

STORAGE NAME: h1651a.fs

DATE: March 29, 1999

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
FINANCIAL SERVICES
ANALYSIS**

BILL #: HB 1651

RELATING TO: Historical Resources

SPONSOR(S): Representative Melvin

COMPANION BILL(S): S 1040 (Identical)

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

- (1) FINANCIAL SERVICES YEAS 9 NAYS 0
- (2) TOURISM
- (3) TRANSPORTATION & ECONOMIC DEVELOPMENT
APPROPRIATIONS
- (4)
- (5)

I. SUMMARY:

HB 1651 bill increases the amount of funds transferred to the Department of State's Historical Resources Operating Trust Fund from the department's Corporations Trust Fund, pursuant to Section 607.1901(2)(h), F.S. Paragraph (h) of this section specifically designates that these funds are to be used for historical museum programs.

The increase is from \$1.5 million to \$2 million each fiscal year.

The bill also amends Section 607.1901(2)(g), F. S. to correct a cross reference.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

The Department of State is created in s. 20.10, F.S. Seven divisions are established within the department, including the Division of Corporations and the Division of Historical Resources.

Section 607.1901(1), F.S., creates a Corporations Trust Fund within the Division of Corporations of the Department of State. All funds required to be paid to the Division of Corporations are collected and deposited into this trust fund.

Section 607.1901(2), F.S., specifies the purposes for which the funds may be used. Pursuant to this section, the Legislature appropriates from the Corporations Trust Fund such amounts as it deems necessary for the operation of the Division of Corporations. An amount equal to 2.9 percent of all moneys deposited each month into the fund is transferred to the Corporation Tax Administration Trust Fund created in s. 213.31, F.S. In the last six months of any fiscal year, an amount equal to 43 percent of all moneys deposited each month into the fund is transferred to the General Revenue Fund.

Section 607.1901(2)(g), F.S., provides that the Division of Corporations is required to transfer from the Corporations Trust Fund to the Historical Resources Operating Trust Fund, quarterly, prorrations transferring \$2 million each fiscal year to be used "as provided in s. 267.0671, F.S." That section is incorrectly cited (and is non-existent) and should be instead cited as s. 267.0617, F.S.

Section 267.0617, F.S., provides for the Historic Preservation Grant Program. This program awards grants-in-aid, including matching grants, to any department or agency of the state; any unit of county, municipal, or other local government; any corporation, partnership or other organization, whether public or private or whether or not for profit; or any individual for projects having as their purpose the identification, acquisition, protection, preservation, rehabilitation, restoration, or construction of historic sites and properties, or Florida history, or the planning of such activities.

Section 607.1901(2)(h), F.S., requires that the Division of Corporations transfer from the Corporations Trust Fund to the Historical Resources Operating Trust Fund \$1.5 million each fiscal year. Funds transferred to the Historical Resources Operating Trust Fund under paragraph (h) must be used as provided in s. 267.072, F.S., which relates to the Museum of Florida History programs. Included in this section are the establishment and administration of a museum store in the Museum of Florida History, the Great Floridians program, and a grants-in-aid program to assist in the development of public educational exhibits relating to the promoting of and the encouraging of knowledge of the history of Florida and the programs that Florida history museums offer.

The unencumbered balance in the Corporations Trust Fund at the close of each quarter within the fiscal year may not exceed \$300,000. Any funds in excess of this amount must be transferred unallocated to the General Revenue Fund.

The percentage of requests for Historical Museums Grants-in-Aid that are funded has declined during the past decade, even though the amount available for funding was increased in 1995. The following chart reveals the percentage of requests for grants-in-aid that are funded. When the trust fund was first established in 1989, 85% of funding requested was awarded. As the number of requests for funding increased, the percentage of requested funding awarded decreased. In 1994, the percentage of requested funding awarded was 46%. In response to this, the Legislature increased the fund by an additional \$1 million dollars in 1995. In 1999, 101 museums and organizations requested grants-in-aid from the Historical Resources Operating Trust Fund. Only 50 were awarded funding, and the percentage of requested funding awarded to these 50 was 38%.

HISTORICAL MUSEUMS GRANTS-IN-AID

YEAR	# of Requests	# of Requests Funded	Total Requested	Total Awarded	% of Requests Funded
1989	37	37	\$582,000.00	\$500,000.00	85%
1990	37	34	\$633,971.00	\$500,000.00	78%
1991	44	40	\$882,355.00	\$500,000.00	56%
1992	55	43	\$820,246.00	\$500,000.00	60%
1993	56	36	\$921,750.00	\$500,000.00	54%
1994	55	37	\$1,064,008.00	\$500,000.00	46%
1995	146	102	\$2,659,323.00	\$1,500,000.00	56%
1996	143	83	\$2,979,433.00	\$1,500,000.00	50%
1997	128	86	\$3,361,732.00	\$1,500,000.00	44%
1998	103	52	\$3,370,352.00	\$1,500,000.00	44%
1999	*101	* 50	\$3,908,756.00	\$1,500,000.00	*38%

* estimated

The following chart shows the percentage of funding received by the smaller, medium size and larger institutions each fiscal year. In the previous two fiscal years, increased competition for funds has led to a decrease in the funding for the smaller and medium size nonprofit organizations and museums.

GRANTS BY YEAR AND INSTITUTION SIZE

Year	Budget	\$ Requested	\$ Funded	% Funded
1994	Under \$100,000	\$142,265.00	\$66,000.00	46%
	\$100,000 - \$300,000	\$298,924.00	\$127,229.00	42%
	Over \$300,000	\$270,000.00	\$136,771.00	50%
1995	Under \$100,000	\$198,860.00	\$105,000.00	52%
	\$100,000 - \$300,000	\$439,223.00	\$173,273.25	39%
	Over \$300,000	\$1,110,915.00	\$701,725.75	63%
1996	Under \$100,000	\$190,165.00	\$105,000.00	55%
	\$100,000 - \$300,000	\$844,761.00	\$323,336.25	38%
	Over \$300,000	\$897,610.00	\$534,341.75	59%
1997	Under \$100,000	\$205,595.00	\$102,552.25	49%
	\$100,000 - \$300,000	\$481,980.00	\$251,076.25	52%

	Over \$300,000	\$1,484,145.00	\$646,712.00	43%
1998	Under \$100,000	\$220,910.00	\$99,094.00	45%
	\$100,000 - \$300,000	\$444,145.00	\$90,310.00	20%
	Over \$300,000	\$1,870,945.00	\$945,596.00	51%
1999	Under \$100,000	*\$225,000.00	To be determined	*38%
	\$100,000 - \$300,000	*\$480,000.00	To be determined	*36%
	Over \$300,000	\$2,200,000.00	To be determined	*43%
	TOTAL			
	Under \$100,000	\$957,795.00	\$477,646.25	49.80%
	\$100,000 - \$300,000	\$2,509,033.00	\$965,224.75	38.40%
	Over \$300,000	\$5,633,615.00	\$2,965,146.50	52.60%

B. EFFECT OF PROPOSED CHANGES:

HB 1651 increases from \$1.5 million to \$2 million each fiscal year the amount of money that is transferred from the Corporations Trust Fund to the Historical Resources Operating Trust Fund under paragraph (h) of s. 607.1901(2), F.S., thereby making available an additional \$500,000 per year to be used for grant funding for historic programs under s. 267.072, F.S.

The bill also corrects an incorrect statutory citation. Section 607.1901(2)(g) refers to s. 267.0671, F.S., but should refer to s. 267.0617, 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?

No.

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

No.

b. If an agency or program is eliminated or reduced:

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

N/A

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

N/A

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

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

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

No.

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?

No.

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

No.

4. Individual Freedom:

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

Yes. The bill will increase the opportunity for museums and organizations that sponsor historical preservation programs relating to the history of Florida to obtain funding. Although the amount available for funding was increased by \$1 million in 1995, the percentage of requests for grants-in-aid that are funded has declined during the past decade.

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

No.

5. Family Empowerment:

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

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

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

N/A

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

N/A

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

N/A

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?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

Section 607.1901, F.S.

E. SECTION-BY-SECTION ANALYSIS:

This section need be completed only in the discretion of the Committee.

Section 1. Amends s. 607.1901(2)(g), correcting a cross reference incorrectly cited.

Amends s. 607.1901(2)(h), increasing the amount of funds transferred each fiscal year from the Corporations Trust Fund to the Historical Resources Operating Trust Fund from \$1.5 million to \$2 million dollars.

Section 2. Provides an effective date of July 1, 1999.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

<u>Expenses</u>	<u>1999/00</u>	<u>2000/01</u>
<u>Corporations Trust Fund</u>	(\$500,000)	(\$500,000)

The Historical Resources Operating Trust Fund will be credited an additional \$500,000 per fiscal year from the Corporations Trust Fund. The revenue from the Corporations Trust Fund during the past five years is reported by the Division of Corporations as follows:

Fiscal Year	Corporations Trust Fund Amount	General Revenue Trust Fund
1994-1995	\$137.3 million	\$115.4 million*
1995-1996	\$139.2 million	\$107.8 million*
1996-1997	\$138.8 million	\$105.1 million*
1997-1998	\$142.3 million	\$106 million*
1998-1999	\$145-146 million	(Unavailable)

*Amount may differ with SAMAS totals due to fluctuations in transfer timing.

<u>Revenues</u>	<u>1999/00</u>	<u>2000/01</u>
<u>Historical Resources Operating TF</u>	\$500,000	\$500,000

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

See Part III. A.2.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

Additional funding of historical preservation projects will give more Floridians and out of state visitors the opportunity to visit, and obtain educational benefits from, museums programs and other Florida historical preservation programs.

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

Negligible

D. FISCAL COMMENTS:

None.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill will not reduce the authority of municipalities and counties to raise revenues.

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

This bill will not reduce the state tax shared with counties and municipalities.

V. COMMENTS:

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON FINANCIAL SERVICES:

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