

## FINAL BILL ANALYSIS

**BILL #:** SB 1038

**FINAL HOUSE FLOOR ACTION:**

118 Y's    0 N's

**SPONSOR:** Budget Subcommittee on General  
Appropriations (Rep. Hooper)

**GOVERNOR'S ACTION:** Approved

**COMPANION BILLS:** HB 7047

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### SUMMARY ANALYSIS

SB 1038 passed the House on April 6, 2011. The bill was approved by the Governor on May 2, 2011, chapter 2011-29, Laws of Florida, and becomes effective July 1, 2011.

The bill creates the Federal Grants Trust Fund within the Department of Financial Services. The trust fund is established to provide a depository for allowable federal grant activities related to the Public Assistance Fraud Program. Funds to be credited to the Federal Grants Trust Fund will consist of grants and funding from the federal government, interest earnings, and cash advances from other trust funds.

The need for a Federal Grants Trust Fund in the Department of Financial Services occurred with the transfer of the Public Assistance Fraud Program from the Department of Law Enforcement as authorized in chapter 2010-141, Laws of Florida. The transfer was effective January 1, 2011. The Public Assistance Fraud Program receives federal grants from the United States Department of Health and Human Services as well as the United States Department of Agriculture. The federal grants provide annual funding of \$3,974,546 to the Public Assistance Fraud Program.

Section 19(f), Article III of the Florida Constitution requires that every trust fund be created by a three-fifth vote of the membership in each house of the Legislature in a separate bill for the sole purpose of creating a trust fund. In addition, the Florida Constitution provides that all newly created trust funds terminate not more than four years after the initial creation unless re-created. This trust fund will terminate on July 1, 2015, pursuant to s. 19 (f)(2), Article III of the Florida Constitution, unless terminated sooner or re-created by the Legislature.

The bill has no fiscal impact.

## I. SUBSTANTIVE INFORMATION

### A. EFFECT OF CHANGES:

#### Present Situation

Pursuant to section 19(f), Article III of the State Constitution, a trust fund of the State of Florida or other public body may only be created or recreated by law in a separate bill. This bill creating or recreating the trust fund must pass with a three-fifths vote of the membership of each house of the legislature. A state trust fund must generally terminate not more than four years after the effective date of the act authorizing the initial creation of the trusts fund.

The need for a Federal Grants Trust Fund in the Department of Financial Services occurred with the transfer of the Public Assistance Fraud Program from the Department of Law Enforcement as authorized in chapter 2010-141, Laws of Florida. The transfer was effective January 1, 2011. The Public Assistance Fraud Program receives federal grants from the U.S. Department of Health and Human Services and the U.S. Department of Agriculture. The federal grants provide annual funding of \$3,974,546 to the Public Assistance Fraud Program. Additionally, the program receives \$2,318,175 in state funds.

#### Effect of Proposed Changes

This bill creates the Federal Grants Trust Fund within the Department of Financial Services. The creation of this trust fund will allow the department to separately account for funds from federal grants, interest earnings, and cash advances from other trust funds.

The department will utilize this trust fund as a depository for funds to be used for allowable grant activities funded by restricted program revenues from federal sources related to the Public Assistance Fraud Program.

This trust fund will terminate on July 1, 2015, pursuant to s. 19 (f)(2), Article III of the Florida Constitution, unless terminated sooner or re-created by the Legislature.

The Senate passed the bill 39-0 on March 15, 2011, followed by the approval of the House of Representatives on April 6, 2011, by a vote of 118-0.

The bill was approved by the Governor on May 2, 2011, chapter 2011-29, Laws of Florida, and becomes effective July 1, 2011.

## 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.