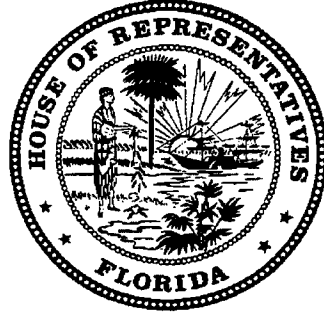




Agriculture & Natural Resources Appropriations Subcommittee

Meeting Packet

**March 23, 2011
9:00 a.m. – 11:00 a.m.
Reed Hall**



AGENDA

Agriculture & Natural Resources Appropriations Subcommittee

March 23, 2011

9:00 a.m. – 11:00 a.m.

Reed Hall

- I. Call to Order/Roll Call
- II. Opening Remarks
- III. Chair's Proposal for Fiscal Year 2001-12 Budget
- IV. PCB ANRAS 11-02—Management of Funds for Water Pollution Control Loans and Grants
- VII. Closing Remarks/Adjournment

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCB ANRAS 11-02 Management of Funds for Water Pollution Control Loans and Grants
SPONSOR(S): Agriculture & Natural Resources Appropriations Subcommittee
TIED BILLS: IDEN./SIM. BILLS:

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Agriculture & Natural Resources Appropriations Subcommittee		Perkins <i>RMP</i>	Massengale <i>SM</i>

SUMMARY ANALYSIS

The bill makes statutory changes to conform to the funding decisions included in the House proposed General Appropriations Act (GAA) for Fiscal Year 2011-2012.

The Department of Environmental Protection (DEP) provides low interest loans and grants to local government agencies within Florida's Water Pollution Control Financial Assistance program for the purposes of planning, design, construction, and implementation of wastewater management systems, stormwater management systems, nonpoint source pollution management systems and estuary conservation and management.

Funds to establish or capitalize the Water Pollution Control Financial Assistance program are provided through federal government grants and state matching funds. Repayments from earlier loans are recycled back into the program to make new loans, allowing the program to operate in perpetuity.

The bill expands the authorized use of the service fees paid by loan recipients from only program administration to include other water quality activities, such as monitoring activities, total maximum daily loads development, watershed restoration best management practices and source water assessments. This authorized expansion of service fee uses allows DEP to transfer salary appropriations from the General Revenue Fund and the Florida Permit Fee Trust Fund to the Federal Grants Trust Fund. This transfer will align the budget to more accurately reflect the responsibilities the staff performs. The bill also amends the depository requirements of revenues received from the revolving loan program to be deposited into the Federal Grants Trust Fund rather than the Grants and Donations Trust Fund.

The bill has a \$2.1 million positive fiscal impact on state funds by reducing state expenditures, but the amount of funding available for loans or grants to local governments may decrease subject to the availability of funds.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

The Department of Environmental Protection (DEP) provides low interest loans and grants to local government agencies within Florida's Water Pollution Control Financial Assistance program for the purposes of planning, design, construction, and implementation of wastewater management systems, stormwater management systems, nonpoint source pollution management systems and estuary conservation and management.

Funds to establish or capitalize the Water Pollution Control Financial Assistance program are provided through federal government grants and state matching funds. Repayments from earlier loans are recycled back into the program to make new loans, allowing the program to operate in perpetuity.

Section 403.1835, F.S., authorizes DEP to assess loan recipients a service fee, which is restricted to support program administration. The revenues are deposited into DEP's Grants and Donations Trust Fund. Under federal Clean Water Act regulation, however, the service fees may be used for various water quality activities, as well as administration of the program.

The bill expands the authorized use of the service fees to other water quality activities, such as monitoring activities, developing total maximum daily loads, watershed restoration best management practices and source water assessments. This authorized expansion of service fee uses allows DEP to transfer salary appropriations from the General Revenue Fund and the Florida Permit Fee Trust Fund to the Federal Grants Trust Fund. This transfer will align the budget to more accurately reflect the responsibilities the staff performs. The bill also amends the depository requirements of revenues received from the revolving loan program to be deposited into the Federal Grants Trust Fund rather than the Grants and Donations Trust Fund.

B. SECTION DIRECTORY:

Section 1. Amends s. 403.1835, F.S., revising depository requirements of revenues received from the administration of the water pollution control financial assistance programs and revising service fee use.

Section 2. Provides an effective date of July 1, 2011.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

The bill makes statutory changes to conform to the funding decisions included in the House proposed General Appropriations Act (GAA) for Fiscal Year 2011-2012.

1. Revenues:

None.

2. Expenditures:

	<u>FY 2011-12</u>	<u>FY 2012-13</u>
Department of Environmental Protection		
Salary and Benefits		
General Revenue Fund	(\$1,766,390)	(\$1,766,390)
Florida Permit Fee Trust Fund	(\$290,181)	(\$290,181)
Federal Grants Trust Fund	<u>\$2,056,571</u>	<u>\$2,056,571</u>
TOTAL	\$0	\$0

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

See fiscal comments below.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

See fiscal comments below.

D. FISCAL COMMENTS:

By placing more direct salary cost against the collection of service fee revenue, the amount of funding available for loans or grants to local governments may decrease subject to the availability of funds. In the event funding declines, private sector jobs associated with the revolving loan program projects, such as construction engineering, project management, and associated service industries may be adversely affected. DEP indicates that the use of service fees will have to be carefully monitored so that alternative funding sources can be timely identified in the event funding declines.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to require the counties or cities to spend funds or take an action requiring the expenditure of funds, to reduce the authority that cities or counties have to raise revenues in the aggregate, or to reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

1 A bill to be entitled
 2 An act relating to the management of funds for water
 3 pollution control loans and grants; amending s. 403.1835,
 4 F.S.; providing for the deposit of specified revenues into
 5 the Department of Environmental Protection's Federal
 6 Grants Trust Fund; requiring service fees to be used for
 7 specified water quality activities in addition to program
 8 administration; clarifying the purposes for which certain
 9 federal appropriations and state matching funds must be
 10 used; providing an effective date.

11
 12 Be It Enacted by the Legislature of the State of Florida:

13
 14 Section 1. Paragraph (b) of subsection (9) of section
 15 403.1835, Florida Statutes, is amended to read:

16 403.1835 Water pollution control financial assistance.—

17 (9) Funds for the loans and grants authorized under this
 18 section must be managed as follows:

19 (b) Revenues from the loan grant allocations authorized
 20 under subsection (4), federal appropriations used for the
 21 purpose of administering this section, state matching funds for
 22 ~~grants authorized by federal statute or other federal action,~~
 23 and service fees, and all earnings thereon, shall be deposited
 24 into the department's Federal Grants and Donations Trust Fund.
 25 Service fees and all earnings thereon must be used solely for
 26 program administration and other water quality activities
 27 specifically authorized pursuant to the Federal Water Pollution
 28 Control Act (Clean Water Act). The loan grant allocation

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29 revenues and earnings thereon must be used solely for the
 30 purpose of making grants to financially disadvantaged small
 31 communities. Federal appropriations and state matching funds for
 32 grants authorized by federal statute or other federal action,
 33 and all earnings thereon, must be used solely for the purposes
 34 authorized under this section. All deposits into the
 35 department's Federal Grants and ~~Donations~~ Trust Fund under this
 36 section, and all earnings thereon, must be accounted for
 37 separately from all other moneys deposited into the fund.

38 Section 2. This act shall take effect July 1, 2011.