

26 Section 1. Section 215.986, Florida Statutes, is created
27 to read:

28 215.986 Fiscal accountability for certain nongovernmental
29 entities.-

30 (1) DEFINITIONS.-

31 (a) "Administrative expenses" means expenditures that are
32 considered indirect operating costs of a nongovernmental entity,
33 including, but not limited to:

34 1. General administration and general expenses such as
35 accounting and support services.

36 2. Personnel expenses, including all compensation earned
37 by or awarded to such personnel, whether paid or accrued,
38 regardless of contingency, unless the compensation is explicitly
39 included in the General Appropriations Act or the compensation
40 relates to the employment of an employee whose services are
41 integral to a project or activity of the nongovernmental entity.
42 However, compensation earned by or awarded to a member of the
43 board of directors, chief executive officer, chief financial
44 officer, chief operating officer, or other person performing
45 equivalent functions, whether paid or accrued, regardless of
46 contingency, shall not be considered integral to a project or
47 activity of the nongovernment entity.

48 3. Equipment and capital improvements, depreciation on
49 buildings, interest on debt associated with such buildings, and
50 operations and maintenance expenses.

51 (b) "Nongovernmental entity" means a nonprofit corporation
52 that receives at least 50 percent of its revenue, in any fiscal
53 year of the nongovernmental entity, from state funds. The term
54 does not include a citizen support organization or a direct-
55 support organization created or authorized pursuant to law and
56 created, approved, or administered by a state agency.

57 (c) "Operational audit" has the same meaning as s.
58 11.45(1).

59 (d) "State agency" means any official, officer,
60 commission, board, authority, council, committee, or department
61 of the executive branch of state government; the Justice
62 Administrative Commission; and the Public Service Commission.

63 (e) "State funds" means state-appropriated funds,
64 including state-appropriated federal funds.

65 (2) PROHIBITIONS ON THE USE OF STATE FUNDS.—A
66 nongovernmental entity must use state funds in accordance with
67 their stated purpose and for the benefit of the public. A
68 nongovernmental entity may not use state funds for any of the
69 following purposes:

70 (a) To loan such funds to another entity for any purpose.

71 (b) To donate such funds as charitable or political
72 contributions.

73 (c) To pay for bonuses, exit bonuses, incentive payments,
74 or severance payments to employees of the nongovernmental
75 entity.

76 (d) To retain a lobbyist to represent the nongovernmental
 77 entity before the legislative or executive branch. However, a
 78 full-time employee of a nongovernmental entity may register as a
 79 lobbyist and represent the entity before the legislative or
 80 executive branch. Except as a full-time employee of the
 81 nongovernmental entity, a person may not accept state funds from
 82 a nongovernmental entity.

83 (3) OPERATIONAL AUDIT REQUIREMENTS.-

84 (a) A nongovernmental entity that receives state funds
 85 equal to or greater than \$500,000 each fiscal year for 5
 86 consecutive fiscal years must have an operational audit
 87 completed no later than 6 months after the end of the entity's
 88 fifth fiscal year. The operational audit must be conducted by an
 89 independent auditor or certified public accountant in accordance
 90 with auditing standards stated in the rules of the Auditor
 91 General. An audit under this paragraph is not required more
 92 frequently than once every 5 fiscal years.

93 (b) For purposes of this subsection, the term "state
 94 funds" does not include the receipt of state or federal Medicaid
 95 funds.

96 (4) ANNUAL REPORTS.-

97 (a) Beginning September 15, 2023, and each September 15
 98 thereafter, each nongovernmental entity must submit an annual
 99 report addressing the immediately preceding fiscal year to the
 100 state agency from which the entity received state funds, which

101 includes all of the following information:

102 1. The name, position, and all compensation earned or
103 awarded, whether paid or accrued, regardless of contingency, to
104 each member of the board of directors, chief executive officer,
105 chief financial officer, chief operating officer, or other
106 person performing equivalent functions.

107 2. A copy of the entity's most recent federal Internal
108 Revenue Service Return of Organization Exempt from Income Tax
109 Form (Form 990).

110 3. A detailed summary of the nongovernmental entity's
111 administrative expenses, including the percentage of such
112 administrative expenses relative to all other expenses of the
113 entity.

114 4. The percentage of state funds relative to the
115 nongovernmental entity's revenue.

116 (b) Beginning December 15, 2023, and each December 15
117 thereafter, each state agency must report annually to the Chief
118 Inspector General, created in s. 14.32, and the Office of
119 Program Policy Analysis and Government Accountability, the
120 information reported by each nongovernmental entity in a format
121 prescribed by the Chief Inspector General.

122 (c) The Chief Inspector General shall adopt rules by
123 December 31, 2022, to implement this subsection. The rules shall
124 prescribe:

125 1. The format nongovernmental entities must use when

126 submitting their annual report required in paragraph (a).

127 2. Guidelines for nongovernmental entities to follow for
128 purposes of calculating their administrative expenses relative
129 to all other expenses of the entity as described in paragraph
130 (a).

131 3. The format state agencies must use when generating the
132 report required in paragraph (b).

133 (d) Beginning September 15, 2023, and annually thereafter,
134 before a nongovernmental entity receives state funds from a
135 state agency, a nongovernmental entity that:

136 1. Received at least 50 percent of its revenue from state
137 funds in the immediately preceding fiscal year must submit to
138 the state agency an attestation verified as provided in s.
139 92.525 that the nongovernmental entity has submitted the report
140 required in paragraph (a); or

141 2. Did not receive funding amounting to at least 50
142 percent of its revenue from state funds in the entity's
143 immediately preceding fiscal year must submit to the state
144 agency an attestation verified as provided in s. 92.525 that the
145 nongovernmental entity did not receive at least 50 percent of
146 its revenue from state funds in the entity's immediately
147 preceding fiscal year and therefore was not required to submit
148 the report required in paragraph (a).

149 (e) A state agency may not release or transfer funds to a
150 nongovernmental entity until the nongovernmental entity has

CS/HB 1079

2022

151 | complied with the requirements in paragraph (d).

152 | Section 2. This act shall take effect July 1, 2022.