

HOUSE OF REPRESENTATIVES STAFF FINAL BILL ANALYSIS

BILL #: HB 1387 Sale of Surplus State-owned Lands

SPONSOR(S): Grant, J. and others

TIED BILLS: **IDEN./SIM. BILLS:** SB 1714

FINAL HOUSE FLOOR ACTION: 115 Y's 0 N's **GOVERNOR'S ACTION:** Approved

SUMMARY ANALYSIS

HB 1387 passed the House on March 11, 2020, as SB 1714.

The Board of Trustees (Board) of the Internal Improvement Trust Fund is tasked with determining which state-owned lands, the title to which is vested in the board, may be surplus. Before a building or parcel of land is offered for lease or sale to a local or federal unit of government or a private party, it must first be offered for lease to state agencies, state universities, and Florida College System institutions, with priority consideration given to state universities and Florida College System institutions. Funds received from the sale of surplus nonconservation lands or lands that were acquired by gift, donation, or for no consideration are to be deposited into the Internal Improvement Trust Fund.

The Architects Incidental Trust Fund was created for the purpose of providing sufficient funds for the operation of the facilities development activities of the Department of Management Services (department). The department may levy and assess an amount necessary to cover the cost of administration by the department of fixed capital outlay projects on which it serves as owner representative on behalf of the state. The fund is used to preserve the integrity of funds collected from fixed capital outlay projects and to document the expenditure and utilization of such funds. The primary sources of revenue for the fund comes from construction fees from other state agencies, assessments on state fixed capital outlay projects, direct supplemental contracts, and interest earnings.

The bill removes the requirement that a building or parcel of land must be offered to state universities or Florida College System institutions prior to being offered for lease or sale. The bill also provides requirements for determining the value of surplus lands to be based on the highest and best use of the property considering all applicable developmental rights to ensure the highest value to the state.

The bill clarifies that only funds received from the sale of surplus state-owned office buildings and the nonconservation lands associated with such buildings, must be deposited into the Architects Incidental Trust Fund and that the funds may only be used for specific operational and facilities development activities of the department.

The bill may have a neutral, yet indeterminate fiscal impact to state government revenues and no fiscal impact to local government. See Fiscal Comments.

The bill was approved by the Governor on June 9, 2020, ch. 2020-20, L.O.F., and will become effective on July 1, 2020.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Background

Architects Incidental Trust Fund

The Architects Incidental Trust Fund was created for the purpose of providing sufficient funds for the operation of the facilities development activities of the Department of Management Services (department).¹ The department may levy and assess an amount necessary to cover the cost of administration by the department of fixed capital outlay projects on which it serves as owner representative on behalf of the state. The assessment rate is provided in the General Appropriations Act based on estimated operating cost projections for the services to be rendered. The total assessment of funds collected from various fixed capital outlay projects is transferred into the Architects Incidental Trust Fund at the beginning of each fiscal year.²

The trust fund is used to preserve the integrity of funds collected from fixed capital outlay projects and to document the expenditures and utilization of such funds. The primary sources of revenue for the fund comes from construction fees from other state agencies, assessments on state fixed capital outlay projects, direct supplemental contracts, and interest earnings.

Surplus of State-Owned Lands

The Board of Trustees (board) of the Internal Improvement Trust Fund³ is tasked with determining which state-owned lands, the title to which is vested in the board, may be surplus.⁴ Before a building or parcel of land is offered for lease or sale to a local or federal unit of government or a private party, it must first be offered for lease to state agencies, state universities, and Florida College System institutions, with priority consideration given to state universities and Florida College System institutions.⁵

Within 60 days after an offer for lease of a surplus building or parcel, a state university or Florida College System institution requesting the lease must submit a plan for review and approval by the Board regarding the intended use, including any future use, of the building or parcel of land before approval of any lease.⁶ State agencies that request the lease of such facilities or parcels must also submit a plan within 60 days for review and approval by the board.⁷ The state agency plan must include the intended use, including at a minimum, the proposed use of the facility or parcel, the estimated cost of renovation, a capital improvement plan for the building, evidence that the building or parcel meets an existing need that cannot otherwise be met, and other criteria required by board rules.⁸

In current practice, the lease can be executed for up to 50 years. Pursuant to Rule 18-2.020(8), F.A.C., an annual administrative fee of \$300 to occupy state-owned nonconservation land is assessed in July of each year.⁹ There are no other fees, such as lease fees, assessed to a state university or Florida College System institution if a state-owned building and associated non-conservation land is determined to be suited for sale, and a state agency, state university, or Florida College System institution claims the first right of lease.¹⁰

¹ Section 215.196(1), F.S.

² Section 215.196(2), F.S.

³ Section 253.001, F.S.

⁴ Section 253.0341(1), F.S.

⁵ Section 253.0341(7), F.S.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ R. 18-2.020(8), F.A.C.

¹⁰ Department of Management Services, Agency Analysis of 2020 House Bill 1387, p.# 2 (Jan. 10, 2020)

Funds received from the sale of surplus nonconservation lands or lands that were acquired by gift, donation, or for no consideration are to be deposited into the Internal Improvement Trust Fund.¹¹

Effect of the Bill

The bill amends s. 215.196, F.S., requiring that funds received from the sale of surplus state-owned office buildings, as defined in s. 255.248, F.S., and the nonconservation lands associated with such buildings, must be deposited into the Architects Incidental Trust Fund. The bill also requires that the trust fund deposits are for the purpose of providing sufficient funds for the operation of the facilities development activities of the department and to acquire, lease, plan, entitle, design, permit, construct, or maintain state-owned office buildings as defined in s. 255.248(9), F.S., and nonconservation lands associated with such buildings.

The bill amends s. 253.0341, F.S., removing a requirement that a state-owned building or parcel of land must be offered to state universities or Florida College System institutions prior to being offered for lease or sale. The bill also provides requirements for determining the value of surplus lands to be based on the highest and best use of the property considering all applicable developmental rights to ensure the highest value to the state as provided in s. 253.03(7)(a), F.S. The bill defines the term “highest and best use” to mean the reasonable, probable, and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and results in the highest value.

The bill clarifies that only funds received from the sale of surplus state-owned office buildings, and the nonconservation lands associated with such buildings, must be deposited into the Architects Incidental Trust Fund. The funds that would be received from the sale of surplus nonconservation lands or lands that were acquired by gift, donation, or for no consideration would continue to be deposited into the Internal Improvement Trust Fund as required by current law.¹²

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See Fiscal Comments.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

¹¹ Section 253.0341(14), F.S.

¹² *Id.*

D. FISCAL COMMENTS:

The bill may have a neutral, yet indeterminate fiscal impact to state government revenues. There could be a positive impact to funds deposited into the Architects Incidental Trust Fund within the Department of Management Services associated with the sale of state-owned buildings and nonconservation lands associated with such buildings. Conversely, there could be a negative impact to the Internal Improvement Trust Fund related to funds that would have otherwise been received prior to provisions in the bill redirecting them to the Architects Incidental Trust Fund. Any proceeds from the sale of state-owned buildings and nonconservation lands would remain in the Architects Incidental Trust Fund until an appropriation is provided by the Legislature.