

STORAGE NAME: h3479.ag

DATE: February 16, 1998

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
AGRICULTURE
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: HB 3479

RELATING TO: Agricultural Emergencies

SPONSOR(S): Representative Bronson

COMPANION BILL(S): SB 1088 (s) & SB 1010 (c) by Senator Bronson
CS/HB 1847 (c) by Representative Bronson

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) AGRICULTURE
 - (2)
 - (3)
 - (4)
 - (5)
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I. SUMMARY:

House Bill 3479 provides funding sources for the Agriculture Emergency Eradication Trust Fund (AEETF) to be established by adoption of CS/HB 1847. The AEETF will provide funding in defined agricultural emergencies, such as unanticipated disease, insect infestation, emergency wildfire situations, or any natural disaster that threatens plants, livestock, or forest and wild lands in the state, for which ordinary fund sources are inadequate.

In May 1997, the Department of Agriculture and Consumer Services (department) faced an outbreak of citrus canker in Manatee and Dade counties, and later the same month, a Medfly infestation was found in Hillsborough County. To date, the department has spent just over \$27 million on these two emergencies alone.

This bill would provide approximately \$14.5 million for the Agriculture Emergency Eradication Trust Fund for FY 1998-99 from the following sources: approximately \$6 million would come from unclaimed agriculture gasoline tax refunds, approximately \$2.5 million would be supplied by fees levied on planes and vessels landing in Florida, and \$6 million, in matching funds, would come from General Revenue.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

When funds specifically appropriated for an agricultural emergency are exhausted or insufficient, the Department of Agriculture and Consumer Services (department) has no reserved funds available to eliminate the emergency. Resources of the department have been hit especially hard recently due to an outbreak of citrus canker and a Medfly infestation within the same year. To date, the department has spent just over \$27 million on these two emergencies alone. Approximately \$2.9 million came from General Revenue; \$9.9 million came from the Working Capital Trust Fund (Rainy Day Fund); \$1.2 million came from the Citrus Inspection Trust Fund, which the federal government now says must be paid back; \$10.2 million came from the Plant Industry Trust Fund; and, \$2.7 million came from the Contracts and Grants Trust Fund. Approximately \$11.5 million of these appropriations are from the \$17 million citrus canker lawsuit settlement with the USDA.

The influx of both planes and vessels from foreign destinations presents a potential threat for the introduction of exotic pests and diseases into the state. The USDA currently has an Agricultural Quarantine Inspection program in place (AQI) that collects fees on international flights and vessels. The revenues generated from AQI are used for USDA inspections at international airports and seaports. None of these revenues are available for an eradication program.

Presently the proceeds of the municipal fuel tax and local option fuel tax, less the applicable service charges, refunds, and administrative costs, are transferred into either the Revenue Sharing Trust for Municipalities; the Fuel Tax Collection Trust Fund (some of these funds are diverted to the Department of Environmental Protection, the State Game Trust Fund, and the Board of Regents); the Local Option Fuel Tax Trust Fund; or, the State Transportation Trust Fund. This money is then distributed by the Department of Revenue to the county and eligible municipal governments within the county in which the tax was collected.

A portion of the taxes going into these trust funds are non-refunded agricultural gasoline taxes due farmers exempt from taxes on gasoline used off-road. Because of the time-intensive process of filing the paperwork to receive the refunds, many farmers let their unclaimed refunds go back to the state coffers. The refunds then are deposited into one of the trust funds mentioned above.

B. EFFECT OF PROPOSED CHANGES:

HB 3479 would allow for .41 percent of the proceeds deposited into the various trust funds described above to be transferred into the Agricultural Emergency Eradication Trust Fund (AEETF).

A \$5 agriculture pest introduction fee would be imposed on each landing of a commercial aircraft in Florida and on each docking of a commercial vessel in a Florida port. This fee would be collected and remitted to the Department of Revenue by the owners or lessees of all public and private airports in the state and by all port authorities.

The Department of Revenue, after deducting the service charge imposed in Chapter 215, and administrative costs, would transfer the proceeds of the agriculture pest introduction fee into the AEETF.

An appropriation of \$6 million from the General Revenue Fund would also be deposited into the AEETF for fiscal year 1998-1999. In fiscal year 1999-2000 and each year thereafter, there would be appropriated from the General Revenue Fund to the AEETF an amount equal to the previous year's transfers into the trust fund from ss. 206.605, 206.606, 206.608, 336.025, and 570.0702, F.S.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

Yes. Because of the \$5 agriculture pest introduction fee levied on each landing of commercial aircraft and vessels, some type of accounting system would need to be developed for collecting the fee and forwarding it to the Department of Revenue, which will in turn deposit it into the AEETF.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced: **Not applicable.**

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

(2) what is the cost of such responsibility at the new level/agency?

(3) how is the new agency accountable to the people governed?

2. Lower Taxes:

- a. Does the bill increase anyone's taxes?

No.

- b. Does the bill require or authorize an increase in any fees?

Yes. It levies a \$5 agriculture pest introduction fee on each landing of commercial aircraft and vessels in the state.

- c. Does the bill reduce total taxes, both rates and revenues?

No.

- d. Does the bill reduce total fees, both rates and revenues?

No.

- e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

N/A

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

Yes. Through the use of the non-refunded agricultural gasoline taxes, farmers are helping to pay for the AEETF.

4. Individual Freedom: **Not applicable.**

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

5. Family Empowerment: **Not applicable.**

a. If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

(2) Who makes the decisions?

(3) Are private alternatives permitted?

(4) Are families required to participate in a program?

(5) Are families penalized for not participating in a program?

b. Does the bill directly affect the legal rights and obligations between family members?

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

(2) service providers?

(3) government employees/agencies?

D. STATUTE(S) AFFECTED:

Chapters 206, 336, and 570, F.S.

E. SECTION-BY-SECTION RESEARCH:

Please refer to section "B", Effect of Proposed Changes, for a section-by-section rundown.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

Anticipated Revenues:	<u>1998-1999</u>	<u>1999-2000</u>	<u>2000-2001</u>
Motor Fuel Taxes (AEETF)	\$ 6,065,844	\$ 6,065,844	\$ 6,065,844
Airport/Seaport Fees (AEETF)	\$ 2,688,155	\$ 2,688,155	\$ 2,688,155
General Revenue Matching Funds	\$ 6,000,000	\$ 8,753,999	\$ 8,753,999
Total Operating Costs (Recurring & Non-Recurring):			
AEETF	\$ 8,753,999	\$ 8,753,999	\$ 8,753,999
General Revenue	\$ 6,000,000	\$ 8,753,999	\$ 8,753,999
	<u>\$14,753,999</u>	<u>\$17,507,998</u>	<u>\$17,507,998</u>

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

Anticipated Revenues:	<u>1998-1999</u>	<u>1999-2000</u>	<u>2000-2001</u>
Motor Fuel Taxes (AEETF)	\$ 6,065,844	\$ 6,065,844	\$ 6,065,844
Airport/Seaport Fees (AEETF)	\$ 2,688,155	\$ 2,688,155	\$ 2,688,155
General Revenue Matching Funds	\$ 6,000,000	\$ 8,753,999	\$ 8,753,999
Total Operating Costs (Recurring & Non-Recurring):			
AEETF	\$ 8,753,999	\$ 8,753,999	\$ 8,753,999
General Revenue	\$ 6,000,000	\$ 8,753,999	\$ 8,753,999

\$14,753,999 \$17,507,998 \$17,507,998

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

A shifting of funds annually amounting to an anticipated \$272,867 from municipalities sharing Municipal Gasoline Tax, and an anticipated \$1,956,460 from counties sharing in the Local Option Gasoline Tax would occur. Both amounts were generated in part by \$5,826,541 in non-refunded agricultural gasoline taxes due farmers exempt from gasoline taxes in FY 1995-96.

3. Long Run Effects Other Than Normal Growth:

This money, currently distributed to local governments, helped establish a stable local agriculture economy and expanded the local tax base.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

The impact on the private sector would be anticipated fees of \$2,488,555 from commercial airlines landing at Florida airports, and an estimated \$199,600 in fees from commercial vessels docking at Florida seaports, both of which serve as potential epicenters for the introduction of exotic pests and diseases into the state. There are more than 500,000 landings annually at the airports where more than 20 million passengers deplane annually. Millions of tons of cargo pass through the seaports where nearly 40 thousand vessels dock annually. This is viewed as a minimal fiscal assessment when compared with the estimated outlay of more than \$27 million to eradicate just two pests and diseases in 1997.

2. Direct Private Sector Benefits:

There is substantial economic benefit from eradicating exotic pests and diseases impacting Florida crops and livestock, and keeping open national and international markets for Florida agricultural products.

3. Effects on Competition, Private Enterprise and Employment Markets:

The department's eradication efforts assist in preventing the quarantine and embargo of products and livestock under federal and international laws, which could result in a curtailment of access to the national and international marketing channels, and help secure the employment of more than 250,000 agricultural industry employees.

D. FISCAL COMMENTS:

N/A

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

The mandates provision is not applicable to an analysis of HB 3479 because the bill does not require counties or municipalities to spend funds or take actions requiring expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

HB 3479 does not reduce the revenue raising authority of any county or municipality.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

Because HB 3479 advocates that the non-refunded agricultural gasoline taxes due farmers be deposited into the AEETF, municipalities and counties who are current recipients of the unclaimed taxes would receive less funding.

V. COMMENTS:

The airlines are vehemently opposed to this legislation. While they feel the need exists to create an Agricultural Emergency Eradication Trust Fund, they feel that the \$5 agriculture pest introduction fee on each landing of a commercial aircraft in Florida is the wrong source of revenue. The airlines also see no justification for taxing domestic commercial flights.

The cruise industry was contacted regarding their interest in this bill but failed to respond.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON AGRICULTURE:

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