The Florida Senate

PROFESSIONAL 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: General Government Appropriations Committee

BILL:	SB 1322
INTRODUCER:	Senator Alexander
SUBJECT:	Department of Revenue Operations Trust Fund
DATE:	March 9, 2007 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Blizzard/Toth	DeLoach	GA	**Favorable**
2.				
3.				
4.				
5.				
6.				

I. Summary:

This bill creates the Operations Trust Fund within the Department of Revenue, effective July 1, 2008. This trust fund is established to be used for the general operations of the department that are funded by funds collected for the administration of certain taxes.

II. Present Situation:

Section 19(f), Art. III of the State Constitution requires that trust funds be created by a three-fifths vote of the membership in each house and be in a separate bill for the sole purpose of creating that trust fund. The Constitution also requires that all newly created agency trust funds terminate every four years unless recreated.

Section 215.3208(1), F.S., provides that, in order to implement s. 19(f), Art. III of the State Constitution, a schedule for review of trust funds be included in the legislative budget instructions developed pursuant to s. 216.023, F.S. The trust funds in the Department of Revenue are scheduled for review this year.

In order to meet accounting standards established by the Government Accounting Standards Board, s. 215.32, F.S., requires that agencies have trust funds for day-to-day operations. One of the required trust funds is an operations trust fund. The department currently does not have an operations trust fund. With its scheduled review of trust funds, the department has requested the creation of this trust fund to comply with s. 215.32, F.S.

Currently, revenues are deposited into designated clearing accounts for distribution. The department has statutory authority to use a percentage of those revenues to administer the

General Tax Administration Program. The department distributes the appropriate amount from each revenue source and deposits it into the Administrative Trust Fund.

III. Effect of Proposed Changes:

The creation of this trust fund will allow the department to receive funds to be used for operations within the General Tax Administration (GTA) program. The GTA program is responsible for remittance and distribution of multiple taxes in Florida. Under Florida Statutes, the department is authorized to recoup its operating costs on certain taxes. This trust fund will serve as the operating fund depository for those funds.

The creation of this trust fund will align agency accounts with the requirements of s. 215.32, F.S.

The trust fund will terminate in four years, on July 1, 2012, pursuant to s. 19 (f)(2), Art. III of the State Constitution, unless recreated by the Legislature.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

This bill, creating a new trust fund, must pass by a three-fifths vote of the membership of each house to become law pursuant to s. 19 (f), Art. III of the State Constitution.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Creating the Operations Trust Fund within the department should result in improved segregation of funds, accounting records, and ability to analyze the revenues and expenditures of the department.

VI. Technical Deficiencies:

None.

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:

None.

This Senate Professional Staff Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.