

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Appropriations

BILL: SB 2-A

INTRODUCER: Senator Latvala

SUBJECT: Economic Programs

DATE: June 6, 2017 REVISED: 06/07/2017 06/08/2017 _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Askey</u>	<u>McKay</u>	<u>CM</u>	Fav/2 amendments
2.	<u>Pitts</u>	<u>Hansen</u>	<u>AP</u>	Fav/4 amendments

Please see Section IX. for Additional Information:

AMENDMENTS - Significant amendments were recommended

I. Summary:

SB 2-A specifies new accountability and transparency measures for VISIT FLORIDA and Enterprise Florida, Inc. (EFI), including the following:

- Requires compliance with state travel and per diem laws;
- Requires officers and board members to file annual conflict of interest disclosures;
- Subjects proposed contracts of \$750,000 or more to a 14-day legislative consultation period prior to approval;
- Caps salaries and benefits paid from state funds at the salary and benefits authorized to be paid to the Governor;
- Prohibits performance bonuses or severance pay paid from state funds unless specifically authorized by law;
- Specifies limitations on the giving and receiving of gifts;
- Limits lodging expenses;
- Requires the submission of proposed operating budgets;
- Requires that contracts, and financial, expenditure, and meeting information be posted on websites; and
- Requires that entities receiving a majority of their revenues from VISIT FLORIDA, Enterprise Florida, Inc., or from certain taxes, must post and report specified financial information.

The bill also amends the one-to-one public/private match requirements for VISIT FLORIDA.

The bill creates the Florida Job Growth Grant Fund to award funds for public infrastructure projects and workforce training, and the Targeted Marketing Assistance Program to enhance the tourism business marketing of small, minority, rural, and agritourism businesses in Florida.

The bill requires funds held in a Department of Economic Opportunity (DEO) escrow account to be returned to a state trust fund, and redirects \$75 million of revenue from the State Economic Enhancement and Development Trust Fund to the General Revenue Fund.

II. Present Situation:

Department of Economic Opportunity

The Department of Economic Opportunity (DEO) is the primary state agency responsible for implementing the state's goals and policies related to economic development, workforce development, community planning and development, and affordable housing.¹ Within the DEO, the Division of Strategic Business Development provides support for attracting out-of-state businesses, promoting the creation and expansion of in-state businesses, furthering economic development across the state, and facilitating the state's economic development partnerships.

The DEO partners contractually with Enterprise Florida, Inc. (EFI), the Florida Tourism Industry Marketing Corporation (VISIT FLORIDA), the Florida Sports Foundation, Space Florida, CareerSource Florida, Inc., (CareerSource Florida) and the Florida Institute for Commercialization of Public Research.² Additionally, the DEO has community partnerships with the film and entertainment industry, Florida's seaports, economic development councils (EDCs), chambers of commerce, and other economic development organizations. The DEO also facilitates the deliberative processes regarding numerous state economic development incentives, maintains the Economic Development Incentives Portal, and develops the Annual Incentives Report in coordination with EFI.³

Enterprise Florida, Inc.

EFI is a public-private partnership between Florida's business and government leaders and is the principal economic development organization for Florida.⁴ Initially created in 1992, EFI had only two responsibilities: to assist in the state's economic development efforts and to develop a strategic plan to improve the state's economic development.

Important legislative updates have occurred frequently since EFI's inception, including the 1996 legislation that created the Office of Tourism, Trade, and Economic Development, which recognized EFI as the lead economic development entity (broadening its responsibilities) and required an incremental increase in private funding of EFI operations.⁵ Legislative changes from the 2011 governmental reorganization include establishing EFI as a direct-support organization

¹ See generally, <http://www.floridajobs.org/> (last visited June 6, 2017).

² Section 20.60, F.S.

³ See <http://www.floridajobs.org/news-center/reports-and-legislative-presentations> and <http://www.floridajobs.org/office-directory/division-of-strategic-business-development/economic-development-incentives-portal> (last visited June 6, 2017)

⁴ Section 288.901, F.S.

⁵ Chapter 96-320, Laws of Fla.

to the DEO.⁶ Currently, EFI also serves as the state's economic development strategist, business recruiter, and facilitator of public-private investment for business ventures.

EFI is statutorily required to maintain at least five divisions related to the following areas:

- International Trade and Business Development;
- Business Retention and Recruitment;
- Tourism Marketing;
- Minority Business Development; and
- Sports Industry Development.⁷

Additionally, EFI administers the Florida Development Finance Corporation, the Florida Small Business Technology Growth Program, and the Florida Opportunity Fund. EFI is supported in its tourism marketing efforts by VISIT FLORIDA, and in its sports industry development by the Florida Sports Foundation. EFI is also required to coordinate state workforce policy with CareerSource Florida, and assist the Department of Economic Opportunity with the statutorily required economic development strategic blueprint. EFI is the main source of contact and initiation for businesses in regards to the state's economic development incentive programs.⁸

A board of directors (of at least 19 members) oversees EFI, which is comprised of appointed members and a group of investors representing notable corporations in Florida. Appointed members include all four members of the Florida Cabinet, the Commissioner of Education, the chairperson of the board of directors of CareerSource Florida, the Secretary of State, and 12 private sector members, six of whom are appointed by the Governor, three by the President of the Senate, and three by the Speaker of the House of Representatives.⁹ The Governor serves as the chairperson of EFI's board of directors.¹⁰ The board may also appoint at-large members from the private sector. Additionally, one member from each chamber of the Legislature is appointed by its respective leader to serve as ex officio board members. The board of directors is required to meet at least four times a year, and currently has 64 members.¹¹ The board of directors also appoints a president, who serves at the pleasure of the Governor, and is known as the "secretary of commerce."¹²

Recent Changes and Reported Information

EFI's board of directors adopted several recommendations from an internal review (conducted by DTW Strategies, Tallahassee) in June 2016.¹³ Some of the recommendations were:

- Consolidating and redesigning EFI's organizational structure;

⁶ Chapter 2011-142, Laws of Fla.

⁷ Section 288.92, F.S.

⁸ See Department of Economic Opportunity, *Agency Review 2011-2016*, July 2016. Available at: <http://sitefinity.floridajobs.org/docs/default-source/communicationsfiles/agency-review-2011-2016.pdf> (last visited June 6, 2017).

⁹ Section 288.901(5), F.S.

¹⁰ Section 288.901(4), F.S.

¹¹ See EFI website, <https://www.enterpriseflorida.com/about-efi/board-of-directors/>, (last visited June 6, 2017).

¹² Section 288.905, F.S.

¹³ DTW Strategies, *Report on Enterprise Florida*, June 2016. On file with the Committee on Commerce and Tourism (June 6, 2017).

- Transitioning management of the State Small Business Credit Initiative and military/defense grants to DEO;
- Preparing a legislative proposal to move VISIT FLORIDA, the Florida Sports Foundation, and minority and small business programs to the DEO;
- Eliminating 27 positions throughout EFI;
- Reducing operational, program, travel, and professional fee expenses; and
- Preparing an investment strategy for the \$6 million savings identified in the review.

Additionally, the Office of Program Policy Analysis and Government Accountability (OPPAGA) identified optional changes that the Legislature and EFI could consider related to streamlining EFI operations, improving EFI programs and activities, modifying EFI's funding mechanisms, and consolidating the state's economic development system.¹⁴

For the 2016-17 Fiscal Year, EFI received a legislative appropriation of \$23.5 million for a total operating budget of \$34 million. For Fiscal Years 2011-12 through 2016-17, EFI received a total of \$113.6 million in legislative appropriations.¹⁵

VISIT FLORIDA

VISIT FLORIDA serves as Florida's statewide destination marketing organization, representing the state's entire tourism industry.¹⁶ VISIT FLORIDA is a 501(c)(6) not-for-profit corporation and a subcontractor of EFI.¹⁷ VISIT FLORIDA's primary responsibilities include:

- Administering domestic and international advertising campaigns;
- Conducting research on tourism and travel trends;
- Conducting domestic and international marketing activities; and
- Managing the state's five welcome centers.

VISIT FLORIDA also administers a number of small grant programs that provide organizations and state agencies funding for certain tourism-related activities. Grant funds total less than \$2 million per year.¹⁸

VISIT FLORIDA operates the state's five official welcome centers under contract with EFI.¹⁹ Four welcome centers are located along the main travel corridors leading into the state and the fifth welcome center operates in the Capitol Complex in Tallahassee. The Department of Transportation owns the buildings that house the four highway welcome centers, but the centers are staffed and managed by VISIT FLORIDA.

¹⁴ Office of Program Policy Analysis and Government Accountability, *Agency Review: Enterprise Florida, Inc., and Department of Economic Opportunity Report 16-09*, December 2016. Available at: <http://www.oppaga.state.fl.us/MonitorDocs/Reports/pdf/1609rpt.pdf> (last visited June 6, 2017).

¹⁵ SB 2000 (2011 Reg. Session), HB 5001 (2012 Reg. Session), SB 1500 (2013 Reg. Session), HB 5001 (2014 Reg. Session), SB 2500 (2015A Session), and HB 5001 (2016 Reg. Session).

¹⁶ Section 288.1226, F.S.

¹⁷ Section 288.923, F.S.

¹⁸ Office of Program Policy Analysis and Government Accountability, *Florida Economic Development Program Evaluations Year 2 Report 15-01*, January 1, 2015. Available at: <http://www.oppaga.state.fl.us/MonitorDocs/Reports/pdf/1501rpt.pdf> (last visited June 6, 2017).

¹⁹ Section 288.12265, F.S.

EFI, in conjunction with the DEO, appoints VISIT FLORIDA's 31-member board of directors.²⁰ The board provides guidance, input and insight into the evolution and development of VISIT FLORIDA programs, processes, and messages; acts as a steering council for various committees; and works directly with VISIT FLORIDA executive staff to guide strategy. VISIT FLORIDA's board of directors is composed of 16 regional members, with at least two representing each of the six statutorily designated geographic areas of the state, and 15 additional tourism industry related members, including:

- One from the statewide rental car industry;
- Seven from tourist-related statewide associations;
- Three from county destination marketing organizations;
- One from the cruise industry;
- One from an automobile and travel services membership organization;
- One from the airline industry; and
- One from the space tourism industry.²¹

For the 2016-17 Fiscal Year, VISIT FLORIDA received a legislative appropriation of \$78.5 million. Appropriations for VISIT FLORIDA for Fiscal Years 2012-13 through 2016-17 total \$349 million.²²

Trust Funds Related to Economic Development and Tourism

The State Economic Enhancement and Development Trust Fund

The State Economic Enhancement and Development (SEED) Trust Fund was created for the purpose of infrastructure and job creation opportunities and for:

- Transportation facilities that meet a strategic and essential state interest with respect to the economic development of the state;
- Affordable housing programs and projects in accordance with Ch. 420, F.S.;
- Economic development incentives for job creation and capital investment;
- Workforce training associated with locating a new business or expanding an existing business; and
- Tourism promotion and marketing services, functions, and programs.²³

The SEED Trust Fund receives documentary stamp tax proceeds as specified in law, local financial support funds, interest earnings, and cash advances from other trust funds. Funds are expended only pursuant to legislative appropriation or an approved amendment to DEO's operating budget pursuant to the provisions of Ch. 216, F.S.

²⁰ See <http://www.visitflorida.org/about-us/who-we-are/board-of-directors/> (last visited June 6, 2017).

²¹ Section 288.1226(4), F.S.

²² HB 5001 (2012 Reg. Session), SB 1500 (2013 Reg. Session), HB 5001 (2014 Reg. Session), SB 2500 (2015A Session), and HB 5001 (2016 Reg. Session).

²³ Section 288.1201, F.S.

Tourism Promotional Trust Fund

Moneys deposited in the Tourism Promotional Trust Fund may only be used to support the authorized activities and operations and the tourism promotion and marketing activities, services, functions, and programs administered by EFI, through a contract with VISIT FLORIDA.²⁴ The Tourism Promotional Trust Fund receives 15.75 percent of the state's rental car surcharge tax.²⁵

Florida International Trade and Promotion Trust Fund

Moneys deposited in the Florida International Trade and Promotion Trust Fund are administered by the DEO for the operation of EFI and for the operation of Florida international offices under s. 288.012, F.S.²⁶ The Florida International Trade and Promotion Trust Fund receives 4.25 percent of the state's rental car surcharge tax.²⁷

CareerSource Florida

CareerSource Florida is a not-for-profit corporation that assists the DEO with state-level policy, planning, performance evaluation, and oversight of the delivery of workforce services.²⁸ The DEO and CareerSource Florida deliver workforce development services through local workforce development boards and nearly 100 one-stop career centers.²⁹ One-stop career service centers provide Floridians local access to available workforce services, including job placement, career counseling, and skills training.³⁰

Displaced Homemaker Program

The DEO and CareerSource Florida are responsible for administering a program designed to assist displaced homemakers in developing the workforce skills necessary to obtain economically self-sufficient employment. Under the current program, to qualify as a displaced homemaker an individual must be 35 years of age or older, have worked in the home providing unpaid household services for family members or been dependent on federal assistance, and have had difficulty securing adequate employment.³¹ The Displaced Homemaker Program is funded through the Displaced Homemaker Trust Fund within the DEO.³² The trust fund is a depository for a portion of fees on both marriage license applications and dissolution of marriage filings; \$7.50³³ and \$12.50³⁴ respectively. The trust fund can also receive funds from other public or private sources.³⁵

²⁴ Section 288.122, F.S.

²⁵ Section 212.0606(3)(a), F.S.

²⁶ Section 288.826, F.S.

²⁷ Section 212.0606(3)(a), F.S.

²⁸ See s. 445.004, F.S.

²⁹ Florida Department of Economic Opportunity, *CareerSource Florida Center Directory*, <http://www.floridajobs.org/onestop/onestopdir/> (last visited June 6, 2017).

³⁰ See s. 445.009, F.S.

³¹ Section 446.50, F.S.

³² Section 445.50(5), F.S.

³³ Section 741.01, F.S.

³⁴ Section 28.101, F.S.

³⁵ Section 446.50, F.S.

Career and Technical Education

In 2007, the Florida Legislature passed the Career and Professional Education Act (CAPE Act)³⁶ to encourage career-themed education to assist individuals in attaining sustainable employment and economic self-sufficiency in occupations most important to Florida's economic development.³⁷ The CAPE Act requires that each district school board develop a three-year strategic plan in collaboration with the DEO, CareerSource Florida, and local postsecondary institutions.³⁸ CareerSource Florida, through its local workforce development boards, provides labor market data to identify targeted occupations in regional demand. Such data assists technical career centers in establishing industry-specific curriculum that aligns with local and regional workforce needs.³⁹

III. Effect of Proposed Changes:

Auditor General

Section 1 amends s. 11.45, F.S., to give the Auditor General the authority to conduct audits of the Florida Tourism Industry Marketing Corporation (VISIT FLORIDA).

Trust Fund Distribution

Section 2 amends s. 201.15, F.S., to provide that \$75 million that is currently distributed from the State Transportation Trust Fund to the State Economic Enhancement and Development (SEED) Trust Fund will instead be distributed to the General Revenue Fund.

Florida Job Growth Grant Fund

Section 3 creates the Florida Job Growth Grant Fund within the DEO to promote economic opportunity by improving public infrastructure and enhancing workforce training.

The DEO and EFI, in consultation with the Department of Transportation (DOT), must identify projects, solicit proposals, and make recommendations to the Governor for grant awards to state and local governmental entities for state or local public infrastructure projects to promote economic recovery, economic diversification, or economic enhancement in a targeted industry. The DEO, EFI, and DOT must establish an application process and criteria for grant requests, which may be submitted by governing bodies of units of local government. Prior to disbursement of grant funds, the DEO must prepare a grant agreement, which must include certain specified information.

The DEO and EFI must identify projects, solicit proposals, and make recommendations to the Governor for workforce training grants to support existing programs at state colleges and state technical centers that provide participants with transferable, sustainable workforce skills

³⁶ Ch. 2007-216, Laws of Fla.

³⁷ Section 1004.92(1), F.S.

³⁸ Section 1003.493, F.S.

³⁹ For additional information on Career and Technical Education in Florida, see <http://www.fldoe.org/academics/career-adult-edu/career-tech-edu/> (last visited June 5, 2017).

applicable to more than a single employer. The DEO may administer the program, or contract with CareerSource to do so. Grant requests must be submitted to the DEO by the requesting institutions, and prior to disbursement of grant funds, agreements must be entered into specifying information about the program, including costs and special requirements.

Contracts for projects approved by the Governor and funded pursuant to this program must be administered by the DEO.

SEED Trust Fund

Section 4 amends s. 288.1201, F.S., to provide that the DEO must retain in the SEED Trust Fund any state funds appropriated for any program created in ch. 288, F.S., which is funded in the General Appropriations Act, until the performance requirements established under contract or by law for any economic development incentives are submitted to and verified by the DEO. The DEO must return to the State Treasury all funds held by any entity pursuant to a contract executed for the Quick Action Closing Fund that are unexpended as of June 30, 2017, and the unexpended funds must be deposited into the SEED Trust Fund. The DEO must take all steps necessary to comply by September 1, 2017, and must notify the Governor, the President of the Senate, and the Speaker of the House of Representatives of its compliance by October 1, 2017.

VISIT FLORIDA and Tourism Marketing

Section 5 amends s. 288.1226, F.S., related to VISIT FLORIDA, as following:

- Requires compliance with state travel and per diem laws;
- Provides that is not a violation of voting conflict provisions for officers or board members to vote on marketing plans or to vote on calculation of private match requirements;
- Requires officers and board members to file annual conflict of interest disclosures, which must be posted on website or included in meeting minutes;
- Provides that board members serve without compensation;
- Subjects proposed contracts of \$750,000 or more to the provisions of F.S. 216.177, requiring a 14-day legislative consultation period prior to approval. Provides that if the chair and vice chair of the Legislative Budget Commission, or the President of the Senate and the Speaker of the House of Representatives, advise that the proposed contract is contrary to legislative policy and intent within the 14-day period, VISIT FLORIDA may not execute the contract. Contracts may not be broken into smaller amounts to avoid this requirement;
- Prohibits an employee, officer, agent, president, or CEO from receiving public compensation that exceeds the salary and benefits authorized to be paid to the Governor;
- Prohibits the use of state funds for performance bonuses or severance pay unless specifically authorized by law;
- Prohibits VISIT FLORIDA from creating other entities, or expending funds to benefit solely one company;
- Relocates the existing one-to-one private match requirements for VISIT FLORIDA in s. 288.904(3), F.S., to s. 288.1226, F.S., and specifies four types of private matches, to be documented and included in quarterly reports:
 - Cash from private sources,
 - Fees for services,

- Cooperative advertising, limited to partner expenditures for paid media placement and collateral material distribution, and actual market values of contributed productions, air time, and print space,
- In-kind contributions, limited to market value of certain contributions,
- Provides that contributions from governmental entities or entities receiving more than 50% of funding from certain public sources⁴⁰ are not considered private contributions for purposes of calculating the private match;
- Requires VISIT FLORIDA to provide all data relating to its quarterly reports to EDR;
- Prohibits VISIT FLORIDA funds from being used for gifts or certain benefits for its employees or other specified employees; and prohibits receipt of gifts or certain benefits from specified entities, unless the gift or benefit is available to a similarly situated member of public;
- Limits lodging expenses to \$150 per day, excluding taxes, unless participating in group rate discount, or upon showing that such rate is unavailable. An employee may use his or her own funds for lodging expenses exceeding \$150 per day;
- Requires the DEO to submit a proposed operating budget for VISIT FLORIDA by August 15 of each fiscal year;
- Requires all contracts executed by VISIT FLORIDA to be posted on its website, and requires contracts of more than \$500,000 to be posted 14 days prior to execution;
- Requires entities receiving a majority of their revenues from VISIT FLORIDA or from certain taxes to post and report specified financial information; and
- Requires VISIT FLORIDA to post contract, financial, expenditure, and meeting information on its website, and for the website to enable the posting of responses to taxpayer questions.

Section 6 creates the Targeted Marketing Assistance Program to enhance the tourism business marketing of small, minority, rural, and agritourism businesses in Florida, administered by the DEO, in conjunction with VISIT FLORIDA. The program must provide marketing plans, marketing assistance, promotional support, media development, technical expertise, marketing advice, technology training, social marketing support, and other assistance to an eligible entity, defined as an independently owned and operated business with gross revenue up to \$1,250,000, or a 501(c)(3) nonprofit corporation. An annual report must be provided documenting that at least 50 percent of the eligible entities receiving assistance through this program are independently owned and operated businesses with gross revenues not exceeding \$500,000.

Section 7 amends s. 288.124, F.S., to replace EFI with VISIT FLORIDA in regards to existing duties related to the convention grants program.

Enterprise Florida, Inc.

Section 8 amends s. 288.901, F.S., to provide that EFI board members serve without compensation, and are entitled to state travel and per diem, to be paid out of EFI funds.

Section 9 amends s. 288.903, F.S., to subject proposed EFI contracts of \$750,000 or more to the provisions of 216.177, F.S., requiring a 14-day legislative consultation period prior to approval.

⁴⁰ Local option tourist development taxes collected pursuant to s. 125.0104, F.S., are not considered revenue from taxes for purposes of this provision.

During the 14 days, if the chair and vice chair of the Legislative Budget Commission, or the President of the Senate and the Speaker of the House of Representatives, timely advise that a proposed contract is contrary to legislative policy and intent, EFI may not execute the contract. Contracts may not be broken into smaller amounts to avoid this requirement.

The bill also provides that EFI may not create any other entity unless authorized by law, and must comply with state travel and per diem law.

Section 10 amends s. 288.904, F.S., to make the following changes related to the operations of EFI:

- Deletes the existing public/private match requirements for VISIT FLORIDA;
- Requires the DEO to submit a proposed operating budget for EFI by August 15 of each fiscal year;
- Requires all contracts executed by EFI to be posted on its website, with specified information;
- Requires entities receiving a majority of their revenues from EFI or certain taxes to post and report specified financial information; and
- Requires EFI to post contract, financial, expenditure, and meeting information on its website, which must enable the posting of responses to taxpayer questions.

Section 11 amends s. 288.905, F.S., to make the following changes regarding the president and employees of EFI:

- Prohibits an employee, officer, agent, president, or CEO from receiving public compensation that exceeds salary and benefits authorized to be paid to the Governor;
- Prohibits performance bonuses or severance pay paid from state funds unless specifically authorized by law;
- Limits lodging expenses to \$150 per day, excluding taxes, unless participating in a group rate discount, or upon showing that such rate is unavailable. Employee funds may be used for lodging exceeding \$150 per day; and
- Prohibits expenditure of EFI funds for gifts or certain benefits for its employees or employees of entities receiving revenue from certain taxes; and prohibits receipt of gifts and certain benefits from entities receiving revenue from certain taxes, unless the gift or benefit is available to a similarly situated member of the public.⁴¹

Section 23 amends s. 288.92, F.S., by deleting a provision related to conflicts of interest for VISIT FLORIDA officers and board members. A modified version of the provision is created in s. 288.1226, F.S., by section 5 of this bill.

Section 24 amends s. 288.923, F.S., to correct a cross reference.

⁴¹ For purposes of *expending* funds on gifts, the prohibition applies to gifts or benefits to entities receiving revenue from s. 125.0104, F.S., (local option tourist development taxes), s. 125.0108, F.S., (tourist impact tax in areas of critical state concern), or s. 212.0305, F.S., (convention development taxes). For purposes of *receiving* gifts, the prohibition applies to gifts or benefits from entities receiving revenue only from s. 125.0108, F.S., or s. 212.0305, F.S.,

Appropriations

Section 12 appropriates the recurring sum of \$26 million, and nonrecurring sum of \$26 million from the SEED Trust Fund, and the recurring sum of \$24 million from the Tourism Promotional Trust Fund, to the Department of Economic Opportunity for Fiscal Year 2017-2018 to enter into a contract with VISIT FLORIDA.

Section 13 appropriates the recurring sum of \$9.4 million from the SEED Trust Fund, and the recurring sum of \$6.6 million from the Florida International Trade and Promotion Trust Fund to the DEO for Fiscal Year 2017-2018 to enter into a contract with EFI. From the funds appropriated from the Florida International Trade and Promotion Trust Fund, EFI must allocate \$3.55 million for international programs, \$2.05 million to maintain Florida's international offices, and \$1 million to continue the Florida Export Diversification and Expansion Programs.

Section 14 appropriates the nonrecurring sum of \$60 million from the SEED Trust Fund to the DEO for the Fiscal Year 2017-2018 to administer contracts approved by the Governor for the Florida Job Growth Grant Fund created by section 3 of this bill. For Fiscal Year 2017-2018, the nonrecurring sum of \$25,000,000 from the State Transportation Trust Fund (STTF) is appropriated to the Department of Transportation to contract with the DEO to provide for transportation infrastructure for contracts approved by the Governor for the Florida Job Growth Grant Fund. Additionally, the Executive Office of the Governor is authorized to process one or more budget amendments, in a total amount not to exceed \$40 million to provide for the nonoperating transfer of funds from the STTF to the SEED Trust Fund to support expenditures for the Florida Job Growth Grant Fund. State funds other than those appropriated in this section may not be expended on the Florida Job Growth Grant Fund. The appropriated funds are nontransferable. The balance of any appropriation for the Florida Job Growth Grant Fund that is not disbursed by June 30 of the fiscal year in which the funds are appropriated may be carried forward for up to 5 years after the effective date of the original appropriation.

Repeal of the Displaced Homemaker Program

Section 15 terminates the Displaced Homemaker Trust Fund within the DEO, transfers remaining balances to the General Revenue Fund, and requires the DEO to pay any outstanding debts and obligations. **Sections 16 through 19** repeal ss. 446.50, 446.51, 446.52, and 1010.84, F.S., respectively, which are the substantive provisions of the displaced homemaker program, and the Displaced Homemaker Trust Fund. **Section 20** amends s. 20.60, F.S., to delete a requirement that the DEO include information about the displaced homemaker program in its annual report.

Section 21 amends s. 28.101, F.S., to delete a charge of \$5.00 required for a petition for dissolution of marriage, which was deposited monthly in the Displaced Homemaker Trust Fund to fund the program. The bill also deletes a provision requiring the amount of \$7.50 from a separate charge to be transferred to the Displaced Homemaker Trust Fund. **Section 27** amends s. 741.01, F.S., to delete a \$7.50 fee that funds the displaced homemaker program, currently included in the fee charged for a marriage license.

Sections 22, 25, and 26 amend ss. 187.201, 445.003, and 445.004, F.S., respectively, to remove references to the displaced homemaker program.

Section 28 conforms a cross reference in s. 741.011, F.S.

Effective Date

Section 29 provides that the bill takes effect July 1, 2017.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

Separation of Powers in Florida

Section 3, Article II of the State Constitution separates the state government into three branches – the legislative, the executive, and the judicial. The “separation-of-powers doctrine” encompasses two fundamental prohibitions. The first is that no branch may encroach upon the powers of the other; the second is that no branch may delegate to another branch its constitutionally assigned power.⁴² The legislative power includes the authority to determine the public interest and formulate public policy, to make law, and to appropriate state funds.⁴³

Section 3, Article II of the State Constitution is the basis for invalidating laws delegating legislative or judicial power to executive agencies, and laws by which the Legislature encroaches upon executive or judicial powers. This bill provides that if specified members of the Legislature object to certain contracts proposed by entities adjunct to an agency of the executive branch, the contracts may not be entered into. A determination of whether the authority contained in these provisions encroaches upon duties delegated to the executive branch would require a legal challenge and a ruling by a judge.

⁴² *Chiles v. Children A, B, C, D, E, and F*, 589 So. 260 (Fla. 1991).

⁴³ Article III of the State Constitution; Am. Jur. 2d Constitutional Law s. 275.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

The bill reduces revenues deposited in the Displaced Homemaker Trust Fund by approximately \$1.2 million annually by reducing the surcharge on marriage license applications from \$59.50 to \$52.00. Historically, these revenues have funded the Displaced Homemaker Program, which is repealed in this bill.

B. Private Sector Impact:

Entities currently contracting with DEO to provide services through the Displaced Homemaker Program will no longer receive funding from the state under the program. These same services may be obtained through existing local CareerSource Centers.

The cost for the issuance of a marriage license will be reduced from \$59.50 to \$52.00.

Although the Florida Job Growth Grant Fund is prohibited from being used for the exclusive benefit of any single company, corporation, or business entity, broad benefits to Florida individuals, communities, and businesses related to needed public infrastructure projects and workforce training are likely to be seen to enhance economic recovery in specific regions of the state, enhance economic diversification, and enhance targeted industries.

C. Government Sector Impact:

The \$75 million recurring redirection of revenue from the SEED Trust Fund to the General Revenue has a positive impact to the General Revenue Fund; however, it has a net zero impact on state funds.

The bill provides a \$76 million appropriation to the DEO to enter into a contract with Visit Florida. Of this amount, \$26 million is a nonrecurring appropriation from the SEED Trust Fund; \$26 million is a recurring appropriation from the SEED Trust Fund; and \$24 million is a recurring appropriation from the Tourism Promotion Trust Fund.

The bill provides a recurring appropriation of \$16 million, \$9.4 million from the SEED Trust Fund and \$6.6 million from the Florida International Trade and Promotion Trust Fund, to DEO to enter into a contract with Enterprise Florida, Inc. (EFI). The appropriation is specifically for operational purposes and to maintain its offices, but excludes expenditures on any incentive tools or programs unless explicitly authorized by the bill. Of the appropriated funds from the Florida International Trade and Promotion Trust Fund, EFI is directed to allocate \$3.6 million for international programs, \$2.1 million to maintain Florida's international offices, and \$1 million to continue the Florida Export Diversification and Expansion Programs.

Additionally, the bill provides an \$85 million nonrecurring appropriation for the Florida Job Growth Grant Fund. Of this amount, \$60 million is provided from the SEED Trust Fund and \$25 million from the State Transportation Trust Fund (STTF). The bill

authorizes the Executive Office of the Governor to process budget amendment(s) to provide a \$40 million non-operating transfer of funds from the STTF to the SEED Trust Fund to support expenditures for the Florida Job Growth Grant Fund. The bill further authorizes that any unspent appropriations for the Florida Job Growth Grant Fund may be carried forward and used for up to five years.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 11.45, 20.60, 28.101, 187.201, 201.15, 288.1201, 288.1226, 288.124, 288.901, 288.903, 288.904, 288.905, 288.92, 288.923, 445.003, 445.004, 741.01, and 741.011.

This bill creates the following sections of the Florida Statutes: 288.101 and 288.12266.

This bill repeals the following sections of the Florida Statutes: 446.50, 446.51, 446.52, and 1010.84

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

635320 by Appropriations on June 8, 2017:

The amendment makes changes to the Florida Job Growth Grant Fund by adding, public libraries, private postsecondary institutions, and the Ready to Work program defined in s. 445.06, F.S., to the list of entities eligible to receive grant funding for workforce training projects. In addition, the amendment provides that workforce training funds may be used for skill and assessment evaluations for certain inmates in the state correctional facilities.

293618 by Appropriations on June 8, 2017:

The amendment provides additional accountability, transparency and oversight for the newly created Florida Job Growth Grant fund. Specifically the amendment:

- Creates project eligibility.
- Prohibits projects be funded that are included in the most recent GAA or have been vetoed by the Governor in the most recent GAA.

- Requires the DEO to establish a methodology for which grant award recommendations are based.
- Creates a project approval process (similar to the existing Quick Action Closing Fund process).
- Requires the Department of Economic Opportunity to enter into contracts for projects approved.
- Requires contracts for the Florida Job Growth Grant Fund be posted to the DEO website.
- Prohibits funds appropriated to the Florida Job Growth Grant Fund from being transferred to any account outside the state treasury prior to project performance payments are made.

778464 by Appropriations on June 8, 2017:

The amendment provides the Florida Job Growth Grant Fund sunsets on June 30, 2019.

911692 by Appropriations on June 8, 2017:

The amendment requires the Department of Economic Opportunity and Enterprise Florida, Inc., to post all Florida Job Growth Grant Fund proposals and applications for grants on their websites and specifies the information that must be included.

860238 by Commerce and Tourism on June 7, 2017:

The amendment makes changes to the State Economic Enhancement and Development Trust Fund, by:

- Authorizing the DEO to make payments from the trust fund after an independent third party audit determines that an applicant has satisfied contract agreements and the DEO determines that the applicant meets any performance requirements and is eligible to receive payments;
- Directing the DEO to determine within 15 days after each calendar quarter what amount of money in the trust fund is associated with any terminated or expired Quick Action Closing Fund agreements and revert any such money to where it was originally appropriated;
- Requiring money in the trust fund to be managed and invested consistent with keeping the money being available to make Quick Action Closing Fund payments;
- Requiring the DEO to return any money held in escrow related to Quick Action Closing Fund agreements to be returned to the State Treasury by September 1, 2017, which will be deposited into the SEED Trust Fund; and
- Authorizing money in the trust fund to be appropriated to make payments related to Quick Action Closing Fund agreements.

Additionally, the amendment appropriates \$106,746,279 for FY 2017-18, from the money formerly held in escrow, to the DEO to make payments related to Quick Action Closing Fund agreements. The amendment authorizes any appropriated money not disbursed by June 30, 2018 to carry forward until all authorized projects are fully paid. The amendment requires that any amount left in the trust fund at the end of any fiscal year will remain in the trust fund and be available to carry out the purposes of the trust fund. (WITH TITLE AMENDMENT)

305400 by Commerce and Tourism on June 7, 2017:

The amendment adds programs at licensed, or otherwise authorized to operate in-state, private post-secondary institutions to the list of entities that can receive workforce training grants under the Florida Job Grant Growth Fund. Additionally, the amendment changes the provision related to grants supporting “existing programs” to “programs” at authorized entities.

This Senate Bill Analysis does not reflect the intent or official position of the bill’s introducer or the Florida Senate.
