

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: SB 1714

INTRODUCER: Senator Bradley

SUBJECT: Sale of Surplus State-owned Office Buildings and Associated Nonconservation Lands

DATE: February 19, 2020

REVISED: _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|--------------------|----------------|------------|-----------------------------|
| 1. | <u>Hackett</u> | <u>McVaney</u> | <u>GO</u> | Favorable |
| 2. | <u>Davis/Betta</u> | <u>Betta</u> | <u>AEG</u> | Recommend: Favorable |
| 3. | <u>Davis/Betta</u> | <u>Kynoch</u> | <u>AP</u> | Favorable |

I. Summary:

SB 1714 amends sections 215.196 and 253.0341, Florida Statutes, to provide that funds received through the sale of surplus state-owned office buildings and associated nonconservation lands are deposited into the Architects Incidental Trust Fund as opposed to the Internal Improvement Trust Fund, and must be used for the acquisition, lease, planning, entitlement, design, permitting, construction, or maintenance of state-owned office buildings.

The bill also removes the requirement that state universities and Florida College System institutions be offered to lease a building or parcel of land with priority consideration before the same is offered to another government entity or private party.

The bill also provides that when appraising surplus lands' value, the Division of State Lands must base the value on the "highest and best use" of the property after considering any applicable developmental rights.

The bill may have a positive impact on state government revenues. See Section V.

The bill takes effect July 1, 2020.

II. Present Situation:

Architects Incidental Trust Fund

The Architects Incidental Trust Fund was created to provide 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 costs associated with fixed capital outlay projects (real property, including additions, replacements, major repairs, furnishing, and renovations) on which it serves as owner representative. The assessment rate is

provided in the General Appropriations Act based on estimated operating cost projections for the services to be rendered. Assessments collected are transferred into the Architects Incidental Trust Fund at the beginning of each fiscal year.¹

The Internal Improvement Trust Fund and Surplus of State-Owned Lands

In 1855, the Trustees of the Internal Improvement Trust Fund (IITF) was created to oversee the management, sale and development of public lands granted to the State through congressional acts.² The Governor and Cabinet serve as the Board of Trustees of the IITF.³ The board is charged with the acquisition, administration, management, control, supervision, conservation, protection, and disposition of all lands owned by the state or any of its agencies, departments, boards, or commissions.⁴ The board of the IITF controls land where title to the property is vested in the IITF, including the sale or lease of any such land.

The board of the IITF further determines which lands owned by the IITF may be surplus.⁵ 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, the IITF must first offer the building or parcel to state agencies, state universities, and Florida College System institutions. Priority is given to universities and institutions, who have 60 days to submit a leasing plan to the board regarding the intended use. In the last five years there have been at least five leases given to universities and one land exchange with a university following the universities' exercise of priority rights. State agencies requesting the land must also submit a plan within 60 days; their plan must include the intended use, the estimated cost of renovation, a capital improvement plan for any building, and evidence that the building or parcel meets an existing need that cannot otherwise be met.⁶

In practice, such a 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. No other fees are assessed to a state university or college.⁷

The sale price of surplus lands is determined by the Division of State Lands in consultation with an outside appraisal, a comparable sales analysis, or a broker's opinion. An individual or entity that requests to purchase the surplus land pays all costs associated with determining the property's value, if any.⁸ The revenue received from any sales of such land are deposited in the IITF with no specified use.⁹

¹ Section 215.196, F.S.

² See Internal Improvement Fund, <http://digitalcollections.fiu.edu/iif/about.htm> (last visited January 30, 2020); see also s. 253.01, F.S.

³ FLA CONST Art. IV, s. 1(4)(f)

⁴ Section 253.03(1), F.S.

⁵ Section 253.0341(1), F.S.

⁶ Section 253.0341(7), F.S.

⁷ Department of Management Services, Agency Analysis of 2020 Senate Bill 1714, Jan 29, 2020 (on file with Senate Committee on Government Oversight and Accountability).

⁸ Section 253.0341(8), F.S.

⁹ 253.0341(14), F.S.

III. Effect of Proposed Changes:

Section 1 amends s. 215.196, F.S., to provide that funds received through the sale of surplus state-owned office buildings¹⁰ and associated nonconservation lands must be used for the acquisition, lease, planning, entitlement, design, permitting, construction, or maintenance of state-owned office buildings and the nonconservation lands associated with such buildings.

The bill also revises the purpose of the Architects Incidental Trust Fund to include collecting and diverting funds received through the sale of surplus state-owned buildings and the nonconservation lands associated with such buildings.

Section 2 amends s. 253.0341, F.S., to remove the requirement that state universities and Florida College System institutions be offered to lease a building or parcel of land with priority consideration before the same is offered to another government entity or private party. The section also removes related language for the university or institution submitting the plan for intended use.

The bill also provides that when appraising surplus lands' value, the Division of State Lands must base the value on the "highest and best use" of the property after considering any applicable developmental rights. The bill defines "highest and best use" as the reasonable, probable, and legal use of vacant land or an improved property which is physically possible, appropriately supported, financially feasible, and results in the highest value.

The bill also provides that funds received from the sale of surplus state-owned office buildings and associated nonconservation lands shall be deposited into the Architects Incidental Trust Fund.

Section 3 provides that the bill takes effect July 1, 2020.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Not applicable. The bill does not require counties and municipalities to spend funds, reduce counties' or municipalities' ability to raise revenue, or reduce the percentage of a state tax shares with counties and municipalities.

B. Public Records/Open Meetings Issues:

None.

¹⁰ Section 255.248(9), F.S., "State-owned office building" means any building whose title is vested in the state and which is used by one or more executive agencies predominantly for administrative direction and support functions. The term excludes:

- (a) District or area offices established for field operations where law enforcement, military, inspections, road operations, or tourist welcoming functions are performed.
- (b) All educational facilities and institutions under the supervision of the Department of Education.
- (c) All custodial facilities and institutions used primarily for the care, custody, or treatment of wards of the state.
- (d) Buildings or spaces used for legislative activities.
- (e) Buildings purchased or constructed from agricultural or citrus trust funds.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None identified.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The bill may have a positive fiscal impact for the state. Removing the state universities' and Florida College System institutions' right of first refusal will allow the state to further maximize the sale price of surplus state-owned office buildings.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 215.196 and 253.0341.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

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