

# Revenue Sources and Trust Funds

April 8, 2008

Legislative Office of Economic and Demographic Research

# Fund Segregation

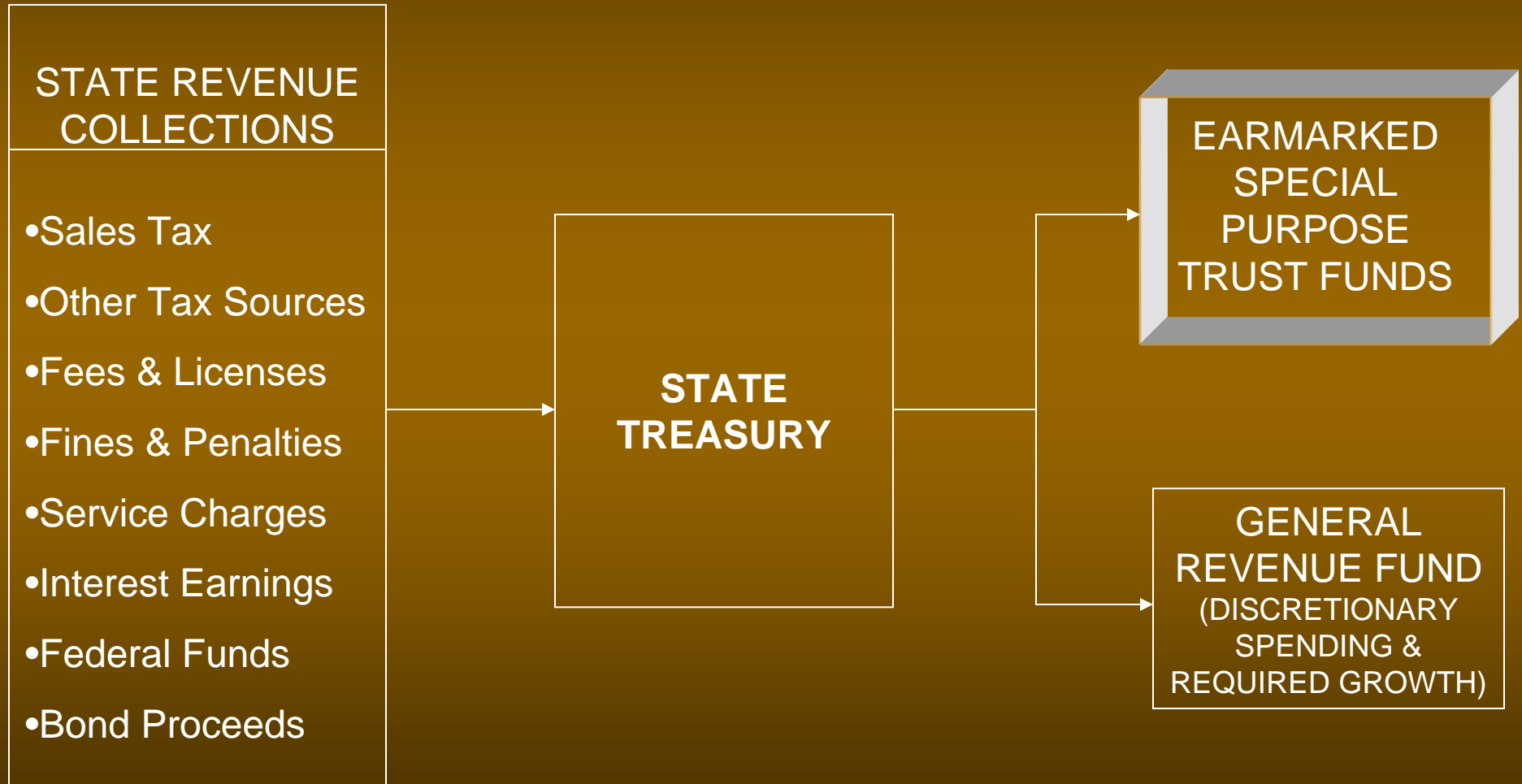
**General Revenue...** Consists of all moneys received by the state from every source, unless specifically provided otherwise by law.

*Unallocated General Revenue... Consists of moneys in the General Revenue Fund which are in excess of the amount needed to meet General Revenue Fund appropriations for the current fiscal year.*

**Trust Funds...** Consist of moneys received by the state which under law or under trust agreement are segregated for a purpose authorized by law.

**Budget Stabilization Fund...** Consists of monies set aside equaling at least five percent of the General Revenue Fund net collections for the prior fiscal year. It is required by the Constitution and can only be used to cover General Revenue shortfalls and emergencies.

# Fiscal Year Collections



# Major Types of Revenue...Taxes

- **Taxes** are compulsory exactions or payments demanded by government to finance public goods and services.
- They can flow to General Revenue, be earmarked for a specific fund, or be redirected from another fund.
- Examples of taxes are corporate income, documentary stamps, gross receipts, sales and use, cigarette and alcoholic beverage excise.

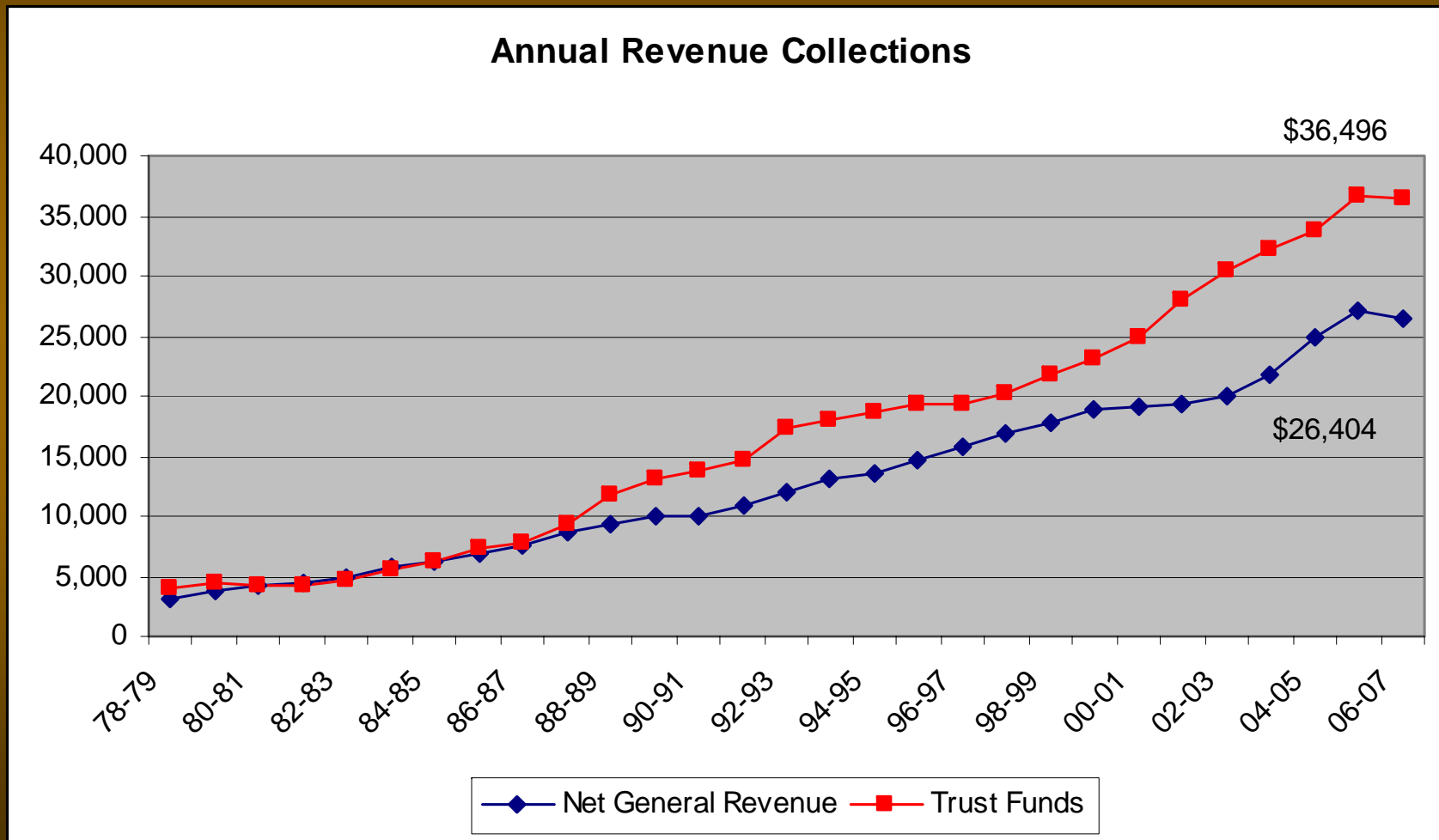
# Major Types of Revenue...Fees

- **Fees** are assessed for a particular service or benefit and are usually collected to defray expenses associated with the service or benefit.
  - “User fees” are assessed for goods and services provided by government to customers, such as tolls, parks and recreation fees, and solid waste management charges.
  - “Regulatory fees” are assessed to those obtaining a license, permit or other privilege under regulatory laws enacted to protect public health, welfare and safety.

# Major Types of Revenue...Fines

**Fines** are sums of money exacted as payment by way of punishment for the doing of some act that is prohibited or the failure to do some act that is required.

# Recent Collection History (2006-07)



# General Revenue

- In past years, House and Senate decision-making was primarily focused on the amount of available general revenue, to some degree ignoring the trust funded resources, but this view is changing.

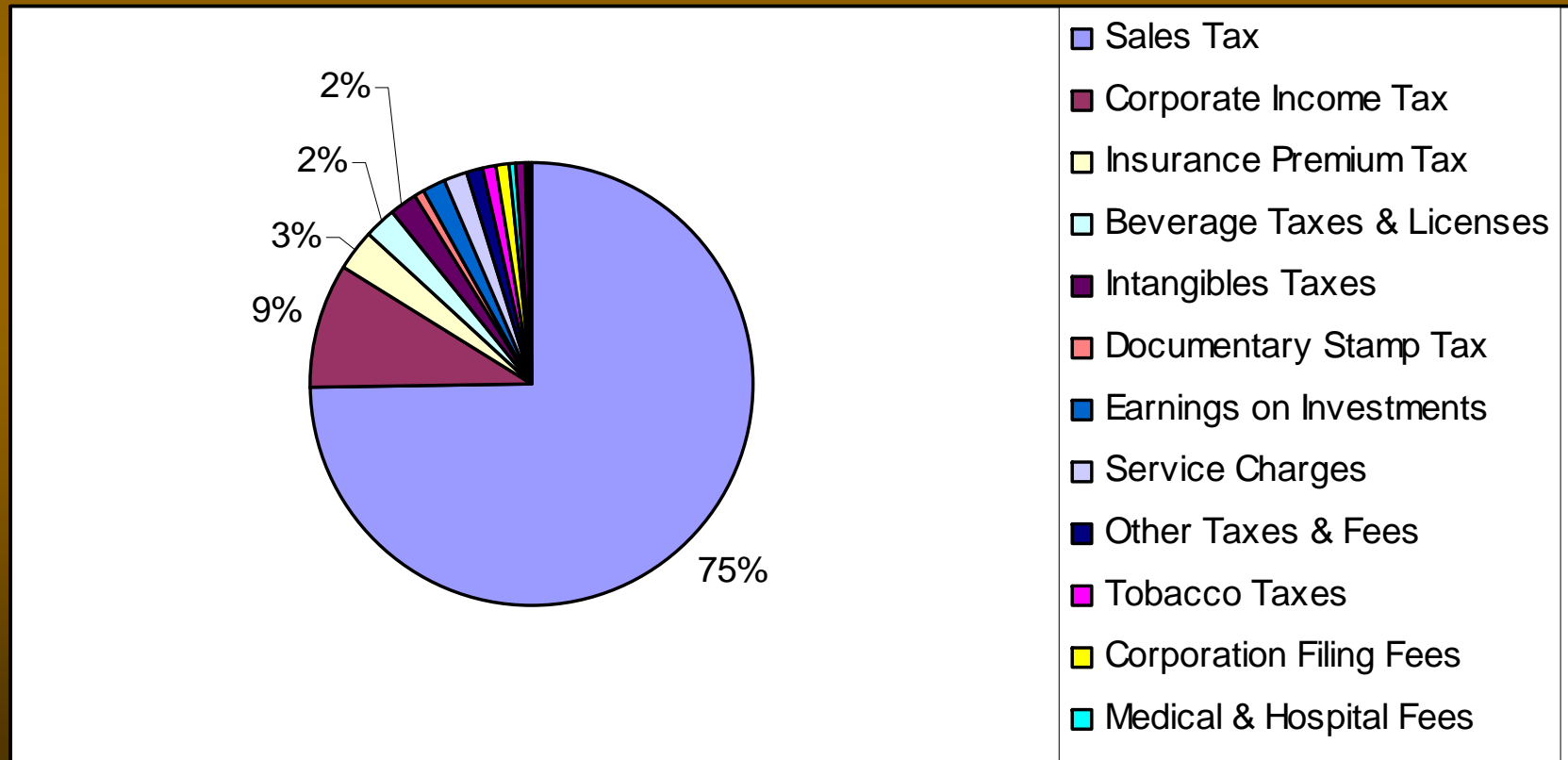
General Revenue can be used to...

- Spend outright for services, goods or assistance
- Match or draw down federal dollars
- Invest in or finance special projects (ex. fixed capital outlay)



# Major Sources of General Revenue FY 2007-08

(excluding the effect of refunds)



# Trust Funds

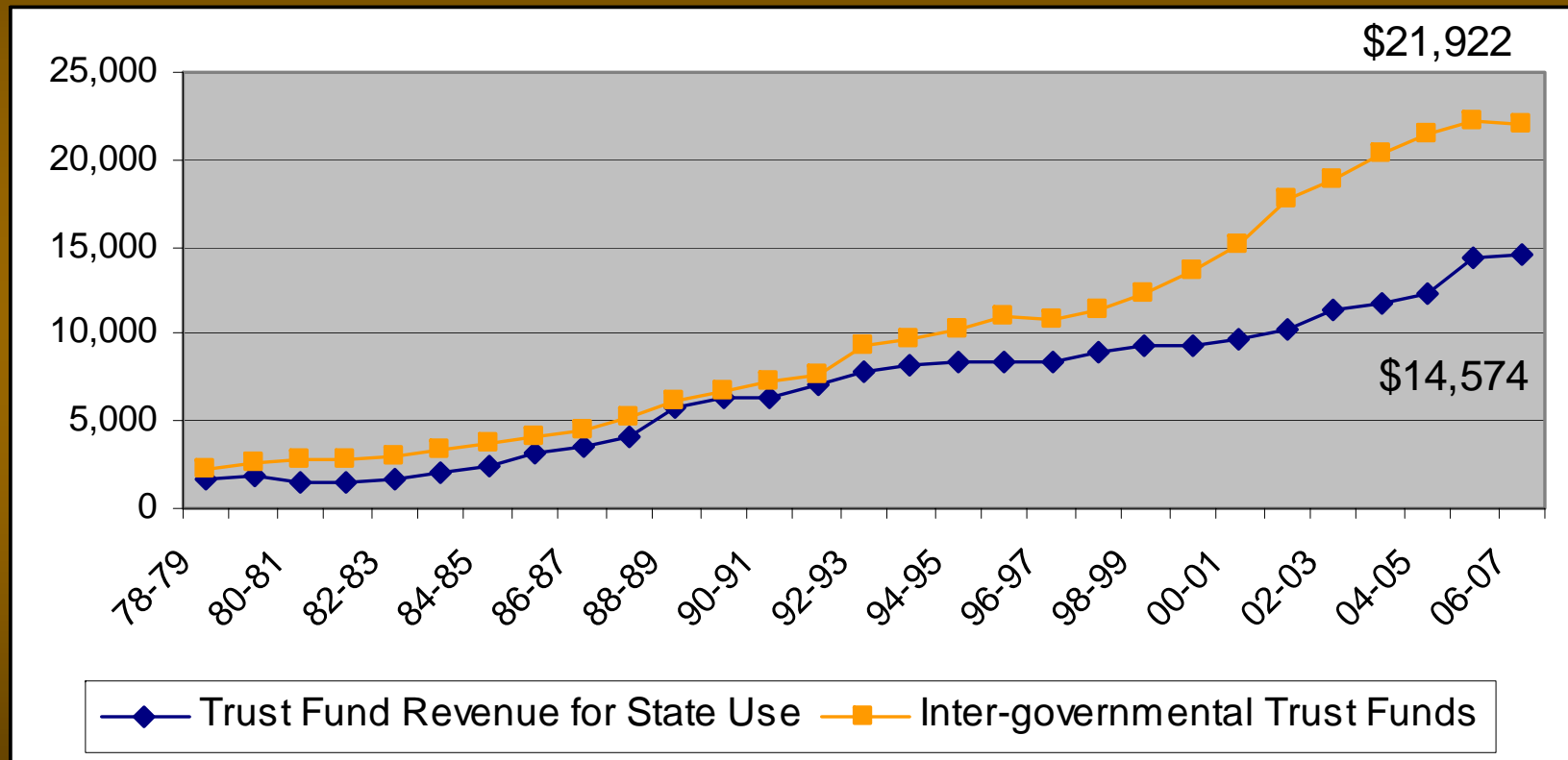
For various reasons, trust funds are created to set aside or earmark a portion of state revenue for particular uses.

- Today, there are **530** named trust funds.
- The average appropriation per trust fund in 2007-08 is **\$157.1 million**; excluding the four largest trust funds the average appropriation drops to **\$72.3 million**. The bottom 25 funds average just under **\$275,000**.

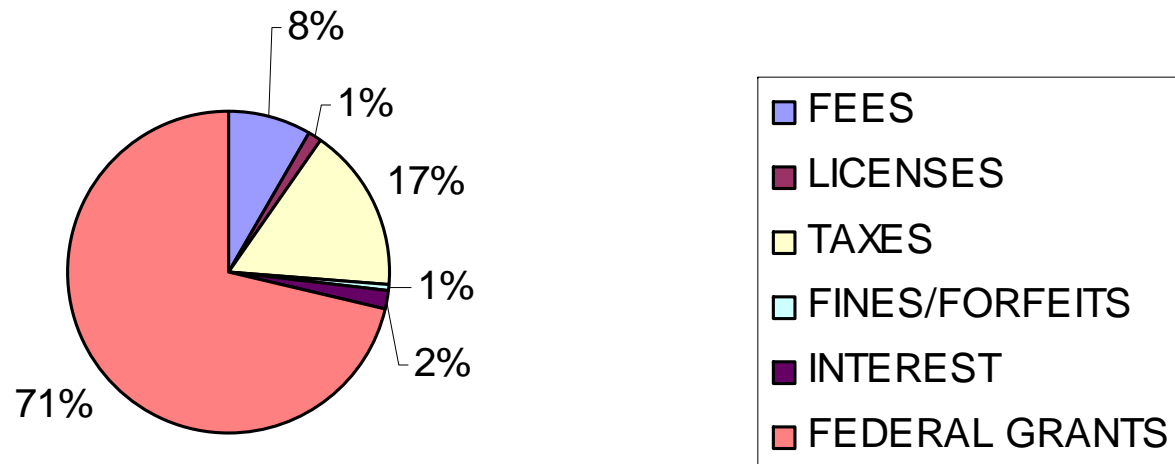
## Typical Usage of Trust Funds:

- Dedicate Special Purpose Funds
- Segregate Federal Assistance Monies
- Transfer Funds to Local Government
- Isolate Bond Proceeds

# Trust Fund Split (2006-07)



# Trust Funded Sources (2007-08)



FY 07-08 DATA	GROSS	LESS CLEARING/REVOLVING	NET REVENUE	PERCENTAGES
FEES	2,172,404,775	164,507,281	2,007,897,494	8.3%
LICENSES	1,382,176,951	1,059,648,135	322,528,816	1.3%
TAXES	10,529,441,752	6,507,732,150	4,021,709,602	16.6%
FINES/FORFEITS	652,638,386	448,896,411	203,741,975	0.8%
INTEREST	394,349,322	18,033,449	376,315,872	1.6%
FEDERAL GRANTS	17,408,537,069	105,940,604	17,302,596,465	71.4%
<b>TOTAL, SELECTED SOURCES</b>	<b>32,539,548,255</b>	<b>8,304,758,031</b>	<b>24,234,790,224</b>	<b>100.0%</b>

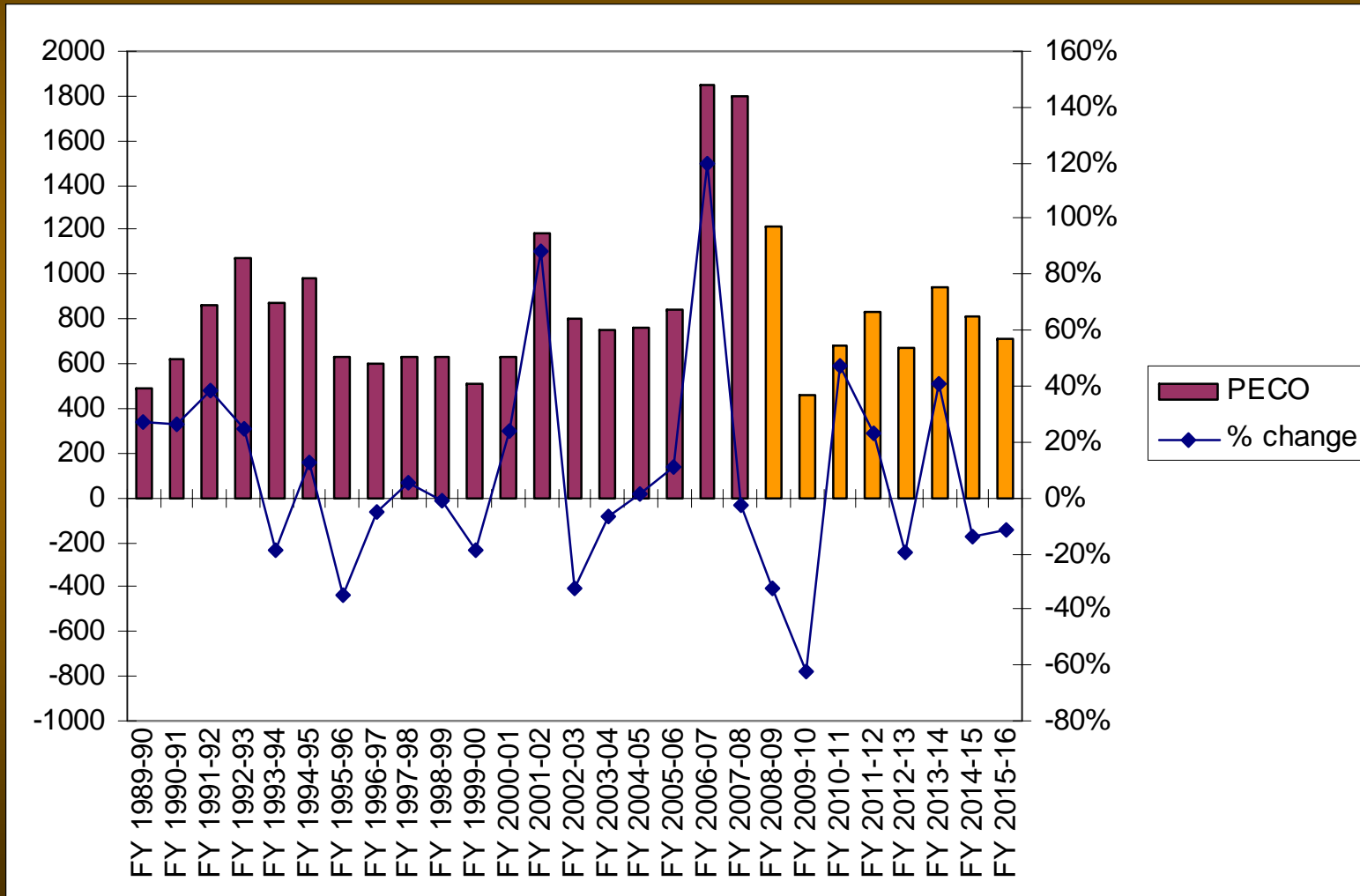
# FY 2007-08 Appropriations

- For purposes of Appropriations, the two largest trust funds have both state and federal dollars as revenue sources:
  - Medical Care Trust Fund (\$9 billion)
  - State Transportation Trust Fund (\$7 billion)
- The smaller trust funds typically have very narrow purposes and limited funding:
  - Florida Center for Nursing (voluntary donations)
  - Agricultural Law Enforcement Trust Fund (forfeitures)

# Public Education Capital Outlay and Debt Service Trust Fund (PECO)

- Primary Source of Funds:
  - Gross Receipts Tax and Bond Sales
- Original 2007-08 Appropriation:  
\$2.7 billion
- Growth will be uneven in the short-run:
  - \$1799.3 in 2007-08 (\$1317.2 in bonds)
  - \$1216.1 in 2008-09 (\$924.2 in bonds)
  - \$461.3 in 2009-10 (\$205.9 in bonds)
  - \$681.0 in 2010-11 (438.7 in bonds)

# PECO – History & Forecast

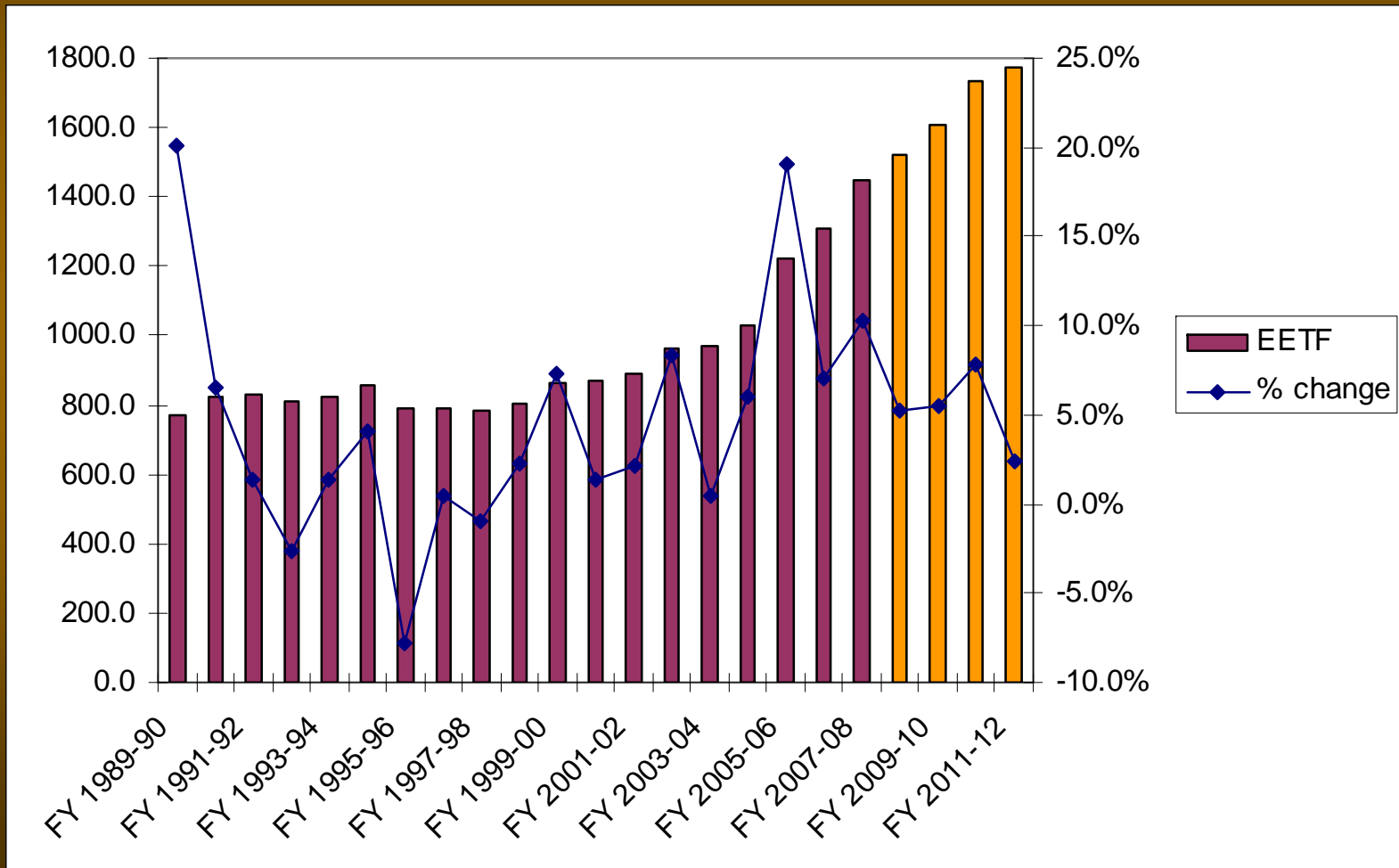


# Educational Enhancement Trust Fund

- Primary Source of Funds:
  - Transfers from Lottery ticket sales and Slots machine activity
- Original 2007-08 Appropriation:  
\$1.56 billion; now \$1.54 billion
- Growth:
  - 4.9% in 2007-08
  - 5.5% in 2008-09
  - 2% in 2009-10
  - 1.8% in 2010-11 and 2011-12



# EETF – History & Forecast



# Principal State School Trust Fund (PSSTF)

- Primary Source of Funds:
  - Proceeds from unclaimed property (Escheated Property and forfeitures)
- Original 2007-08 Appropriation:  
\$202 million, now \$193.6 million
- Very little growth is anticipated in future years.

# PSSTF – History & Forecast

