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 2510

SPONSOR: Senator Lee

SUBJECT: Trust Funds

DATE: March 12, 2004 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wilson	Wilson	GO	Favorable
2.			FT	Withdrawn
3.			AP	
4.				
5.				
6.				

I. Summary:

The bill directs that investment interest earned by the named trust funds is to be deposited in the General Revenue Fund rather than divided proportionately between that fund and the named trust accounts.

This bill substantially amends the following sections of the Florida Statutes: ss. 17.61, 445.0325, 1011.94, and 1013.79. The bill repeals ss. 211.31(3) and 633.445(3), F.S.

II. Present Situation:

Prior to July 1, 2002, s. 18.10, F.S., required the Treasurer to deposit the moneys of the state and to invest them through qualified public depositories as fully as possible consistent with its cash requirements. It further provided that all earnings were to be credited to the General Revenue Fund, except as provided in s. 18.125(3).

Section 18.125, F.S., provided additional authority to the Treasurer to invest all moneys contained in the General Revenue Fund, all trust funds, and all state agency funds. Subsection (3) provided a process for agencies to transfer trust fund monies not needed for immediate operations to the Treasurer's Administrative and Investment Trust Fund. The interest earned was transferred to the respective trust funds rather than to the General Revenue Fund.

Records of the State Treasurer indicate that $781 million was earned during the 2000-2001 fiscal year. Of this amount, $294 million was credited to the General Revenue Fund and $487 was credited *pro rata* to trust funds. For the 2001-2002 fiscal year, interest credited to trust funds was $417 million and that amount was $329 for fiscal year 2002-2003.

Sections 18.10 and 18.125, F.S., were amended by ch. 2002-402, L.O.F., for the fiscal year 2002-2003, to limit the number of trust funds allowed to retain interest earnings. This provision resulted in an estimated $25 million being credited to the general Revenue Fund rather than trust funds for that period. That change was subsequently made permanent by ch. 2003-400, L.O.F.

Chapter 2003-261, L.O.F., transferred and amended ss. 18.10 and 18.125, F.S., to new ss. 17.57 and 17.61, F.S. respectively.

Moneys in trust funds are exempt from the investment restrictions imposed by s. 17.57, F.S., if such moneys and their retained interest meet one or more of the criteria established in s. 17.61(3)(d)1.- 4., F.S.: federal mandates; restrictive bond covenants; fiduciary duties; or gubernatorial determination following legislative consultation that matching funds would be lost.

III. Effect of Proposed Changes:

Section 1. This section amends s. 17.61(3), F.S., to allow, rather than to require, state agencies to authorize the Chief Financial Officer to invest trust fund money which is in excess of current cash requirements, in order to credit the interest earned to the trust fund, consistent with the other requirements of the section providing legislative consultation.

The section further deletes the restriction on trust fund earnings to General Revenue in the Agency for Health Care Administration; the Department of Children and Family Services; the Department of Community Affairs; the Department of Corrections; the Department of Elderly Affairs; the Department of Health; the Department of Highway Safety and Motor Vehicles; the Department of Juvenile Justice; the Department of Law Enforcement; the Department of Legal Affairs; the Department of State; the Executive Office of the Governor; the Florida Public Service Commission; the Justice Administrative Commission; and the state courts system for the named funds.

Section 2. Subsection (3) of s. 211.3, F.S., is repealed. That subsection allows interest earned on revenues derived from the tax on severance of solid minerals to be retained in the Minerals Trust Fund of the Department of Environmental Protection.

Section 3. Subsection (4) of s. 445.0325, F.S., is amended to eliminate the cross reference to s. 17.61, F.S., and its requirement that interest earned on moneys in the Welfare Transition trust Fund remain for the benefit of the welfare transition program in the Agency for Workforce Innovation.

Section 4. This section repeals ss. 633.445(3), F.S., which requires interest earned to be retained on funds for the State Fire Marshal Scholarship Grant Program in the Insurance Regulatory Trust Fund administered by the State Board of Education.

Section 5. This amends ss. 1011.94(1), F.S., to repeal a cross reference to s. 17.61, F.S., concerning interest earnings in the statute establishing the Trust Fund for University Major Gifts administered by the State Board of Education.

Section 6. This section amends s. 1013.79(3), F.S., to repeal the provision requiring interest earned to be retained in the Alex P. Courtelis Capital Facilities Matching Trust Fund administered by the State Board of Education.

Section 7. The bill provides a delayed effective date of July 1, 2005.

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:

None.

C. Government Sector Impact:

The magnitude of the impact cannot be estimated with more precision until the issuance of revenue estimates, as noted below. The direction of impact will result in an increase of recurring revenues to the General Revenue Fund beginning with the 2005-2006 fiscal year.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The Revenue Estimating Conference will meet during the week of March 15, 2004. Until that time estimates of fiscal impact will be based upon prior year collections.

VIII. Amendments:

None.