STORAGE NAME: h3479.tr
DATE: March 27 1998

HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
TRANSPORTATION
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 YEAS 4 NAYS 2
(2) TRANSPORTATION
(3) TRANSPORTATION & ECONOMIC DEVELOPMENT (FISCAL)
(4) GENERAL GOVERNMENT (FISCAL)
(5)

I. SUMMARY:

House Bill 3479 provides funding sources for the Agriculture Emergency Eradication Trust Fund (AEETF) to be established by adoption of a separate bill. 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.

This bill would have a positive fiscal impact of approximately $14.7 million for the Agriculture Emergency Eradication Trust Fund for FY 1998-99. These funds would be derived from the following sources: approximately $6 million would come from state and local fuel tax revenues, approximately $2.5 million would be generated by new fees levied on planes and vessels landing in Florida, and $6 million would come from General Revenue.

The State Transportation Trust Fund would have a negative fiscal impact of $3.8 million annually; the General Revenue Fund would have a first-year negative fiscal impact of $6 million; and local governments would have a negative fiscal impact to local transportation revenues of $2.2 million annually.

The bill has language that requires future annual appropriations from General Revenue Fund to the AEETF. It is uncertain how this will be implemented, and whether future legislatures will appropriate these funds.

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 (DACS) must take money from other programs to fund the emergency. There has been a recent outbreak of citrus canker and a medfly infestation, and the department has spent approximately $27 million on these two emergencies. 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.

Planes and vessels arriving in Florida from foreign destinations have the potential 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 to the state for an eradication program.

Presently the proceeds of the state fuel taxes, 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 Fund for Municipalities; the Fuel Tax Collection Trust Fund; the Local Option Fuel Tax Trust Fund; or, the State Transportation Trust Fund (STTF). Some of these funds are also diverted to the Department of Environmental Protection, the State Game Trust Fund, and the Board of Regents.

The remaining local fuel tax revenues are then distributed by the Department of Revenue to the county and eligible municipal governments within the county in which the tax was collected. The local governments use these funds to meet transportation infrastructure requirements, including infrastructure needed to meet concurrency requirements of local comprehensive plans.

The Department of Transportation (DOT) administers the STTF, which is the primary source of funds for the state’s highway, transit, airport and seaport projects. These funds are programmed by DOT in its 5-year work program of transportation system improvement projects. Currently, there is a backlog of unfunded transportation needs that is estimated at $22 billion over the next 12 years.

B. EFFECT OF PROPOSED CHANGES:

This bill transfers fuel tax revenues currently used for transportation improvements to DACS for agricultural emergencies. The bill requires that .41 percent of the fuel tax revenues deposited into the various trust funds described above to be transferred annually into the Agricultural Emergency Eradication Trust Fund (AEETF). This annual loss of transportation revenues will decrease the number of transportation improvements that can be undertaken by local governments and DOT.

The bill also imposes a $5 agriculture pest introduction fee 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. It is uncertain how these future annual appropriations from General Revenue Fund to the AEETF will be implemented, and whether future legislatures will appropriate these funds.

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?

      No.

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:

Sections 206.605, 206.606, 206.608, and 336.025, F.S.

E. SECTION-BY-SECTION RESEARCH:

N/A

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:	1998-99	1999-00	2000-01
AEETF			
Transfer from Motor Fuel Taxes	$ 6.0M	$ 6.1M	$ 6.2M
Airport/Seaport Fees	$ 2.7M	$ 2.7M	$ 2.8M
Transfer from GR	$ 6.0M	$ 8.8M	$ 9.0M
TOTAL	$14.7M	$17.6M	$18.0M
STTF			
Transfer to AEETF	$ (3.8M)	$ (3.9M)	$ (4.0M)
General Revenue Fund			
Transfer to AEETF	$ (6.0M)	$ (8.8M)	$ (9.0M)
Total Revenue Impact:	$ 4.9M	$ 4.9M	$ 5.0M

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

Anticipated Revenues:	1998-99	1999-00	2000-01
AEETF			
Transfer from Motor Fuel Taxes	$ 6.0M	$ 6.1M	$ 6.2M
Airport/Seaport Fees	$ 2.7M	$ 2.7M	$ 2.8M
Transfer from GR	$ 6.0M	$ 8.8M	$ 9.0M
TOTAL	$14.7M	$17.6M	$18.0M
STTF			
Transfer to AEETF	$ (3.8M)	$ (3.9M)	$ (4.0M)

General Revenue Fund Transfer to AEETF	$ (6.0M)	$ (8.8M)	$ (9.0M)
Total Revenue Impact:	$ 4.9M	$ 4.9M	$ 5.0M

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

The bill requires annual transfers of funds to the AEETF that currently go to local governments. In fiscal year 1998-99 this amounts to an estimated loss of $2.7 million to municipalities, and an estimated loss of $1.9 million to counties. Local governments would therefore have less funds available annually to meet local transportation needs.

3. Long Run Effects Other Than Normal Growth:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

The private sector would pay approximately $2.5 million resulting from fees on commercial airlines landing at Florida airports, and an estimated $0.2 million in fees resulting from commercial vessels docking at Florida seaports. There are more than 500,000 landings annually at the airports where more than 20 million passengers deplane. Millions of tons of cargo pass through the seaports where nearly 40 thousand vessels dock annually.

To the extent that diversion of fuel tax revenues prevents the state and local governments from meeting transportation infrastructure needs, the bill could have impacts on citizens, businesses, and visitors that use Florida's transportation system.

2. Direct Private Sector Benefits:

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

3. <u>Effects on Competition, Private Enterprise and Employment Markets</u>:

   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.

D. FISCAL COMMENTS:

The bill has language that requires future annual appropriations from General Revenue Fund to the AEETF. It is uncertain how this will be implemented, and whether future legislatures will appropriate these funds.

An unknown portion of fuel tax revenue is paid by agribusinesses and farmers and is subject to a refund because the fuel is used off-road. If a refund is not requested by the agribusiness or farmer, these funds are distributed to the STTF and to local governments to fund transportation improvements. The bill does not modify the refund provisions for fuel taxes paid by agribusinesses and farmers for fuel used for off-road purposes.

IV. <u>CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION</u>:

A. APPLICABILITY OF THE MANDATES PROVISION:

Not applicable. HB 3479 does not require counties or municipalities to spend funds or take actions requiring expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

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

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

It appears that this bill is a mandate within the meaning of the Florida Constitution. HB 3479 requires annual transfers of funds to the AEETF of a portion of fuel tax revenues currently used by local governments to fund local transportation needs. Therefore, municipalities and counties who are current recipients of these taxes would receive less funding. In fiscal year 1998-99 this amounts to an estimated loss of $2.7 million to municipalities, and an estimated loss of $1.9 million to counties. It has been argued that because some agribusinesses or farmers do not request refunds of fuel taxes, that the bill does not create a mandate. However, the bill does not change the entitlement to such refunds, and there is no specific connection between the amount diverted from local governments to the AEETF and the amount of such refunds.

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VII. SIGNATURES:

COMMITTEE ON AGRICULTURE:

Prepared by: Legislative Research Director:

Debbi Kaiser Susan D. Reese

AS REVISED BY THE COMMITTEE ON TRANSPORTATION:

Prepared by: Legislative Research Director:

Phillip B. Miller John R. Johnston