

FINAL BILL ANALYSIS

BILL #: SB 2130

FINAL HOUSE FLOOR ACTION:

118 Y's 0 N's

SPONSOR: Budget (Rep. T. Williams)

GOVERNOR'S ACTION: Approved

COMPANION BILLS: HB 5701

SUMMARY ANALYSIS

SB 2130 passed the House on May 7, 2011. The bill was approved by the Governor on May 26, 2011, chapter 2011-58, Laws of Florida, and took effect July 1, 2011.

The bill makes statutory changes to conform to the funding decisions included in the General Appropriations Act (GAA) for Fiscal Year 2011-2012.

The Department of Environmental Protection (DEP) provides low interest loans and grants to local government agencies within Florida's Water Pollution Control Financial Assistance program for the purposes of planning, design, construction, and implementation of wastewater management systems, stormwater management systems, nonpoint source pollution management systems and estuary conservation and management.

Funds to establish or capitalize the Water Pollution Control Financial Assistance program are provided through federal government grants and state matching funds. Repayments from earlier loans are recycled back into the program to make new loans, allowing the program to operate in perpetuity.

The bill expands the authorized use of the service fees paid by loan recipients from only program administration to include other water quality activities, such as monitoring activities, total maximum daily loads development, watershed restoration best management practices and source water assessments. This authorized expansion of service fee uses allows DEP to transfer salary appropriations from the General Revenue Fund and the Florida Permit Fee Trust Fund to the Federal Grants Trust Fund. This transfer will align the budget to more accurately reflect the responsibilities the staff performs. The bill also specifies that revenues received from the revolving loan program be deposited into the Federal Grants Trust Fund rather than the Grants and Donations Trust Fund.

The bill has a \$2.1 million positive fiscal impact on state funds by reducing state expenditures, but the amount of funding available for loans or grants to local governments may decrease subject to the availability of funds.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

The Department of Environmental Protection (DEP) provides low interest loans and grants to local government agencies within Florida's Water Pollution Control Financial Assistance program for the purposes of planning, design, construction, and implementation of wastewater management systems, stormwater management systems, nonpoint source pollution management systems and estuary conservation and management.

Funds to establish or capitalize the Water Pollution Control Financial Assistance program are provided through federal government grants and state matching funds. Repayments from earlier loans are recycled back into the program to make new loans, allowing the program to operate in perpetuity.

Section 403.1835, F.S., authorizes DEP to assess loan recipients a service fee, which is restricted to support program administration. The revenues are deposited into DEP's Grants and Donations Trust Fund. Under federal Clean Water Act regulation, however, the service fees may be used for various water quality activities, as well as administration of the program.

The bill expands the authorized use of the service fees to other water quality activities, such as monitoring activities, developing total maximum daily loads, watershed restoration best management practices and source water assessments. This authorized expansion of service fee uses allows DEP to transfer salary appropriations from the General Revenue Fund and the Florida Permit Fee Trust Fund to the Federal Grants Trust Fund. This transfer will align the budget to more accurately reflect the responsibilities the staff performs. The bill also specifies that revenues received from the revolving loan program be deposited into the Federal Grants Trust Fund rather than the Grants and Donations Trust Fund.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

The bill makes statutory changes to conform to the funding decisions included in the General Appropriations Act (GAA) for Fiscal Year 2011-2012.

1. Revenues:

None.

2. Expenditures:

	<u>FY 2011-12</u>	<u>FY 2012-13</u>
Department of Environmental Protection		
Salary and Benefits		
General Revenue Fund	(\$1,766,390)	(\$1,766,390)
Florida Permit Fee Trust Fund	(\$290,181)	(\$290,181)
Federal Grants Trust Fund	<u>\$2,056,571</u>	<u>\$2,056,571</u>

TOTAL

\$0

\$0

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

See fiscal comments below.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

See fiscal comments below.

D. FISCAL COMMENTS:

By placing more direct salary cost against the collection of service fee revenue, the amount of funding available for loans or grants to local governments may decrease subject to the availability of funds. In the event funding declines, private sector jobs associated with the revolving loan program projects, such as construction engineering, project management, and associated service industries may be adversely affected. DEP indicates that the use of service fees will have to be carefully monitored so that alternative funding sources can be timely identified in the event funding declines.