

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 7227 CS PCB IN 06-02 Florida Hurricane Damage Prevention Endowment Trust Fund

SPONSOR(S): Insurance Committee

TIED BILLS: HB 7225

IDEN./SIM. BILLS:

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.: Insurance Committee	15 Y, 1 N	Callaway	Cooper
1) Fiscal Council	14 Y, 4 N, w/CS	Belcher	Kelly
2) Commerce Council	13 Y, 0 N	Callaway	Randle
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

The bill creates the Florida Hurricane Damage Prevention Trust Fund (Trust Fund) within the Department of Financial Services. The Department of Financial Services will administer the Trust Fund, but the State Board of Administration will invest the trust fund moneys for endowment funds.

The Trust Fund will be used to carry out the purposes of s. 215.558, F.S., the Hurricane Prevention Endowment and s. 215.5586, F.S., the Comprehensive Hurricane Damage Mitigation Program. The authorized source of funds includes moneys transferred from other state funds, grants, donations, and applicable investment earnings. The use of funds is as authorized in ss. 215.558 and 215.5586, F.S., for the endowment and mitigation programs.

The bill requires an annual carry-forward of unused funds at the end of any fiscal year.

The bill provides for termination of the Trust Fund on or before July 1, 2010. Prior to termination, the Trust Fund must be reviewed pursuant to s. 215.3206(1) and (2), F.S.

The bill takes effect on July 1, 2006, but only if HB 7225 or similar legislation is adopted in the same legislative session or extension thereof and becomes law.

Since the bill creates a new trust fund, it must be enacted by a three-fifths vote of the membership of each house of the Legislature.

There is no fiscal impact on state or local governments.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

The bill does not appear to implicate any of the House principles.

B. EFFECT OF PROPOSED CHANGES:

This bill creates the Florida Hurricane Damage Prevention Trust Fund (Trust Fund) within the Department of Financial Services. The State Board of Administration will invest the endowment funds in the trust fund, but the trust fund administrator is the Department of Financial Services.

The Trust Fund will be used to carry out the purposes of s. 215.558, F.S., the Hurricane Prevention Endowment and s. 215.5586, F.S., the Comprehensive Hurricane Damage Mitigation Program. The authorized source of funds includes moneys transferred from the state funds, grants, donations, and applicable investment earnings. The use of funds is as authorized in ss. 215.558 and 215.5586, F.S., for the endowment and mitigation programs.

The bill requires a legislative review pursuant to s. 215.3206(1) and (2), F.S., prior to its scheduled constitutionally required termination of July 1, 2010. Any trust fund balance at the end of any fiscal year must be carried-forward.

C. SECTION DIRECTORY:

Section 1: Creates s. 215.5585, F.S., relating to the Florida Hurricane Damage Prevention Trust Fund.

Section 2: Makes the effective date of the bill July 1, 2006, but only if HB 7225 or similar legislation 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:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The legislation does not require expenditure of funds by local governments, does not reduce the authority to raise revenue, nor reduce the percentage of state tax shared with local governments.

2. Other:

Pursuant to Article III, Section 19(f)(1), of the State Constitution, no trust fund of the State of Florida or any public body may be created by law without a three-fifths vote of the membership of each House of the Legislature. Additionally, the bill creating the trust fund must be separate from any related substantive bill. Also, Article III, Section 19(f)(2), of the State Constitution, requires the trust fund to terminate not more than four years after its creation. Section 215.3206, F.S., provides the statutory process for legislative review of trust funds prior to their termination so that the Legislature can decide whether to re-create, re-create with amendment, or terminate any trust fund.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

On March 16, 2006, the Insurance Committee considered the bill, adopted one amendment, and reported the bill favorably. The amendment adopted provided conforming language to the tied bill, PCB IN 06-01. The staff analysis was updated to reflect the adoption of the amendment.

On April 17, 2006, the Fiscal Council considered the bill, adopted one strike-all amendment, and reported the bill favorably. The amendment provided conforming language to the tied bill, HB 7225, to include the use of the fund to carry-out the purposes of s. 215.5586, F.S., the Florida Comprehensive Hurricane Damage Mitigation Program as well as s. 215.558, F.S., the Florida Hurricane Damage Prevention Endowment.

On April 24, 2006, the Commerce Council considered the bill and reported it favorably with a council substitute.