

STORAGE NAME: h4541.gg
DATE: April 6, 1998

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
GENERAL GOVERNMENT APPROPRIATIONS
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: HB 4541 (PCB GG 98-06)

RELATING TO: The Department of Management Services (Bonding the Law Enforcement Radio System)

SPONSOR(S): Committee on General Government Appropriations

COMPANION BILL(S): None

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) GENERAL GOVERNMENT APPROPRIATIONS YEAS 10 NAYS 0
 - (2)
 - (3)
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I. SUMMARY:

This bill authorizes the issuance of bonds to finance or refinance the cost of the acquisition, construction, and equipping of a law enforcement radio information system by the Division of Bond Finance on behalf of and in the name of the Department of Management Services.

The FY 1998-99 House General Government Appropriations Act (1ST ENG/HB 4211) provides for \$4.8 million for debt service for the bonding of the construction of phase III of the law enforcement radio information system. The \$4.8 million debt service results in approximately \$47.4 million to cover the cost of construction of phase III. Debt service on these bonds would be for 15 years. Additional bond sales may be authorized under the provisions of this bill for the construction of phases IV and V, but are currently not appropriated in the FY 1998-99 House General Government Appropriations Act.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

The State Agency Law Enforcement Radio System

History

In the early 1980's, increasing frequency congestion, the need for interagency communication, and the aging of existing radio equipment were problems facing state law enforcement agencies. These issues were addressed in 1984 when the Governor and Cabinet, acting as head of the Department of General Services, created a Joint Task Force on State Law Enforcement Communications to be coordinated by the Division of Communications. The task force consisted of five members representing five different agencies of related law enforcement activities. The task force was charged with the responsibility of conducting feasibility studies regarding implementation of a consolidated law enforcement communications system to be shared by all individual law enforcement agencies. After review, the task force recommended the implementation of a 3-year pilot project to be located in Dade, Monroe, and a portion of Broward counties.

In 1988, chapter 88-144, Laws of Florida, codified by section 282.1095, F.S., statutorily established the Joint Task Force on State Agency Law Enforcement Communications (JTF); the Mutual Aid Channel, also known as the State Agency Law Enforcement Radio System; and the Law Enforcement Radio System Trust Fund; for purposes of funding, acquiring, and implementing a statewide radio communications system to serve law enforcement.

The JTF established by statute consists of nine members and is required to establish policies, procedures and standards to be incorporated into a comprehensive management plan for the use and operation of the statewide radio communications system to serve the state's law enforcement agencies (i.e. the Departments of Law Enforcement, Corrections, Transportation, Insurance, and the Highway Patrol, the Marine Patrol, the Game and Fresh Water Fish Commission, the Department of Business and Professional Regulation's Division of Alcoholic Beverage and Tobacco, and the Criminal and Juvenile Justice Information Systems Councils). The JTF has the authority to permit other state agencies to use the system, under terms and conditions they establish. As usage and exposure of the system increases, it is expected that additional state and local law enforcement agencies will request approval by the JTF to obtain services on the system.

Beginning January 1, 1989, and ending June 30, 1994¹, the JTF, under the authorization of the Governor and Cabinet established a 5 and ½-year pilot project implementing a radio communications system in the southeast portion of the state. If successful, the pilot project was intended to be the first of multiple phases in implementing a common radio communications system statewide. Moneys in the Law Enforcement Radio System Trust Fund were used by the JTF to acquire by competitive procurement the equipment,

¹According to Chapter 88-114, section 1.(3), Laws of Florida, the 5 and ½-year provisioned time period for the pilot program was originally intended to be 3 and ½-years. However, due to delays in the project, s. 282.1095, F.S., was amended in 1992 to extend the time limitation period for the pilot program.

software, engineering, administrative, and maintenance services needed to conduct the project.

The system is an 800 Megahertz trunking radio system designed to free the existing low-band, high-band and UHF radio channels currently used by state agencies, for use by local public safety personnel during emergencies. Phase I was the pilot project in Broward, Monroe and Dade Counties and was completed June 30, 1994.

In May of 1993, the Office of the Auditor General conducted a performance audit of the Statewide Law Enforcement Radio System as administered by the DMS. The findings of the report are as follows:

- The pilot program had not been completed by the statutory deadline of June 30, 1992, due to problems with site permitting and meeting deadlines for developing contract specifications and awarding contracts. Project delays had caused a pilot project implementation cost variance exceeding the original estimated cost by more than 20% or \$4 million dollars.
- An investigation of the project funding source showed projected revenues to be insufficient for total statewide implementation of the system. A revenue shortfall of \$41.4 million was identified and was largely attributable to changes in assumptions affecting the original formula for estimating trust fund inflows. During the fiscal 1990-91 periods, \$11.2 million was transferred from the Trust Fund to the General Revenue Fund in an effort to balance the state budget. It was assumed that these funds would be placed back into the Trust Fund from general revenue appropriations at a rate of \$2 million a year for the next 11 years, accounting for another \$22 million in revenue shortfalls. Lastly, beginning in fiscal year 1991-92, a 7% annual surcharge was imposed on the Trust Fund's balance under section 215.20, F.S., creating a \$10.9 million impact, accounting for the remaining balance of the revenue shortfall of \$41.4 million.

System Features

In addition to accomplishing the three main goals of replacing worn-out equipment, eliminating frequency congestion, and providing interagency communication, the radio system also provides the following:

- Communication between officers traveling across district lines.
- "Officer Down" button to enable injured officers to get immediate help.
- Sophisticated talk groups set up by officers while still allowing the dispatcher locate a particular officer.
- Ability for officers to communicate directly and privately with each other.
- Four communications priorities for officer communication:
 1. Priority
 2. Tactical
 3. Strategic
 4. Administrative.
- Digital signal as opposed to analog, capable of transferring digital data as well as voice.
- Clearer voice communications.

Status of Implementation of a Statewide Program

There are now five phases planned in the implementation of a statewide program. Major tasks for FY 1998-99 are to complete the implementation of Phase II portable coverage in defined areas and begin planning and designing the implementation of Phase III. In addition, regular maintenance and operation of the equipment in the existing phases must be funded. The cost of deploying Phase II has been funded by previous appropriations and includes the Florida East Coast from Broward County up through Flagler County including Orlando. Phase III is the West Coast of Florida from Collier up through Citrus County. Phases IV and V would complete the system for the entire state.

Project Funding

Sections 320.0802 and 327.25, F.S., create an annual licensing tax surcharge for the operation of motor vehicles, mopeds, motorized bicycles and motor homes, and water vessels. The tax is to be collected during the period January 1, 1989, through December 31, 2003, in an amount of \$1 and deposited into the Law Enforcement Radio System Trust Fund.

B. EFFECT OF PROPOSED CHANGES:

This bill authorizes the issuance of bonds to finance or refinance the cost of the acquisition, construction, and equipping of a law enforcement radio information system by the Division of Bond Finance on behalf of and in the name of the Department of Management Services.

The bill also extends the current motor vehicle and water vessel surcharges beyond 2003 since these revenues are pledged for debt service for 15 years.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

Requires the Division of Bond Finance to issue bonds to finance the cost of the acquisition, construction, and equipping of a law enforcement radio information system on behalf of the Department of Management Services.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No, however, it does eliminate the repeal in December of 2003 of the surcharge imposed on motor vehicle licenses pursuant to section 320.0802, F.S., and the water vessel surcharge enacted pursuant to section 327.25, F.S.

c. Does the bill reduce total taxes, both rates and revenues?

No.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

Yes. Beneficiaries of increased law enforcement effectiveness pay through the motor vehicle license surcharge and the water vessel surcharge.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

- (4) Are families required to participate in a program?

N/A

- (5) Are families penalized for not participating in a program?

N/A

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- b. Does the bill directly affect the legal rights and obligations between family members?

N/A

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

- (1) parents and guardians?

N/A

- (2) service providers?

N/A

- (3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

Sections 215.656, 320.0802, and 327.25, F.S.

E. SECTION-BY-SECTION RESEARCH:

Section 1: Creates section 215.656, F.S., to authorize the issuance of bonds to finance or refinance the cost of the acquisition, construction, and equipping of a law enforcement radio information system by the Division of Bond Finance on behalf of and in the name of the Department of Management Services.

The bonds are to be payable solely from the surcharge imposed on license taxes pursuant to section 320.0802, F.S., and the surcharge imposed on vessel registration fees pursuant to section 327.25, F.S., which are transferred to the Law Enforcement Radio System Trust Fund.

The bonds shall not constitute a general obligation of the state or a pledge of the full faith and credit of the taxing power of the state. The term of the bonds shall not exceed 15 years.

The law enforcement radio system to be financed with the proceeds of these bonds is designated as a state fixed capital outlay project for purposes of section 11(d), Article VII of the State Constitution.

Section 2: Section 320.0802, F.S., is amended to eliminate the December 31, 2003, repeal date for the imposition of the license tax surcharge pursuant to section 320.0802, F.S. Provides that the surcharge shall not terminate until any bonds issued pursuant to the bill shall be paid.

Section 3: Subsection (9) of section 327.25, F.S., eliminate the December 31, 2003, repeal date for the imposition of the vessel registration fee imposed pursuant to subsection 327.25(1), F.S. Provides that the fee shall not terminate until any bonds issued pursuant to the bill shall be paid.

Section 4: Provides that the act shall take effect upon becoming a law.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

The FY 1998-99 House General Government Appropriations Act (1ST ENG/HB 4211) provides:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

Expenditures:

	<u>FY 98-99</u>	<u>FY 99-00</u>
Law Enforcement Radio System Trust Fund Fixed Capital Outlay-Statewide Law Enforcement System (Bond Proceeds)	\$47.4m	

2. Recurring Effects:

Expenditures:

	<u>FY 98-99</u>	<u>FY 99-00</u>
Law Enforcement Radio System Trust Fund Debt Service	\$4.8m	\$4.8m

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

Expenditures:

	<u>FY 98-99</u>	<u>FY 99-00</u>
Law Enforcement Radio System Trust Fund Fixed Capital Outlay-Statewide Law Enforcement System	\$47.4m	

Debt Service

\$4.8m

\$4.8m

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

None.

3. Effects on Competition, Private Enterprise and Employment Markets:

None.

D. FISCAL COMMENTS:

Revenues from the motor vehicle and water vessel surcharges are estimated to raise \$14.5 million annually. Together with interest earnings of approximately \$2.8 million annually, the total revenues available in the Law Enforcement Radio System Trust Fund for the operation, maintenance, and construction of the radio system is approximately \$17.3 million annually.

The FY 1998-99 House General Government Appropriations Act (1ST ENG/HB 4211) provides for \$10.1 million for operation and maintenance of phases I and II, and portions of phase III, and \$4.8 million for debt service for the bonding of the construction of phase III, for a total appropriation of \$14.9 million. The \$4.8 million debt service results in approximately \$47.4 million in bond proceeds to cover the cost of construction of phase III. Debt service on these bonds would be for 15 years.

Additional bond sales may be authorized under the provisions of this bill for the construction of phases IV and V. It will be necessary to shift the ongoing operations and maintenance costs from the Law Enforcement Radio System Trust Fund revenues to agency budgets in future years, in accordance with previous Joint Law Enforcement

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Radio System Task Force direction, as more of the revenue source is pledged for bonds.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill is not a mandate on counties or municipalities.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill does not reduce the revenue raising authority of counties or municipalities.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the amount of state tax shared with counties and municipalities.

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VII. SIGNATURES:

COMMITTEE ON GENERAL GOVERNMENT APPROPRIATIONS:

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