

**The Florida Senate**  
**PROFESSIONAL STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT**

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

Prepared By: Transportation and Economic Development Appropriations Committee

BILL: SB 1436

INTRODUCER: Senator Fasano

SUBJECT: Operating Trust Fund/Department of Transportation

DATE: February 21, 2007      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Weaver	Noble	TA	<b>Pre-meeting</b>
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**I. Summary:**

Senate Bill 1436 creates the Operating Trust Fund within the Department of Transportation. The Operating Trust Fund is established as a depository for funds in support of program operations funded by various program revenues. Funds shall be expended only pursuant to legislative appropriation or an approved amendment to the department's operating budget pursuant to the provisions of chapter 216, Florida Statutes.

The bill has an effective date of July 1, 2008.

**II. Present Situation:**

Article III, Section 19(f) of the Florida Constitution requires the termination of all state trust funds within 4 years of their initial creation, unless exempt by the Constitution or operation of law. The Legislature has placed agency funds on a staggered review cycle to facilitate the review process associated with trust fund termination, modification, or recreation.

Included in the review of the department's existing trust funds is the creation of additional trust funds pursuant to s. 215.32, F.S. The section requires agencies, to the extent possible, to use the following trust funds for their day-to-day operations:

- Operating Trust Fund
- Operations and Maintenance Trust Fund
- Administrative Trust Fund
- Grants and Donations Trust Fund
- Agency Working Capital Trust Fund

Clearing Funds Trust Fund  
Federal Grant Trust Fund

Currently, the department uses the State Transportation Trust Fund (STTF), which was established under Section 206.46(1) F.S., and Article III, Section 19(f)(3), Florida Constitution. Pursuant to s. 206.46, F.S. "All moneys in the State Transportation Trust Fund ... shall be used for transportation purposes, as provided by law, under the direction of the Department of Transportation...". The STTF is a consolidated transportation trust fund that includes all major revenue sources other than bond and related funds. Revenue sources include state tax revenues, federal aid reimbursements, local funds, toll operation reimbursements and various miscellaneous revenues and fees. Outlays include design costs, right of way land purchases, environmental mitigation, public transportation assistance, administrative costs, debt service, routine maintenance costs including those toll facilities that are owned and operated by the Department. Also, the Florida State Infrastructure Bank is administered through the State Transportation Trust Fund in separate accounts on deposit with the State Treasury.

**III. Effect of Proposed Changes:**

This bill creates the Operating Trust Fund within the Department of Transportation effective July 1, 2008. The fund is established as a depository for funds to be used for program operations funded by program revenues. Funds shall be expended only pursuant to legislative appropriation or an approved amendment to the department's operating budget pursuant to the provisions of chapter 216, Florida Statutes.

**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:**

According to the Department of Transportation, creation of the trust funds specified in s. 215.32 (2)(b), F.S. would result in a reduction of \$2.5 billion of commitment authority through Fiscal Year 2014-2015 in the Department's Work Program. This is primarily due to the following three reasons: 1) "Leveraging" ability, a key cash management tool used to maximize the State Transportation Trust Fund, is lost; 2) Transfers between trust funds to initially provide cash on hand balances in each of the five new trust funds to pay bills reduces the leveraging gained by one large pool of funds; and 3) Increased debt service costs associated with having to issue bonds earlier than currently planned. This again is due to the loss of leveraging ability within the State Transportation Trust Fund.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.



## **VIII. Summary of Amendments:**

None.

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This Senate Professional Staff Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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