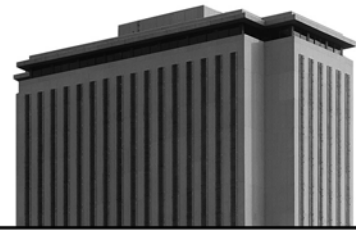




# LEGISLATIVE ALERT



## SPECIAL SESSION SUMMARY 1/16/09

The Legislature concluded Special Session this week with a \$2.8 billion budget cut. The cuts came from taking 6.5% from state agencies, \$400 million from the state's budget stabilization fund, \$700 million from the Lawton Chiles Endowment, \$190 from the Affordable Housing Trust Funds, \$380 million from other funds, and by raising traffic fines. In addition to the budget cuts, lawmakers approved Governor Crist's economic stimulus package for small businesses.

Florida's municipalities weathered these special session cuts comparatively well. Please keep in mind, however, that next year's budget deficit is expected to be at least \$3.3 billion short (some predict the shortfall will be much larger). **Cities must remain vigilant and be prepared for harmful cuts and cost shifts in the Regular Legislative Session that begins in March.**

### **Affordable Housing**

\$190 million was taken from the Sadowski Affordable Housing Trust Fund. Housing groups are requesting that Governor Crist veto these cuts. \$113 million remains in the trust fund. We can expect the Legislature to turn again to this trust fund to balance the budget in the Regular Session.

### **Florida Forever & Florida Communities Trust**

The Florida Forever Program, including the Florida Communities Trust, which issues \$300 million in bonds each year for land acquisition, has been suspended. The state has issued only about \$50 million in bonds so far this year. We can expect the economic future of Florida Forever to be debated during the Regular Session.

### **Transportation Trust Fund**

The Transportation Trust Fund was spared. Many legislators were concerned that cuts to this fund would compound Florida's economic problems.

### **Library Funding**

\$3.4 million will be cut from state aid to libraries.

### **Lawton Chiles Endowment**

This fund is derived from the state's \$13 billion settlement with the tobacco industry. Interest on this fund has been used to support a variety of health care programs. The fund is down

already due to declines in the market and earlier legislative raids. The Legislature has promised to replenish the money with funds the state may receive through a federal stimulus package.

### **Traffic Fines and Fees**

Traffic fines are increased by \$10 and speeding violations are increased by \$25. This could potentially add \$15 million to this year's budget and as much as \$60 million for next year. These monies will be used to offset further cuts to the state court system.

### **Economic Stimulus Package**

The Legislature approved a \$10 million small business loan program. This will allow the state to offer loans of up to \$250,000 to small businesses meeting specified criteria, with additional money for training assistance to these businesses. The package was paid for through transfers from various trust funds, including affordable housing trust funds.

### **Revenue Increases on the Horizon?**

Now that trust funds are virtually depleted, it's becoming clear that legislators will be forced to take up the subject of revenue increases to address budget deficits in the upcoming fiscal year. Increasing the cigarette tax and closing tax loopholes are two options frequently cited.