

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 Ethics and Elections

BILL: CS/SJR 792

INTRODUCER: Ethics and Elections Committee and Senator Lee

SUBJECT: Chief Financial Officer

DATE: January 30, 2018

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Carlton	Ulrich	EE	Fav/CS
2.			JU	
3.			RC	

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SJR 792 is a joint resolution to amend the state constitution that would provide, if approved by the voters, additional duties of the state’s Chief Financial Officer. Specifically, the resolution would require that the Chief Financial Officer serve as a principal in consensus economic, demographic, and revenue estimating conferences. The resolution provides the Chief Financial Officer the authority to review and certify state contracts in excess of ten million dollars. That threshold is subject to review every four years to account for inflation or deflation.

If passed by a three-fifths vote of each house of the Legislature, the proposal will be voted on at the general election in November 2018; sixty percent of those voting on the measure is required for approval.

II. Present Situation:

The Chief Financial Officer (“CFO”) is an elected constitutional Cabinet member.¹ The CFO serves as the chief fiscal officer of the state and is responsible for settling and approving accounts against the state and keeping all state funds and securities.² Such responsibilities include, but are not limited to, auditing and adjusting accounts of officers and those indebted to

¹ See, Art. IV, s. 4, Fla. Const.

² See, Art. IV, s.4(c), Fla. Const., and s. 17.001, F.S.

the state,³ paying state employee salaries,⁴ and reporting all disbursements of funds administered by the CFO.⁵

The CFO also serves as the head of the Department of Financial Services (“DFS”), which executes the duties of the CFO.⁶ The DFS consists of the following divisions:

- The Division of Accounting and Auditing;
- The Division of State Fire Marshal;
- The Division of Risk Management;
- The Division of Treasury;
- The Division of Insurance Fraud;
- The Division of Rehabilitation and Liquidation;
- The Division of Insurance Agents and Agency Services;
- The Division of Consumer Services;
- The Division of Workers’ Compensation;
- The Division of Administration;
- The Division of Legal Services;
- The Division of Information Systems;
- The Division of Insurance Consumer Advocate;
- The Division of Funeral, Cemetery, and Consumer Services; and
- The Division of Public Assistance Fraud.⁷

The Financial Services Commission,⁸ Board of Funeral, Cemetery, and Consumer Services,⁹ and Strategic Markets Research and Assessment Unit¹⁰ are also established within the DFS.

III. Effect of Proposed Changes:

The joint resolution would amend the State Constitution to require the CFO to participate as a principal in consensus economic, demographic, and revenue estimating conferences.

The CFO would also be required to review and certify certain state contracts proposed by or on behalf of any state agency, entity, or officer of the executive branch. This provision specifically applies only to state contracts which require a payment or aggregate payments in excess of ten million dollars from funds appropriated to the state agency, entity, or officer before the execution of any such contract.

³ See, s. 17.04, F.S.

⁴ See, s. 17.09, F.S.

⁵ See, s. 17.11, F.S.

⁶ See, s. 20.121, F.S.

⁷ See, s. 20.121(2), F.S.

⁸ The Financial Services Commission is composed of the Governor and the Cabinet members, and includes the Office of Insurance Regulation and the Office of Financial Regulation. The offices are responsible for activities of the commission relating to regulation and investigation of violations of law relating to insurance and financial institutions. See, s. 20.121(3)(a), F.S.

⁹ The Board of Funeral, Cemetery, and Consumer Services is created within the Division of Funeral, Cemetery, and Consumer Services, and regulates licenses issued under Ch. 497, F.S. (Funeral, Cemetery, and Consumer Services). See, ss. 20.121(4) and 497.103, F.S.

¹⁰ The Strategic Markets Research and Assessment Unit creates reports on issues, trends, and threats that broadly impact the condition of the financial services industries. See, s. 20.121(6), F.S.

The CFO shall ensure that such a contract complies with state law as to its procurement and content. The CFO shall ensure that any payments required to be made by the state agency, entity, or officer under the contract in any fiscal year do not exceed the amount appropriated for that fiscal year or the amount authorized by law for the purpose of the contract. The ten-million-dollar threshold shall be adjusted by general law every four years to reflect the rate of inflation or deflation as indicated in the Consumer Price Index for All Urban Consumers, U.S. City Average, All Items, or a successor index as calculated by the United States Department of Labor, Bureau of Labor Statistics, or its successor agency.

The processes for review and certification of contracts, as well as adjustment for inflation or deflation, is required to be established by implementing legislation.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The Division of Elections is required to advertise the full text of proposed constitutional amendments in English and Spanish twice in a newspaper of general circulation in each county before the election in which the amendment shall be submitted to the electors. The Division is also required to provide each Supervisor of Elections with either booklets or posters displaying the full text of proposed amendments.

According to the Division, the projected cost to advertise constitutional amendments for the 2018 primary and general election cycle was \$120.31 per word. Using those rates, the cost to advertise this amendment in newspapers and produce booklets for the *2018 general election could be \$76,396.85*, at a minimum. This cost estimate is contingent on

multiple amendments needing advertising, as there is an inverse relationship between the price per word and the length of the advertisements. If no other amendments needed to be advertised, the price per word would be significantly higher. Accurate cost estimates cannot be determined until the total number of amendments to be advertised is known.

Total expenses related to constitutional amendment advertising for the 2018 election cycle are likely to be significant, as the 2018 ballot will include amendments placed there by the Constitutional Revision Commission (when the Commission last met in 1998, 13 amendments were placed on the ballot). Amendments can also be placed on the ballot via the initiative petition process, or by a joint resolution of the Florida Legislature. So far, four amendments will appear on the 2018 ballot.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This joint resolution substantially amends Article IV of the Florida Constitution.

IX. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Ethics and Elections on January 30, 2018:

The Committee Substitute differs from the original bill in that it makes technical structural changes and specifically requires the Legislature to implement the changes via implementing legislation.

- B. **Amendments:**

None.