

Governor's Budget Recommendation Conforming Bill  
State Investment Fund

1 A bill to be entitled  
2 An act relating to debt reduction and state reserves;  
3 creating s. 215.5603, F.S.; providing definitions;  
4 creating the State Investment Fund; providing for  
5 administration of the fund by the State Board of  
6 Administration; specifying the purpose, sources, and  
7 uses of the fund; creating the Debt Reduction Program;  
8 providing for administration of the program by the  
9 Division of Bond Finance; specifying the purpose of  
10 the program; providing for funds to implement the  
11 program; requiring annual reporting on the program;  
12 amending s. 215.65, F.S.; repealing the working  
13 capital reserve; providing an effective date.

14  
15 Be It Enacted by the Legislature of the State of Florida:

16  
17 Section 1. Section 215.5603, Florida Statutes, is created  
18 to read:

19 215.5603 State Investment Fund; Debt Reduction Program.—

20 (1) DEFINITIONS.— As used in this section, the term:

21 (a) "Board" means the State Board of Administration.

22 (b) "Division" means the Division of Bond Finance.

23 (c) "Program" means the Debt Reduction Program created by  
24 this section.

25 (d) "Fund" means the State Investment Fund created herein.

26 (2) STATE INVESTMENT FUND.— There is created the State  
27 Investment Fund, to be administered by the Board. The Fund shall  
28 serve as a funding source for the reduction of state debt and a  
29 reserve available to the state and is not subject to termination

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30 under s. 19(f) (2), Art. III of the State Constitution. The Fund  
31 shall be exempt from the service charges imposed by s. 215.20.

32 (a) For fiscal year 2023-24, \$1 billion shall be  
33 transferred from the General Revenue Fund to the Board to  
34 establish the Fund. The principal balance of the Fund shall  
35 include this initial transfer and all subsequent transfers from  
36 the General Revenue Fund to the Fund pursuant to this section.

37 (b) The Board may invest and reinvest funds of the Fund in  
38 accordance with s. 215.47 and consistent with an investment  
39 policy statement developed by the executive director, reviewed  
40 by the investment advisory council and approved by the Board.  
41 Consistent with Section 215.515, costs and fees of the Board for  
42 investment services shall be deducted from the earnings accruing  
43 to the Fund.

44 (c) The primary objectives of the Fund are long-term growth  
45 of the value of the Fund and to allow for periodic distributions  
46 provided for herein.

47 (3) Beginning in Fiscal Year 2024-2025, the Chief Financial  
48 Officer shall transfer the first \$100 million of investment  
49 earnings attributed to the General Revenue Fund during each  
50 fiscal year to the Board for deposit into the Fund for use as  
51 provided in this section.

52 (4) On or before August 15 of each fiscal year, the Board  
53 shall calculate the investment earnings of the Fund, including  
54 unrealized gains and losses, as of June 30 of the prior fiscal  
55 year and shall make such investment earnings available to be  
56 transferred pursuant to subsection (5).

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57 (5) (a) In each fiscal year, the investment earnings of up  
58 to 3% of the market value of the Fund as of June 30 of the prior  
59 fiscal year shall be retained in the Fund.

60 (b) 1. In each fiscal year, the investment earnings in  
61 excess of 3% and of up to 5.5% of the market value of the Fund  
62 as of June 30 of the prior fiscal year shall be available to the  
63 Division to retire state debt prior to its maturity pursuant to  
64 the Program established in subsection (7). On or before August  
65 15 of each fiscal year, the Board shall notify the Division of  
66 the amount available for the Program. The Division shall request  
67 the Board to transfer the amount it expects to use for the  
68 Program during the current fiscal year. Any request to transfer  
69 the amount available for the Program shall be made within 30  
70 days of notification by the Board. If requested by the Division,  
71 the Board shall transfer funds to an account for the Division  
72 for the retirement of state debt and such funds shall be used  
73 exclusively, at the direction of the Division, to implement the  
74 Debt Reduction Program.

75 2. The Board may invest and reinvest the funds in such  
76 account in any of the investments authorized under s. 215.47.  
77 Consistent with Section 215.515, costs and fees of the Board for  
78 investment services shall be deducted from earnings accruing to  
79 the Fund.

80 (c) In each fiscal year, the investment earnings of the  
81 Fund in excess of 5.5% of the market value of the Fund as of  
82 June 30 of the prior fiscal year shall be available for transfer  
83 to the General Revenue Fund. On or before August 15 of each  
84 fiscal year, the Board shall notify the House and Senate  
85 Appropriation Committees and the Executive Office of the

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86 Governor of the amount available for transfer. The Executive  
87 Office of the Governor may request the Board to transfer all or  
88 a portion of the amount available to the General Revenue Fund.  
89 Any request to transfer such amount shall be made within 30 days  
90 of notification by the Board.

91 (d) Notwithstanding the foregoing, no transfers shall be  
92 made from the Fund if the market value of the Fund at the time  
93 such transfer is requested is less than the principal balance of  
94 the Fund.

95 (6) The Fund is available to the State as a reserve of last  
96 resort and accessible only after the Budget Stabilization Fund  
97 has been fully exhausted. The principal balance of the Fund  
98 shall be reduced by any amounts transferred pursuant to this  
99 subsection and any deposits made to replace such transfers shall  
100 be added to the principal balance of the Fund.

101 (7) DEBT REDUCTION PROGRAM.—There is created the Debt  
102 Reduction Program, to be administered by the Division, for the  
103 purpose of retiring outstanding state debt prior to its maturity  
104 and generating savings by avoiding the interest cost on debt  
105 being retired.

106 (a) The Division is authorized to consider innovative  
107 techniques to purchase, defease, or retire state debt in order  
108 to implement the Program, including, but not limited to,  
109 engaging outside professionals necessary or advisable to carry  
110 out and perform the duties and obligations of the Division under  
111 this section.

112 (b) The Division is empowered to make, execute, and deliver  
113 any and all agreements, contracts, instruments, and other  
114 documents necessary or desirable to retire state debt under the

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115 Program and to take any actions necessary or desirable to carry  
116 out the purposes of the Program. The Division may employ or  
117 contract with staff and professionals for such purposes.

118 (c) The Division may charge a reasonable fee for the  
119 administration of the Program, not to exceed 3% of the funds  
120 transferred to the Program pursuant to paragraph (5) (b) in such  
121 fiscal year.

122 (d) The Division shall provide an annual accounting for the  
123 Program as part of the annual debt affordability report prepared  
124 pursuant to s. 215.98(2). Such accounting shall include, but not  
125 be limited to:

126 1. The amount transferred to the Program account pursuant  
127 to paragraph (5) (b) during the prior fiscal year.

128 2. A description of the strategies employed to retire  
129 outstanding state debt prior to its maturity.

130 3. The amount of state debt retired pursuant to the Program  
131 during the prior fiscal year.

132 4. The debt service savings generated by the purchase and  
133 retirement of state debt pursuant to the Program during the  
134 prior fiscal year.

135 Section 2. Subsections (1) and (2) of section 215.65,  
136 Florida Statutes, are amended to read:

137 215.65 Bond Fee Trust Fund, expenditures; schedule of  
138 fees.—

139 (1) There is created a Bond Fee Trust Fund, which shall be  
140 maintained as a separate fund. ~~The working capital reserve of~~  
141 ~~this fund for any fiscal year shall never exceed the~~  
142 ~~expenditures of the previous fiscal year. The "working capital~~  
143 ~~reserve" is defined as the amount of cash, investments at cost,~~

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144 ~~and accounts receivable due within 1 year, less the amount of~~  
145 ~~accounts payable due within 1 year, at the end of the current~~  
146 ~~fiscal year. Any moneys in excess of the working capital reserve~~  
147 ~~which remain in the fund at the end of the fiscal year shall be~~  
148 ~~transferred by the division within 120 days to the sinking fund~~  
149 ~~accounts established for the bonds issued by the division during~~  
150 ~~such prior fiscal year and shall be distributed to such accounts~~  
151 ~~on a pro rata basis according to the fees charged for the~~  
152 ~~issuance of such bonds.~~

153 (2) All expenses of the Division may be paid from such  
154 trust fund. Such expenses shall include, but shall not be  
155 limited to, costs of validating, printing, and delivering the  
156 bonds~~;~~ printing or distributing an official statement,  
157 prospectus, or similar information relating to the sale of the  
158 bond; publishing notices of sale of the bonds~~;~~ administering  
159 the Debt Reduction Program pursuant to s. 215.5603; salaries of  
160 personnel of the Division~~;~~ and necessary administrative  
161 expenses.

162 Section 3. This act shall take effect on July 1, 2023.