

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 2214

SPONSOR: Senator Lee

SUBJECT: Cigarette Tax/Revenues

DATE: April 5, 2000

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Keating</u>	<u>Wood</u>	<u>FR</u>	<u>Favorable</u>
2.	_____	_____	<u>HC</u>	_____
3.	_____	_____	<u>ED</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

The bill specifies that, beginning July 1, 2000, and continuing through June 30, 2010, 1.47 percent of net cigarette tax revenues be transferred from the Cigarette Tax Collection Trust Fund to the Board of Directors of the H. Lee Moffitt Cancer Center and Research Institute, for use in financing the construction, furnishing, and equipping of a cancer research facility at the University of South Florida. The bill guarantees that the annual cigarette tax distribution and appropriation authorized by this act, may not be less than the amount paid to the Institute in fiscal year 2000-2001.

This bill substantially amends, creates, or repeals the following sections of the Florida Statutes:

II. Present Situation:

Cigarette Tax Revenue

Florida began taxing cigarettes in 1943. Taxes must be paid by the wholesale dealer at the time of the first sale within the state. Under s. 210.02, F.S., cigarettes of common size are taxed at a rate of \$.339 per pack, with rates varying proportionately for cigarettes and packs of non-standard size. As to disposition of this tax revenue, s. 210.20, F.S., specifies that: 7.3 percent of total collections be used for the General Revenue service charge under s. 215.20, F.S.; and an additional 0.9 percent of total collections be used to fund the Division of Alcoholic Beverages and Tobacco within the Department of Business and Professional Regulation. Of the remaining cigarette tax revenue, distributions are made as follows: 5.8 percent to the Municipal Financial Assistance Trust Fund; 32.4 percent to Municipal Revenue Sharing; 2.9 percent to County Revenue Sharing; 29.3 percent to the Public Medical Assistance Trust Fund; 2.59 percent to the Board of Directors of the H. Lee Moffitt Cancer Center and Research Institute; and the remainder to the General Revenue Fund.

Cigarette tax collections are estimated to be \$421.4 million in fiscal year 1999-2000 and \$424.1 million in fiscal year 2000-2001. Based on the above distribution, General Revenue allocations (excluding the service charge) for fiscal years 1999-2000 and 2000-2001 are estimated to be \$103.7 million and \$104.4 million respectively.

Chapter 82-240, Laws of Florida, diverted first proceeds of the General Revenue receipts from the cigarette tax to the Cancer and Chronic Research and Treatment Center Trust Fund in the amount of \$8,730,000 in 1982-83, \$25,020,000 in 1983-84 and \$11,250,000 in 1984-85 for a total of \$45 million. The funds in the trust fund were allocated to complete a Cancer and Chronic Disease Research and Treatment Center at the University of South Florida College of Medicine, which became the H. Lee Moffitt Cancer Center and Research Institute.

Chapter 98-286, L.O.F., authorized a 10 year distribution of 2.59 percent of net cigarette tax collections to the H. Lee Moffitt Cancer Center and Research Institute, guaranteeing \$10.2 million over a ten-year period.

University-Based Cancer Research in Florida

There are three university-based comprehensive cancer centers in Florida that conduct basic and clinical cancer-related research. These are: the University of Florida Shands Cancer Center in Gainesville, the H. Lee Moffitt Cancer Center and Research Institute at the University of South Florida in Tampa, and the Sylvester Comprehensive Cancer Center at the University of Miami in Miami.

Chapter 240, F.S., relates to postsecondary education. Part V of chapter 240, F.S., consisting of ss. 240.501-240.705, F.S., provides for specific programs and institutions. Section 240.512, F.S., provides the statutory basis for the H. Lee Moffitt Cancer Center and Research Institute at the University of South Florida. In pertinent part, this section reads:

240.512 H. Lee Moffitt Cancer Center and Research Institute.--There is established the H. Lee Moffitt Cancer Center and Research Institute at the University of South Florida.

(1) The Board of Regents shall enter into an agreement for the utilization of the facilities on the campus of the University of South Florida to be known as the H. Lee Moffitt Cancer Center and Research Institute, including all furnishings, equipment, and other chattels used in the operation of said facilities, with a Florida not-for-profit corporation organized solely for the purpose of governing and operating the H. Lee Moffitt Cancer Center and Research Institute. This not-for-profit corporation, acting as an instrumentality of the State of Florida, shall govern and operate the H. Lee Moffitt Cancer Center and Research Institute in accordance with the terms of the agreement between the Board of Regents and the not-for-profit corporation. The not-for-profit corporation may, with the prior approval of the Board of Regents, create not-for-profit corporate subsidiaries to fulfill its mission. The not-for-profit corporation and its subsidiaries are authorized to receive, hold, invest, and administer property and any moneys received from private, state, and federal sources, as well as technical and professional income generated or derived from practice activities of the institute, for the benefit of the institute and the fulfillment of its mission. The affairs of the corporation shall be managed by a board of directors

who shall serve without compensation. The President of the University of South Florida and the chair of the Board of Regents, or his or her designee, shall be directors of the not-for-profit corporation, together with 5 representatives of the State University System and no more than 14 nor fewer than 10 directors who are not medical doctors or state employees. Each director shall have only one vote, shall serve a term of 3 years, and may be reelected to the board. Other than the President of the University of South Florida and the chair of the Board of Regents, directors shall be elected by a majority vote of the board. The chair of the board of directors shall be selected by majority vote of the directors.

(5) The institute shall be administered by a center director who shall serve at the pleasure of the board of directors of the not-for-profit corporation and who shall have the following powers and duties subject to the approval of the board of directors:

(d) The center director shall have control over the use and assignment of space and equipment within the facilities.

(7) In carrying out the provisions of this section, the not-for-profit corporation and its subsidiaries are not "agencies" within the meaning of s. 20.03(11).

(8)(a) Records of the not-for-profit corporation and of its subsidiaries are public records unless made confidential or exempt by law.

(b) Proprietary confidential business information is confidential and exempt from the provisions of s. 119.07(1), F.S., and s. 24(a), Art. I, State Constitution. However, the Auditor General and Board of Regents, pursuant to their oversight and auditing functions, must be given access to all proprietary confidential business information upon request and without subpoena and must maintain the confidentiality of information so received. As used in this paragraph, the term "proprietary confidential business information" means information, regardless of its form or characteristics, which is owned or controlled by the not-for-profit corporation or its subsidiaries; is intended to be and is treated by the not-for-profit corporation or its subsidiaries as private and the disclosure of which would harm the business operations of the not-for-profit corporation or its subsidiaries; has not been intentionally disclosed by the corporation or its subsidiaries unless pursuant to law, an order of a court or administrative body, a legislative proceeding pursuant to s. 5, Art. III, State Constitution, or a private agreement that provides that the information may be released to the public; and which is information concerning some of the following:

- Internal auditing controls and reports of internal auditors;
- Bids or other contractual data, banking records, and credit agreements the disclosure of which would impair the efforts of the not-for-profit corporation or its subsidiaries to contract for goods or services on favorable terms;
- Minutes of meetings of the governing board of the not-for-profit corporation and its subsidiaries, except minutes of meetings open to the public pursuant to subsection (9);

- The identity of donors or prospective donors of property who wish to remain anonymous or any information identifying such donors or prospective donors. The anonymity of these donors or prospective donors must be maintained in the auditor's report.

(9) Meetings of the governing board of the not-for-profit corporation and meetings of the subsidiaries of the not-for-profit corporation at which the expenditure of dollars appropriated to the not-for-profit corporation by the state are discussed or reported must remain open to the public in accordance with s. 286.011, F.S., and s. 24(b), Art. I, State Constitution, unless made confidential or exempt by law. Other meetings of the governing board of the not-for-profit corporation and of the subsidiaries of the not-for-profit corporation are exempt from s. 286.011, F.S., and s. 24(b), Art. I, State Constitution.

III. Effect of Proposed Changes:

The bill specifies that, beginning July 1, 2000, and continuing through June 30, 2010, 1.47 percent of cigarette tax collections, less the General Revenue service charge provided in s. 215.20, and less 0.9 percent of the amount derived from the cigarette tax imposed by s. 210.02, which shall be deposited into the Alcoholic Beverage and Tobacco Trust Fund, be transferred from the Cigarette Tax Collection Trust Fund to the Board of Directors of the H. Lee Moffitt Cancer Center and Research Institute, for use in financing the construction, furnishing, and equipping of a cancer research facility at the University of South Florida.

The bill provides that in fiscal years 2001-2002 and thereafter, the cigarette tax distribution and appropriation to the Institute authorized by this act, shall not be less than the amount paid to the Institute in fiscal year 2000-2001.

The bill's effective date is July 1, 2000.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

The bill, by redistributing the revenue collections from the cigarette tax, impacts the amount of General Revenue funds available by an estimated \$5.2 million in 2000-2001 and \$5.7 million on a recurring basis.

Issue/Fund	General Revenue		Trust		Local		Total	
	1st Year \$	Recurring \$	1st Year \$	Recurring \$	1st Year \$	Recurring \$	1st Year \$	Recurring \$
Cigarette Tax Revenue Redistribution	\$ (5.2)	\$ (5.7)	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ (5.2)	\$ (5.7)

- * Insignificant
- ** Indeterminate

B. Private Sector Impact:

Unless the General Revenue reduction is somehow made up for the redistribution of funds provided under the bill, the public could see a decrease in funding for public programs.

This General Revenue decrease will theoretically be ultimately offset by any public good that might come out of enhanced cancer research capability within the state.

C. Government Sector Impact:

This bill has the potential to generate in excess of \$57 million over the 10-year period to be paid to the Board of Directors of the H. Lee Moffitt Cancer Center and Research Institute.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
