

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: SB 1712

SPONSOR: Senators Clary and Crist

SUBJECT: Trust Funds

DATE: February 18, 2002 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Cibula</u>	<u>Maclure</u>	<u>CM</u>	<u>Favorable</u>
2.	<u>Bowman</u>	<u>Yeatman</u>	<u>CA</u>	<u>Favorable</u>
3.	_____	_____	<u>AGG</u>	_____
4.	_____	_____	<u>AP</u>	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

Senate Bill 1712 creates the Rural Economic Development Account within the Economic Development Trust Fund, consisting of the funding appropriated for the Rural Community Development Revolving Loan Fund, the Rural Infrastructure Fund, and the Regional Rural Development Grants Program. Unexpended appropriations and accrued interest of the Rural Economic Development account do not revert to the General Revenue Fund. The bill further provides that it must be enacted by at least a three-fifths vote of the membership of each house of the Legislature.

This bill substantially amends s. 288.095, Florida Statutes.

II. Present Situation:

Accounts, Funds, and Trust Fund Created by Chapter 288, F.S.

There are several accounts, funds, and a trust fund created by ch. 288, F.S., and administered by the Office of Tourism, Trade, and Economic Development (OTTED) that provide incentives for economic development. (See Exhibit 1 for a graphical representation of the inter-relation of accounts, funds, and trust funds created by ch. 288, F.S.)

Exhibit 1. Current Economic Development Fund Structure



Economic Development Trust Fund

The Economic Development Trust Fund was created within OTTED by s. 288.095(1), F.S. Within the Economic Development Trust Fund are two accounts: the Economic Development Incentives Account and the Olympic Games Guaranty Account.

Economic Development Incentives Account

The Economic Development Incentives Account provides funding for the Qualified Defense Contractor Tax Refund Program, the Qualified Target Industry Tax Refund Program, and the Brownfield Redevelopment Bonus Refunds. Section 288.095(2), F.S. Unexpended appropriations to the Economic Development Incentive Account revert to the General Revenue Fund pursuant to the provisions of s. 216.301(1)(a), F.S.

Olympic Games Guaranty Account

The Olympic Games Guaranty Account was created within the Economic Development Trust Fund to indemnify against any net financial deficit resulting from the Olympic Games if they were awarded to the City of Tampa. Section 288.1234, F.S. Upon the failure of the City of Tampa to be selected as the host city for the Olympic Games, any funds within the Olympic Games Guaranty Account reverted to the Working Capital Fund and/or the General Revenue Fund. Section 288.1234(8) and (9), F.S.

Rural Community Development Revolving Loan Fund

The Rural Community Development Revolving Loan Fund is established within OTTED to provide loans or loan guarantees to local government or economic development organizations in rural counties. Section 288.065, F.S. Unexpended appropriations within the Rural Community Development Revolving Loan Fund do not revert to the General Revenue Fund. Section 288.065(4), F.S. However, the interest earned on the balance within the Rural Community Development Revolving Loan Fund does revert to the General Revenue Fund. Grants are authorized to be made from the Rural Community Development Revolving Loan Fund pursuant

to the Regional Rural Development Grants Program to build the professional capacity of rural economic development organizations. Section 288.018, F.S.

Rural Infrastructure Fund

The Rural Infrastructure Fund is established within OTTED to provide infrastructure grants to rural areas which are applicants of federal infrastructure funding programs. Section 288.0655, F.S. Grants may be awarded for up to 30 percent of the total infrastructure project cost. Section 288.0655(1)(b), F.S.

Eligible projects must be related to specific job-creating opportunities. Eligible uses of funds shall include improvements to public infrastructure for industrial or commercial sites and upgrades to or development of public tourism infrastructure.

Id.

Unexpended appropriations to the Rural Infrastructure Fund do not revert to the General Revenue Fund. However, accrued interest within the Rural Infrastructure Fund reverts to the General Revenue Fund.

Creation and Operation of Trust Funds

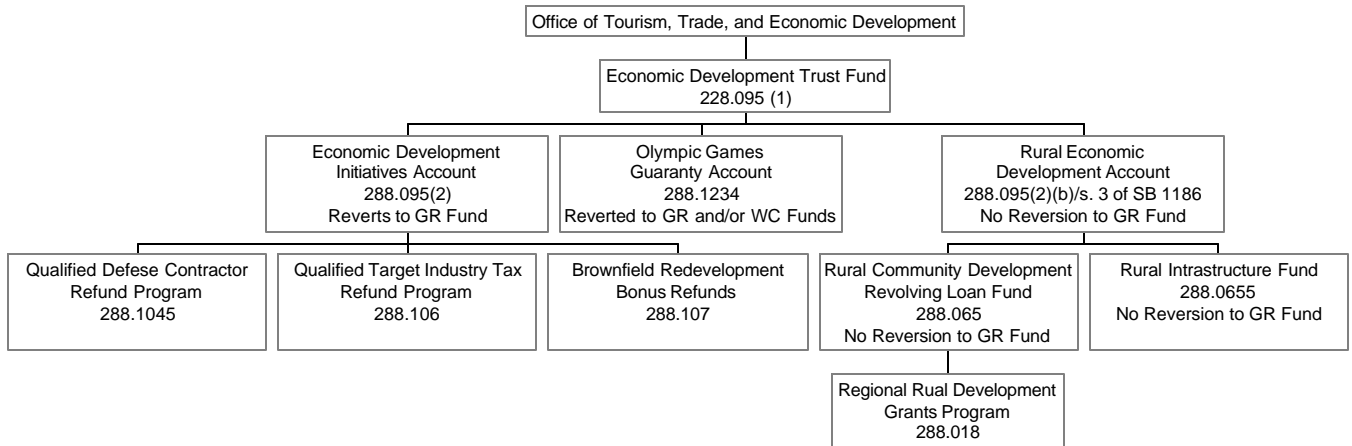
A trust fund consists of moneys received by the state which, under law or under trust fund agreement, are segregated for a purpose authorized by law (s. 215.32(2)(b)1., F.S.). Section 19(f) of Article III of the State Constitution governs the creation of trust funds. It prohibits the creation by law of a trust fund of the state or other public body without three-fifths vote of the membership of each house of the Legislature. The Constitution further specifies that such a trust fund must be created in a separate bill for that purpose only.

The State Treasurer is directed to invest all the trust funds and all agency funds of each state agency (s. 18.125, F.S.). Under s. 216.301, F.S., any balance of an appropriation for any given fiscal year that is remaining after lawful expenditures have been charged against it shall revert to the fund from which the Legislature appropriated it and shall be available for re-appropriation.

III. Effect of Proposed Changes:

This bill creates the Rural Economic Development Account within the Economic Development Trust Fund, consisting of the funding appropriated for the Rural Community Development Revolving Loan Fund, the Rural Infrastructure Fund, and the Regional Rural Development Grants Program. Unexpended appropriations and accrued interest of the Rural Economic Development Account do not revert to the General Revenue Fund. (See Exhibit 2 for a graphical representation of the inter-relation of accounts, funds, and trust funds created by ch. 288, F.S., as modified by this bill.) The bill further provides that it must be enacted by at least a three-fifths vote of the membership of each house of the Legislature.

Exhibit 2. Proposed Economic Development Fund Structure



This bill takes effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

Section 1 of SB 1712 is identical to Section 3 of SB 1186 creating the Economic Development Incentives Account within the Economic Development Trust Fund. According to Senate Bill Drafting, the Rural Economic Development Account may constitute a trust fund as described in subsection (f) of s. 19 of Art. III, Florida Constitution, and therefore the language was prepared as a separate bill.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Because interest accrued within the Rural Economic Development Account would not revert to the General Revenue Fund, more funds might be available for economic development programs that benefit the private sector.

C. Government Sector Impact:

Because interest accrued within the Rural Economic Development Account would not revert to the General Revenue Fund, OTTED might have more funds available for economic development programs that benefit the private sector.

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.
