

**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.)

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Prepared By: The Professional Staff of the Committee on Rules

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BILL: SM 1488

INTRODUCER: Senator Avila

SUBJECT: United States Sovereign Wealth Fund

DATE: March 25, 2025

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Renner</u>	<u>McKay</u>	<u>CM</u>	<u>Favorable</u>
2.	<u>Renner</u>	<u>Yeatman</u>	<u>RC</u>	<u>Pre-meeting</u>

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## I. Summary:

SM 1488 is a memorial urging the members of Congress to establish a framework for a sovereign wealth fund.

Memorials have no force of law, as they are mechanisms for formally petitioning the federal government to act on a particular subject.

The memorial does not have a fiscal impact on the state or local governments.

## II. Present Situation:

### Memorials

A memorial is an official legislative document address to Congress, the President of the United States, or some other governmental entity that expresses the will of the Legislature on a matter within the jurisdiction of the recipient. A memorial requires passage by both legislative houses but does not require the Governor’s approval nor is it subject to a veto.<sup>1</sup>

### Sovereign Wealth Funds

While there is no universally agreed-upon definition, sovereign wealth funds (SWFs) are generally defined as investment funds owned and managed by national governments.<sup>2</sup> The United States Treasury Department narrowly defines SWFs as “a government investment vehicle

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<sup>1</sup> The Florida Senate, Office of Bill Drafting Services, *Manual for Drafting Legislation*, 137-138 (2009), available at <https://flsenate.sharepoint.com/sites/Secretary/Publications%20Library/Forms/AllItems.aspx?id=%2Fsites%2FSecretary%2FPublications%20Library%2FManual%20for%20Drafting%20Legislation%20%28Senate%29%2Epdf&parent=%2Fsites%2FSecretary%2FPublications%20Library> (last visited March 14, 2025).

<sup>2</sup> Congressional Research Service, *Sovereign Wealth Funds: Background and Policy Issues for Congress* (Jan. 15, 2009), 1, [https://www.everycrsreport.com/files/20090115\\_RL34336\\_a7ea655551d2435a8e05992d4ac1b1367b3e3635.pdf](https://www.everycrsreport.com/files/20090115_RL34336_a7ea655551d2435a8e05992d4ac1b1367b3e3635.pdf) (last visited March 14, 2025).

which is funded by foreign exchange assets, and which manages those assets separately from the official reserves of the monetary authorities (the Central Bank and reserve-related functions of the Finance Ministry).”<sup>3</sup> SWFs were created in the 1950s by oil and resource-producing countries (Kuwait in 1953 and Kiribati in 1956) to help stabilize their economies against fluctuating commodity prices and provide a wealth source for future generations.<sup>4</sup> SWFs generally have a targeted purpose, and the funding for SWFs comes from sources such as:<sup>5</sup>

- State-owned natural resource revenues.
- Trade surpluses.
- Bank reserves that accumulate from budget excesses.
- Foreign currency operations.
- Money from privatizations.
- Governmental transfer payments.

There are several categories of SWFs, including:<sup>6</sup>

- **Stabilization Funds**—These are funds set aside by a government to shield the country from economic shocks that can cause drastic changes in economic growth.
- **Future Generation Funds** – These funds are set up to ease pressure on a government’s budget in the future.
- **Reserve Investment Funds**—Funds are set aside for investment purposes, and the primary goal is to generate funds that can be invested in long-term high-yield investments.
- **Pension Reserve Funds** – Money is set aside to finance a country’s pension system so that the burden of paying pensions doesn’t fall entirely on the government’s budget.

The largest SWFs ranked by assets include:<sup>7</sup>

- Norway Government Pension Fund Global; - over \$1.7 trillion
- China Investment Corporation – Over \$1.3 trillion
- SAFE Investment Company – Over \$1 trillion
- Abu Dhabi Investment Authority – Over \$1 trillion
- Kuwait Investment Authority – Over \$1 trillion
- Public Investment Fund of Saudi Arabia - \$925 billion
- GIC Private Limited – Over \$800 billion
- Badan Pengelola Investasti Daya Anagata Nusantara – Over \$600 billion
- Qatar Investment Authority – Over \$525 billion
- Hong Kong Monetary Authority Investment Portfolio – Over \$510 billion

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<sup>3</sup> *Id.* at 2

<sup>4</sup> *Id.* at 4.

<sup>5</sup> Investopedia, *Sovereign Wealth Fund: Definition, Examples, and Types* (Feb. 3, 2025), available at [https://www.investopedia.com/terms/s/sovereign\\_wealth\\_fund.asp](https://www.investopedia.com/terms/s/sovereign_wealth_fund.asp) (last visited March 14, 2025).

<sup>6</sup> Corporate Finance Institute, *Sovereign Wealth Fund*, available at <https://corporatefinanceinstitute.com/resources/career-map/sell-side/capital-markets/sovereign-wealth-fund-swf/> (last visited March 14, 2025).

<sup>7</sup> Investopedia, *Sovereign Wealth Fund: Definition, Examples, and Types* (Feb. 3, 2025), available at [https://www.investopedia.com/terms/s/sovereign\\_wealth\\_fund.asp](https://www.investopedia.com/terms/s/sovereign_wealth_fund.asp) (last visited March 14, 2025).

## **Executive Order Establishing a United States Sovereign Wealth Fund**

On February 3, 2025, President Trump signed an executive order instructing the Secretary of the Treasury and the Secretary of Commerce to create a strategy for establishing a Sovereign Wealth Fund (SWF). The purpose of the initiative is to encourage fiscal responsibility, reduce the tax burden on American families and small businesses, secure economic stability for future generations, and enhance the United States' economic and strategic influence on the global stage.<sup>8</sup>

The plan must include recommendations for funding mechanisms, investment strategies, fund structure, and a governance model. Furthermore, it should assess the legal factors in establishing and managing a SWF, including any potential legislation.<sup>9</sup>

### **III. Effect of Proposed Changes:**

The memorial urges Congress to establish a framework for a sovereign wealth fund.

Florida's Secretary of State will send copies of the memorial to the President, the President of the Senate, the Speaker of the House of Representatives, and each member of the Florida delegation to the Congress.

Legislative memorials are not subject to the governor's veto power. Memorials have no force of law, as they are mechanisms for formally petitioning the federal government to act on a particular subject.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

#### **B. Public Records/Open Meetings Issues:**

None.

#### **C. Trust Funds Restrictions:**

None.

#### **D. State Tax or Fee Increases:**

None.

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<sup>8</sup> The White House, *A Plan for Establishing a United States Sovereign Wealth Fund*, (Feb. 3, 2025), available at <https://www.whitehouse.gov/presidential-actions/2025/02/a-plan-for-establishing-a-united-states-sovereign-wealth-fund/> (last visited March 14, 2025).

<sup>9</sup> *Id.*

E. Other Constitutional Issues:

None identified.

**V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

None.

**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:

None.