Prepared By: The Professional Staff of the Committee on Governmental Oversight and Accountability

BILL:	CS/SB 1874
INTRODUCER:	Governmental Oversight and Accountability Committee and Senator Hutson
SUBJECT:	Fees/Office of Financial Regulation/Financial Technology Sandbox Applications
DATE:	February 11, 2020 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE		ACTION
1.	McVaney	McVaney	GO	**Fav/CS**	
2.			BI		
3.			AP		

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

SB 1870 (2020), which is linked to this bill, creates the Financial Technology Sandbox within the Office of Financial Regulation. The Financial Technology Sandbox is intended to allow financial technology innovators to test innovative financial products or services in a supervised, flexible regulatory sandbox, using waivers of specified general law and corresponding rule requirements under defined conditions.

CS/SB 1874 prohibits the Office of Financial Regulation from waiving or modifying a fee provided in ch. 559, F.S., except as otherwise authorized for the Financial Technology Sandbox.

This bill has no fiscal impact on state government or local governments.

This bill takes effect on the same date that SB 1870 or similar legislation takes effect, if such legislation is adopted in the same legislative session or an extension thereof and becomes a law. At this point, SB 1870 takes effect July 1, 2020.

II. Present Situation:

The Florida Constitution provides that no state tax or fee may be imposed, authorized, or raised by the Legislature except through legislation approved by two-thirds of the membership of each

house of the Legislature.[1] For purposes of this requirement, a "fee" is any charge or payment required by law, including any fee or charge for services and fees or costs for licenses and to "raise" a fee or tax means to:[2]

- Increase or authorize an increase in the rate of a state tax or fee imposed on a percentage or per mill basis;
- Increase or authorize an increase in the amount of a state tax or fee imposed on a flat or fixed amount basis; or
- Decrease or eliminate a state tax or fee exemption or credit.

A bill that imposes, authorizes, or raises any state fee or tax may only contain the fee or tax provision(s) and may not contain any other subject.[3]

The constitutional provision does not authorize any state tax or fee to be imposed if it is otherwise prohibited by the constitution and does not apply to any tax or fee authorized or imposed by a county, municipality, school board, or special district.[4]

SB 1870 (2020), which is linked to this bill, creates the Financial Technology Sandbox within the Office of Financial Regulation. The Financial Technology Sandbox is intended to allow financial technology innovators to test innovative financial products or services in a supervised, flexible regulatory sandbox, using waivers of specified general law and corresponding rule requirements under defined conditions.

III.   Effect of Proposed Changes:

The bill prohibits the Office of Financial Regulation from waiving or modifying a fee provided in ch. 559, F.S., except as otherwise authorized for the Financial Technology Sandbox.

IV.   Constitutional Issues:

A.   Municipality/County Mandates Restrictions:

Not applicable. The bill does not require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities.

B.   Public Records/Open Meetings Issues:

None.

C.   Trust Funds Restrictions:

None.

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[1] Fla. Const. art. VII, s. 19(a)-(b). The amendment appeared on the 2018 ballot as Amendment 5.
[2] Fla. Const. art. VII, s. 19(d).
[3] Fla. Const. art. VII, s. 19(e).
[4] Fla. Const. art. VII s. 19(c).

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None identified.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

This bill is not expected to impact state revenues or expenditures.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 559.952 of the Florida Statutes, as created by SB 1870.

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 Governmental Oversight and Accountability on February 10, 2020:
The CS removes the application fee for the Financial Technology Sandbox and the fees
associated with fingerprint processing and retention. While the companion bill, SB 1870,
allows certain statutory fees to be waived, the CS prohibits the waiver or modification of
any fees provided in chapter 559, F.S., except as otherwise provide in SB 1870.

B. Amendments:

None.