

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 662

SPONSOR: Committee on Fiscal Policy and Senator Casas

SUBJECT: Exempt, Terminate, or Modify Trust Funds Administered by General Government Agencies

DATE: December 9, 1999 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Lombardi</u>	<u>Hadi</u>	<u>FP</u>	<u>Favorable/CS</u>
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

The committee substitute provides clarification regarding the exemption of certain trust funds administered by the State Board of Administration (SBA) from the automatic termination provisions of Section 19(f), Art. III, State Constitution.

The bill also reduces the minimum required principal amount balance for the Revenue for the Endowment Fund from \$5 million to \$1 million beginning fiscal year 2000-2001.

The bill also exempts any income or trust fund relating to the Tobacco Settlement, including the Department of Banking and Finance Tobacco Settlement Clearing Trust Fund, from the 7 percent service charge levied under the provisions of s. 215.20(1).

This bill amends ss. 413.615(4)(c) and 215.22, Florida Statutes.

This act will take effect July 1, 2000.

II. Present Situation:

Section 1. Trust funds established under Section 19(f), Art. III, State Constitution must be terminated not more than four years after the effective date of the act authorizing the creation of the trust fund. However, certain trust funds are exempted by the State Constitution from termination¹. Those needing clarifications are as follows:

¹ Trust funds required by federal programs or mandates; trust funds established for bond covenants, indentures, or resolutions, whose revenues are legally pledged by the state or public body to meet debt service or other financial requirements of any debt obligations of the state or any public body; the state transportation trust fund; the trust fund containing the net annual proceeds from the Florida Education Lotteries; the Florida retirement trust fund; trust funds for institutions under the management of the Board of Regents, where such trust funds are for auxiliary enterprises and contracts, grants, and donations, as those terms are defined by general law; trust funds that serve as clearing funds or accounts for the comptroller or state agencies; trust funds that account for assets held by the state in a trustee capacity as an agent or fiduciary for individuals, private organizations, or other

The Florida Retirement Systems Trust Fund established pursuant to s. 121.045, F.S. The trust is used to administer and fund retirement benefits for employees of the state.

The Local Government Surplus Funds Trust Fund established pursuant to s. 218.405, F.S. provides a pooled investment of local government surplus funds managed by the State Board of Administration.

The Florida Hurricane Catastrophe Trust Fund provides an ongoing source of funds to insurers to mitigate a portion of their catastrophic hurricane loss pursuant to s. 215.555(3), F.S.

The Institute of Food and Agricultural Sciences Supplemental Trust Fund provides supplemental retirement benefits to those being paid retirement benefits under the federal Civil Service Retirement System or to those retired employees of the Institute of Food and Agricultural Sciences at the University of Florida, whose positions were ineligible for coverage under a state-supported retirement system. The trust fund is established pursuant to s. 121.40, F.S.

The Retiree Health Insurance Subsidy Trust Fund provides supplemental health insurance coverage payments for any retired member of a state-administered retirement system pursuant to s. 112.363, F.S.

The Bond Proceeds Trust Fund provides a clearing account for good faith deposits or proceeds held until the bond is issued.

The Florida Prepaid Postsecondary Education Expense Trust Fund established pursuant to s. 240.551(4), F.S., is a holding account for advance payment contracts for postsecondary education enrollment.

The Department of Lottery Fund is used to pay prizes on a deferred basis from moneys available and invested in the fund pursuant to s. 24.120(2), F.S. The fund primarily invests in United States Zero Coupon Treasury Bonds.

The Debt Service Trust Fund provides debt coverage payments for bonds issued by the Division of Bond Finance as well as appropriate sinking fund payments pursuant to s. 215.69, F.S.

The Gas Tax Fund is used to administer and distributes the proceeds from the “second gas tax” pursuant to s. 9(c), Art. XII, State Constitution.

The Police and Firefighters’ Premium Tax Trust Fund was created by Chap. 95-250, Laws of Florida. The fund is administered by the Division of Retirement and the fund is used to provide retirement benefits to local police and firefighters.

The Lawton Chiles Endowment Trust Fund provides a perpetual source of funding for child health programs, child welfare programs, community-based health and human services initiatives

and biomedical research activities pursuant to s. 215.5601, F.S. The fund serves as a clearing trust fund and is not subject to the termination provisions of s. 19(f), Art. III, State Constitution.

The Funds of the Inland Protection Financing Corporation created pursuant to s. 376.3075, F.S. are used to finance the rehabilitation of petroleum contamination sites which threaten surface and ground waters.

The Funds of the Investment Fraud Restoration Financing Corporation created pursuant to s. 517.1204, F.S. are used to finance the remedial measures instituted by the Legislature with respect to the victims of GIC Government Securities, Inc., and the payment of approved claims.

Section 2. The Florida Endowment Fund for Vocational Rehabilitation has maintained a minimum \$5 million principal balance adjusted upward annually by 5 percent since fiscal year 1995-1996. That annually adjusted principal amount has been invested and managed by the SBA in accordance with the investment provisions of ss. 215.44-215.53, F.S.

Section 3. Section 215.22, F.S. provides a list of revenue streams or trust funds exempt from the provisions of s. 215.20(1), F.S. which assesses a 7 percent service charge to those moneys for deposit into the General Revenue Fund.

III. Effect of Proposed Changes:

The bill provides clarification regarding the exemption of certain trust funds administered by the State Board of Administration (SBA) from the automatic termination provisions of Section 19(f), Art. III, State Constitution. They are as follows:

The Florida Retirement Systems Trust Fund;
The Local Government Surplus Funds Trust Fund;
The Florida Hurricane Catastrophe Trust Fund;
The Institute of Food and Agricultural Sciences Supplemental Trust Fund;
The Retiree Health Insurance Subsidy Trust Fund;
The Bond Proceeds Trust Fund;
The Florida Prepaid Postsecondary Education Expense Trust Fund;
The Department of Lottery Fund;
The Debt Service Trust Fund;
The Gas Tax Fund;
The Police and Firefighters' Premium Tax Trust Fund;
The Lawton Chiles Endowment Trust Fund;
The Funds of the Inland Protection Financing Corporation created pursuant to s. 376.3075, F.S.;
and
The Funds of the Investment Fraud Restoration Financing Corporation created pursuant to s. 517.1204, F.S.

Section 2. The Florida Endowment Fund for Vocational Rehabilitation which has maintained a minimum \$5 million principal balance adjusted upward annually by 5 percent since fiscal year 1995-1996 is amended downward to \$1 million in principal balance beginning fiscal year 2000-2001 and adjusted upward annually by 5 percent.

Section 3. Section 215.22, F.S. is amended to include the Department of Banking and Finance Tobacco Settlement Clearing Trust Fund as exempt from the provisions of s. 215.20(1), F.S. which assesses a 7 percent service charge to those moneys for deposit into the General Revenue Fund.

Section 4. This act will take effect 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:

None.

B. Private Sector Impact:

C. Government Sector Impact:

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

