

**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: Health Policy Committee

BILL: CS/SB 946

INTRODUCER: Health Policy Committee Senator Dawson

SUBJECT: Cigarette Taxes

DATE: April 11, 2007                      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Bedford	Wilson	HP	Fav/CS
2.			HA	
3.			RC	
4.				
5.				
6.				

**I. Summary:**

The committee substitute requires the Division of Alcoholic Beverages and Tobacco of the Department of Business and Professional Regulation (division) to continue, beyond the current statutory time limits, to distribute on a monthly basis to the Board of Directors of the H. Lee Moffitt Cancer Center and Research Institute a percentage of the net collections of cigarette taxes deposited into the Cigarette Tax Collection Trust Fund. The committee substitute extends the two existing distributions until June 30, 2037, and expands the use of the funds from constructing, furnishing, and equipping a cancer research facility to constructing, furnishing, and equipping cancer research, treatment, and related facilities. The funds may be pledged to pay bonds issued to fund the facilities. The committee substitute provides legislative intent that the Legislature will provide alternative funding sources if the cigarette tax is repealed or amended in a manner that would adversely affect the bonds.

This bill amends ss. 210.20 and 210.201, F.S.

**II. Present Situation:**

**The H. Lee Moffitt Cancer Center and Research Institute**

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 center 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 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.

### **Moffitt Total Cancer Care Initiative**

The center has begun an initiative to develop a technology-based clinical care and research network. The center has collaborated with 15 medical center affiliates and more than 280 oncologists throughout Florida 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 follow patients over their lifetime. The network would serve as a model of best practices for cancer care and research.

### **Cigarette Tax Revenues**

Pursuant to ch. 210, F.S., the Division of Alcoholic Beverages and Tobacco (division) distributes cigarette tax revenues based on percentages of revenues collected each fiscal year. From the total revenues collected, the initial distribution established by statutes is:

- 7.0 percent service charge to the General Revenue Fund;
- 0.3 percent service charge to the General Revenue Fund; and
- 0.9 percent to the Alcoholic Beverage and Tobacco Trust Fund.

After the payment of the initial distributions, the net revenue remaining and percentages established in statute are utilized to calculate the following additional distributions:

- 2.9 percent to the Revenue Sharing Trust Fund for Counties;
- 29.3 percent to the Public Medical Assistance Trust Fund;
- 2.59 percent to the H. Lee Moffitt Cancer Center and Research Institute (\$850,983.86 per month minimum until year 2009); and
- 1.47 percent to the H. Lee Moffitt Cancer Center and Research Institute (\$474,332.96 per month minimum until year 2016).

The balance of cigarette tax revenues after the distributions is transferred to the General Revenue Fund.

Currently, s. 210.201, F.S., requires the board of directors of the center to utilize the cigarette tax revenue to construct, furnish, and equip, and to covenant to complete, the cancer research facility at the University of South Florida adjacent to the center. Moneys transferred to the board of directors under this section are used to secure financing to pay costs related to constructing, furnishing, and equipping the cancer research facility. The law authorizes the financing to include the issuance of tax-exempt “local agency” bonds.

### III. Effect of Proposed Changes:

**Section 1.** Amends s. 210.20, F.S., specifying that from January 1, 2009, through June 30, 2016, in addition to the distribution authorized from s. 210.20(2)(b)2., F.S., (1.47 percent of net cigarette tax collections for the center), 2.59 percent of the net revenues from the cigarette tax is to be paid monthly to the board of directors of the center. The current 1.47 percent distribution ends as of June 30, 2016. From July 1, 2016, through June 30, 2037, 4.06 percent of the net revenues from the cigarette tax is to be paid monthly to the board of directors of the center. From the 2007-08 fiscal year and forward, the appropriation cannot be less than the amount that would have been paid to the center in the 2005-06 fiscal year if this subparagraph had been in effect.

The funds received by the center may be pledged to pay bonds issued to fund the cost of the cancer research and treatment facilities. The bill provides legislative intent that if future legislative action repeals or amends the cigarette tax so as to adversely affect the bonds, the Legislature will provide sufficient alternative funding sources to pay any deficit.

**Section 2.** Amends s. 210.201, F.S., clarifying that the funding of the cancer research facility at the University of South Florida applies to the center and any research, treatment and related facilities.

**Section 3.** This bill takes effect upon becoming a law.

### IV. Constitutional Issues:

#### A. Municipality/County Mandates Restrictions:

The provisions of this bill have no impact on municipalities and the counties under the requirements of Article VII, Section 18 of the Florida Constitution.

#### B. Public Records/Open Meetings Issues:

The provisions of this bill have no impact on public records or open meetings issues under the requirements of Article I, s. 24(a) and (b) of the Florida Constitution.

#### C. Trust Funds Restrictions:

The provisions of this bill have no impact on the trust fund restrictions under the requirements of Article III, Subsection 19(f) of the Florida Constitution.

**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.

Actual net revenues were used from collections in the 2005-06 fiscal year to determine the minimum distribution that would go to the center each year from these distribution percentages.

Net cigarette tax collections in the 2005-06 Fiscal Year after the initial distributions: \$394,126,587.

- @ 2.59 percent – \$10,207,879 minimum distribution 7/1/09 – 6/30/16
- @ 4.06 percent – \$16,001,539 minimum distribution 7/1/16 – 6/30/37

The estimated annual distributions provided in this bill for the 2008-09 fiscal year, and the 2009-10 fiscal year were then determined using the Revenue Estimating Conference projected collection figures and applying them to the applicable percentages. The distributions for the 2008-09 fiscal year were determined starting at January 01, 2009, which falls in the middle of the fiscal year.

- 2008-09 Fiscal Year – \$195,120,900 @ 2.59 percent = \$5,053,631 (the minimum \$6,956,334 would apply)
- 2009-10 Fiscal Year – \$390,241,800 @ 2.59 percent = \$10,107,263 (the minimum \$13,912,669 would apply)

**C. Government Sector Impact:**

This bill provides for continued revenue distributions from cigarette excise tax revenues to the center. Revenue distributions from the Cigarette Tax Collection Trust fund have a corresponding reduction in the balance of funds transferred to the General Revenue Fund.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

## **VIII. Summary of Amendments:**

None.

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

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