the purchase of equipment that will result in expanded employment opportunities.

Subsection (4) permits the Auditor General to audit a qualified job training organization to verify that the allocated funds are being expended as required. If the Auditor General finds non-compliance, OTTED may pursue recovery of the proceeds under the laws and rules “governing the assessment of taxes.”

Subsection (5) provides that failure to use proceeds as required under this bill constitutes grounds for revocation of the organization’s certification.

Section 2 appropriates \$3 million per year from nonrecurring general revenue for ten years to OTTED for the purposes defined in Section 1 of this bill. For fiscal year (FY) 2006-2007, funding will be provided from nonrecurring general revenue. For the following ten fiscal years, from 2007-2008 through 2016-2017, funding will be appropriated from nonrecurring general revenue or as specifically provided in the General Appropriations Act. The funds will go directly to OTTED for distribution to organizations meeting the requirements of s. 288.1171, F.S. (Section 1 of this bill). The funds must be used to encourage economic development through capital construction, capital improvements, or the purchase of equipment.

Section 3 states the act shall take effect on July 1, 2006.

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:

This bill requires the Legislature to appropriate \$3 million annually for the next ten years to qualified job-training organizations that have been certified by OTTED.

C. Government Sector Impact:

This bill requires the Legislature to appropriate \$3 million annually for the next ten years to qualified job-training organizations that have been certified by OTTED.

VI. Technical Deficiencies:

On page 2, lines 23-24, the bill permits OTTED to recover misused funds “pursuant to the laws and rules governing the assessment of taxes.” This broad statement does not adequately prescribe a mechanism for recovery of funds. Moreover, this portion of the bill refers to the “*assessment of taxes*” which is a function typical of the Department of Revenue rather than OTTED.

VII. Related Issues:

None.

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

VIII. Summary of Amendments:

Barcode # 581074: This amendment deletes an ambiguous reference to the recovery of misused funds. This amendment also requires that the contract between OTTED and job training organizations provide performance conditions and sanctions.

Barcode # 082688: This amendment deletes an unnecessary reference to the Auditor General.

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