

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Committee on Appropriations

BILL: CS/SB 428

INTRODUCER: Appropriations Committee and Senator Hays

SUBJECT: Department of Environmental Protection Trust Funds

DATE: February 13, 2015 REVISED: _____

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Howard	Kynoch	AP	Fav/CS

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 428: (1) codifies in chapters 20, 376, and 403, Florida Statutes, the Administrative Trust Fund, the Environmental Laboratory Trust Fund, the Working Capital Trust Fund, the Air Pollution Control Trust Fund, and the Minerals Trust Fund within the Department of Environmental Protection (department); (2) directs federal grant revenue be deposited into Federal Grants Trust Fund instead of the Grants and Donations Trust Fund; and (3) changes the percentage distribution of revenue from the Solid Waste Management Trust Fund for solid waste management and mosquito control programs.

II. Present Situation:

Section 215.3208, F.S., requires legislative review of each trust fund at least once every four years. The review schedule is included in the legislative budget instructions developed in accordance with s. 216.023, F.S. The legislative budget instructions for legislative budget requests for Fiscal Year 2015-2016 included a review of the department's trust funds.

The review determined that five trust funds within the department previously re-created as required by s. 19(f), Art. III of the State Constitution were never codified in the Florida Statutes. These five trust funds are the Administrative Trust Fund, the Environmental Laboratory Trust Fund, the Working Capital Trust Fund, the Air Pollution Control Trust Fund and the Minerals Trust Fund.

The department's other trust funds are established in chapters 20, 253, 258, 259, 373, 375, 376, 378, 380, and 403, F.S.

The Administrative Trust Fund was re-created effective November 4, 2004, in ch. 2003-225, L.O.F., as a depository for funds used for management activities that are departmental in nature. Revenue sources consist of indirect cost earnings and assessments against trust funds. For Fiscal Year 2014-2015, the Legislature appropriated \$25,754,718 from the trust fund.

The Environmental Laboratory Trust Fund was re-created effective November 4, 2004, in ch. 2003-227, L.O.F., for the purpose of funding the department's laboratory functions and operating expenses. Revenue sources consist of contracts with water management districts and transfers from other department trust funds. For Fiscal Year 2014-2015, the Legislature appropriated \$8,012,901 from the trust fund.

The Working Capital Trust Fund was re-created effective November 4, 2004, in ch. 2003-233, L.O.F., to provide sufficient funds for the operation of the department's data processing center. This trust fund is supported by transfers from other department trust funds. For Fiscal Year 2014-2015, the Legislature appropriated \$13,890,897 from the trust fund.

The Air Pollution Control Trust Fund was re-created effective November 4, 2004, in ch. 2004-101, L.O.F., to be used for air pollution monitoring and control programs. This trust fund is supported by fees collected from asbestos removal permits, air emissions operating permits, and motor vehicle licenses. For Fiscal Year 2014-2015, the Legislature appropriated \$24,694,134 from the trust fund.

The Minerals Trust Fund was re-created effective November 4, 2004, in ch. 2003-230, L.O.F., to fund the operations of the Florida Geological Survey program and the regulation of oil and gas exploration. The primary sources of revenue to support these activities include severance taxes on phosphate, solid minerals, and oil and gas. For Fiscal Year 2014-2015, the Legislature appropriated \$2,645,175 from the trust fund.

The Federal Grants Trust Fund within the department was re-created effective July 1, 2012, in s. 20.25501, F.S., and established as a depository for allowable grant activities funded by restricted program revenues from federal sources. For Fiscal Year 2014-2015, the Legislature appropriated \$88,910,449 from the Federal Grants Trust Fund.

The Grants and Donations Trust Fund within the department was re-created effective November 4, 2004, in s. 403.1832, F.S., as a broad based fund for environmental and natural program purposes for which state funds were intended. This trust fund is supported by various grants and donations. For Fiscal Year 2014-2015, the Legislature appropriated \$4,771,699 from the trust fund.

The Solid Waste Management Trust Fund within the department was re-created effective November 4, 2004, in s. 403.709, F.S., to fund solid waste management activities. This trust fund is supported by waste tire fees, recycling or collector registration fees, and proceeds from oil transports. The annual revenues deposited into the Solid Waste Management Trust Fund from the waste tire fees are distributed as follows: up to 40 percent for solid waste activities; up to 4.5 percent to fund research and training programs relating to solid waste management; up to 11 percent for the Department of Agriculture and Consumer Services to fund the mosquito control

program; up to 4.5 percent to the Department of Transportation for litter prevention and control programs; and a minimum of 40 percent for the solid waste management grant program in department. For Fiscal Year 2014-2015, the Legislature appropriated \$15,638,067 from the trust fund.

III. Effect of Proposed Changes:

To be consistent with the other trust funds within the department, the bill codifies in s. 20.25501, F.S., the Administrative Trust Fund, the Environmental Laboratory Trust Fund, and the Working Capital Trust Fund. To organize these funds within the statutes, the bill retitles s. 20.25501, F.S., from the Federal Grants Trust Fund to the Department of Environmental Protection trust funds. The bill also codifies the Minerals Trust Fund in s. 376.41, F.S., and the Air Pollution Control Trust Fund in s. 403.0874, F.S.

The bill amends s. 403.1832, F.S., to provide that funds deposited into the Grants and Donations Trust Fund within the department be used for allowable grants or donor agreement activities funded by restricted revenue from private and public nonfederal sources. It eliminates language allowing for the use of federal funds in the trust fund, and directs the department to transfer all outstanding appropriations supported by federal grants to the department's Federal Grants Trust Fund. Separation of grants and donations and federal grants reflects current statewide accounting and budgeting practices.

Finally, the bill amends s. 403.709, F.S., and changes the distribution percentages of revenues within the Solid Waste Management Trust Fund for solid waste management grants and mosquito control programs. The bill provides that up to 37 percent of the revenues in the Solid Waste Management Trust Fund may be used for funding solid waste management grants, and up to 14 percent may be used for mosquito control. These changes more accurately reflect the funding levels for these purposes provided in the General Appropriations Acts and Implementing Bills over the last ten years.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The impact of the bill upon government relates to the Solid Waste Management Trust Fund. While the bill changes the distributions percentages from the trust fund for solid waste management and mosquito control, there is no change to the existing distributions from the trust fund. The bill revises the distribution of revenues from the trust fund to reflect the distributions under the Fiscal Year 2015-2016 General Appropriations Act and the Implementing Bill.

Over the last ten fiscal years, Implementing Bill provisions have been included to change the amount of the distributions for solid waste management grants. Over the last five years, approximately \$3 million for each fiscal year has been provided for solid waste management grants, about 15 percent of the revenues of the trust fund. The existing statute requires that a minimum of 40 percent of the trust fund's revenues, or \$8.1 million, be expended for those grants. The bill revises the percentage that may be spent for this purpose to up to 37 percent of the trust fund's revenues.

The bill also changes the percentage distributions from the trust fund to the Department of Agriculture and Consumer Services' Mosquito Control program, from up to 11 percent of the revenues in the trust fund, or \$2.2 million, to up to 14 percent of the trust fund's revenues, or \$2.9 million. Over the last two years, the legislature has increased funding to support this program.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

The bill substantially amends the following sections of the Florida Statutes: 20.25501, 403.1832, and 403.709.

The bill creates the following sections of the Florida Statutes: 376.41 and 403.0874.

IX. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Appropriations on February 11, 2015:

The CS removes clarifying language, along with related reenactments related to the Internal Improvement Trust Fund.

- B. **Amendments:**

None.