

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: CS/SB 376

SPONSOR: Fiscal Resource Committee, Senator Laurent and Others

SUBJECT: Phosphate Severance Tax Revenues

DATE: April 25, 2000 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Keating	Wood	FR	Favorable/CS
2.			CM	
3.				
4.				
5.				

I. Summary:

The bill increases the amount of funds credited to the Minerals Trust Fund from severance taxes that remain in the trust fund at the end of the fiscal year from 125 percent to 150 percent.

The bill also changes the distribution of revenues from the tax on the production of phosphate rock. The distribution is changed as follows: the distribution to the General Revenue Fund is reduced from 72.5% to 55.15%; the Phosphate Research Trust Fund is increased from 10% to 12.5%; the distribution to the counties in which the phosphate rock was produced is increased from 10% to 18%; and the distribution to the Minerals Trust Fund is increased from 7.5% to 14.38%.

The bill repeals s. 211.3103(9), F.S. The section being repealed states that if a producer donates property to a county, the proceeds the county receives under s. 211.3103, F.S., shall be reduced by the value of that donation.

The bill amends s. 378.036, F.S., to add the *construction of trails* to the “outdoor recreational purposes” for which the moneys may be used.

This bill substantially amends, creates, or repeals the following sections of the Florida Statutes: 211.31, 211.3103, and 378.036.

II. Present Situation:

Section 211.3103(4), F.S., prescribes the distribution of tax revenues received on the production of phosphate rock. It requires that the first \$10,000,000 million of tax be distributed to the Conservation and Recreation Lands Trust Fund. The remaining revenues are to be distributed as follows: 72.5% to the General Revenue Fund; 10% to the Phosphate Research Trust Fund; 10% to the counties in which the phosphate rock was produced; and 7.5% to the Minerals Trust Fund.

Chapter 99-113, L.O.F., re-created the Minerals Trust Fund in the Department of Environmental Protection, which was set to expire November 4, 2000. Chapter 99-205, L.O.F., repealed the Minerals Trust Fund in the Department of Revenue effective July 1, 2000.

In 1977, the Florida Legislature passed a bill creating the Phosphate Land Reclamation Study Commission, the purpose of which was to determine how to identify and finance the reclamation of lands mined prior to June 3, 1975, that were still unreclaimed and make recommendations to the Legislature. In 1978, the Legislature adopted the recommendation of the Phosphate Land Reclamation Study Commission, to create the Nonmandatory Land Reclamation Trust Fund and to fund the trust fund by doubling the severance tax from 5% to 10%. The Commission also recommended that when the Nonmandatory Land Reclamation Trust Fund was adequately funded, that the severance tax rate would be reduced by 20%.

Section 211.31(2), F.S., provides that on April 1 of each year until such funding ends, the Secretary of the Department of Environmental Protection shall report to the Governor, the President of the Senate, and the Speaker of the House of Representatives, as to the sufficiency of the Nonmandatory Land Reclamation Trust Fund and whether the funding of that fund needed substantially to complete the master reclamation plan as provided in s. 378.021, should be decreased, increased, or otherwise modified by law.

Section 211.31(5), F.S., describes the purposes of the Minerals Trust Fund and provides that on June 30 of each fiscal year, any funds credited to the Trust Fund from severance taxes in excess of 125 percent of the legislative appropriation from the Trust Fund, 50 percent of the excess be transferred to the General Revenue Fund and 50 percent to the Nonmandatory Land Reclamation Trust Fund.

On March 29, 1999, the Secretary of the Department of Environmental Protection reported to the Governor, the President of the Senate, and the Speaker of the House of Representatives that the Nonmandatory Land Reclamation Trust Fund was adequately funded to meet the remaining reclamation needs. As a result, pursuant to law, effective January 1, 2000, the base rate of the severance tax was reduced by 20%. This reduction resulted in the deletion of the 14.5% distribution to the Nonmandatory Land Reclamation Trust Fund which was transferred to the General Revenue Fund, increasing the percentage it received from 58% to its current 72.5%.

As a result of the 20% decrease in the severance tax rate, there is less money collected by the state. With the General Revenue share of the severance tax increasing, counties, the Florida Institute of Phosphate Research and the Minerals Trust Fund are receiving less revenue.

Section 378.036, F.S., provides for the types of land acquisitions which may be financed by Nonmandatory Land Reclamation Trust Fund moneys, which include lands used for hunting, fishing, or other outdoor recreational purposes.

III. Effect of Proposed Changes:

Section 1 amends s. 211.31(5), F.S., increasing the amount of funds credited to the Minerals Trust Fund from severance taxes that remains in the trust fund at the end of a fiscal year from 125% to 150%.

Section 2 amends s. 211.3103(4), F.S., changing the distribution of revenues from the tax on the production of phosphate rock. The distribution is changed as follows:

- the General Revenue Fund share is reduced from 72.5 percent to 55.15 percent;
- the Phosphate Research Trust Fund share is increased from 10 percent to 12.5 percent;
- the distribution to the counties in which the phosphate rock was produced is increased from 10 percent to 18 percent; and
- the distribution to the Minerals Trust Fund is increased from 7.5 percent to 14.35 percent.

This section also repeals s. 211.3103(9), F.S., which states that if a producer donates property to a county, the proceeds the county receives under s. 211.3103, F.S., shall be reduced by the value of that donation.

Section 3 amends s. 378.036, F.S., to add the *construction of trails* to the “outdoor recreational purposes” for which the moneys may be used.

Section 4 provides for an effective date of 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 Revenue Estimating Conference estimates that the change in the distribution of revenues from the tax on the production of phosphate rock will result in a recurring decrease to the General Revenue Fund of \$4.8 million, with an increase to Trust Funds of \$2.5 million and an increase to counties of \$2.3 million.

Issue/Fund	General Revenue		Trust		Local		Total	
	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring
Severance Tax Distribution	\$ (4.8)	\$ (4.5)	\$ 2.5	\$ 2.5	\$ 2.3	\$ 2.3	0.0	0.0

- * Insignificant
- ** Indeterminate

B. Private Sector Impact:

None.

C. Government Sector Impact:

Counties, the Florida Institute of Phosphate Research and the Minerals Trust Fund will receive additional revenues.

VI. Technical Deficiencies:

None.

VII. Related Issues:

HB 389 is similar to SB 376.

VIII. Amendments:

None.

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