

STORAGE NAME: s0208a.go

DATE: April 24, 2000

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
GOVERNMENTAL OPERATIONS
ANALYSIS**

BILL #: SB 208

RELATING TO: Governmental Software/Copyright

SPONSOR(S): Governmental Oversight and Productivity

TIED BILL(S):

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

(1) GOVERNMENTAL OPERATIONS YEAS 6 NAYS 0

(2)

(3)

(4)

(5)

I. SUMMARY:

This bill is the result of an interim project reviewing s. 119.083, F.S. That section imposes standards on agency use of electronic storage and data retrieval systems. The section also authorizes any state or local entity to copyright data processing software that it develops, to sell or license this copyrighted software based upon market conditions, and to enforce its rights pertaining to copyrighted software. The section also establishes a fee structure for agency-created copyrighted software that is required for accessing electronic public records. Section 119.083, F.S., will expire on October 1, 2000, unless it is reviewed and revived by the Legislature prior to the expiration date.

This bill repeals Section 2 of ch. 90-237, L.O.F., which sunsets s. 119.083, F.S. The bill also repeals subsection (2) of s. 119.083, F.S., on October 1, 2006, and requires its review by the Legislature prior to that date. That subsection authorizes agencies to copyright software.

This bill provides an effective date of upon becoming a law.

This bill has an insignificant fiscal impact on state or local governments.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Section 119.083, F.S., was created in ch. 90-237, L.O.F. The section was created with a repeal date of October 1, 2000. The Legislature must review and revive the section during the 2000 regular legislative session or it will expire.

Section 119.083, F.S., does three things. It establishes general standards regarding agency use of technology to ensure that access to public records is not impaired. It also authorizes agencies to copyright software that they create. Finally, the section establishes fee requirements for copies.

The term *agency* is defined for the purposes of s. 119.083, F.S., to have the same meaning as provided in s. 119.011(2), F.S., except that a private agency, person, partnership, corporation, or business entity are excluded. Thus, the section under review applies to any state, county, district, authority, or municipal officer, department, division, board, bureau, commission, or other separate unit of government created or established by law including, the Commission on Ethics, the Public Service Commission, and the Office of Public Counsel.

General Standards - Section 119.083(4), F.S., places a duty on an agency to consider the type of format it is using when designing or acquiring an electronic recordkeeping system. The proliferation of computer languages and programs could pose a threat to public access if this issue is not taken into consideration by governmental entities. As a result, the Legislature has required agencies to consider whether a system is capable of providing data in a common format. The statute provides as an example of a common format the American Standard Code for Information Interchange (ASCII), but the format is not intended to be exclusive.

Additionally, s. 119.083(5), F.S., requires an agency that uses an electronic recordkeeping system to provide to any person a copy of any non-exempt public record in that system. Further, the section requires an agency to provide a copy of the record in the medium requested *if the agency maintains the record in that* medium. If the agency does not maintain the record in the requested medium, it is not prohibited from converting the record into the specified medium and can convert it at its discretion. The cost to the requestor is, however, affected by the conversion and is discussed later in this report.

Additionally, s. 119.083(6), F.S., prohibits an agency from entering into a contract for the creation or maintenance of a public records database if that contract impairs the ability of the public to inspect or copy the public records of that agency, including records that are on-line or stored in an electronic recordkeeping system used by the agency.

Finally, s. 119.083(3), F.S., takes into consideration the impact of the use of proprietary software on the right of access to public records. The term *proprietary software* is defined by s. 119.083(1)(c), F.S., to mean "data processing software that is protected by copyright or trade secret laws." The section provides that, subject to the restrictions of copyright and trade secret laws and public records exemptions, agency use of proprietary software must not diminish the right of the public to inspect and copy a public record.

The ability to access public records is a long-standing tradition in Florida. The first state law on the subject passed in 1909. The statutory right of access was raised to a constitutional level in 1992. Article I, s. 24(a) of the State Constitution, states:

Every person has the right to inspect or copy any public record made or received in connection with the official business of any public body, officer, or employee of the state, or persons acting on their behalf, except with respect to records exempted pursuant to this section or specifically made confidential by this Constitution. This section specifically includes the legislative, executive, and judicial branches of government and each agency or department created thereunder; counties, municipalities, and districts; and each constitutional officer, board, and commission, or entity created pursuant to law or this Constitution.

The State Constitution does not explicitly contain a definition for the term *public record*, but the term was defined broadly by the Legislature in s. 119.01(1), F.S., to include:

All documents, papers, letters, maps, books, tapes, photographs, films, sound recordings, *data processing software, or other material, regardless of the physical form, characteristics, or means of transmission*, made or received pursuant to law or ordinance or in connection with the transaction of official business by any agency [*emphasis added*].

Based upon their review of the statute, the courts have also defined the term *public record*. The Florida Supreme Court held in *Shevin v. Byron, Harless, Schaffer, Reid and Assoc., Inc.*, 379 So.2d 633, 640 (Fla.1980) that:

a public record . . . is any material prepared in connection with official agency business which is intended to perpetuate, communicate, or formalize knowledge of some type.

Additionally, it has been held that information stored in a public agency's computer "is as much a public record as a written page in a book or a tabulation in a file stored in a filing cabinet . . ." *Siegle v. Barry*, 422 So.2d 63 (Fla. 4th DCA 1982). As a result, a public record in Florida can include not only the data that is stored in a computer, but the agency-created data processing software that stores, retrieves or manipulates the data.

Section 119.07(1)(a), F.S., requires a person with custody of a public record to permit it to be examined by any person at reasonable times and under reasonable circumstances. The custodian of a record must respond to a request whether it is in writing, over the telephone, or in person. A person requesting access may not be required to disclose the purpose for which he or she wants the record. Further, an agency may not require the requestor to disclose his or her name, address, or telephone number unless the custodian is specifically

required by law to do so for a particular record. See, *Bevan v. Wanicka*, 505 So. 2d 1116 (Fla. 2d DCA 1987).

Article I, s. 24(c) of the State Constitution, and the Public Records Law authorize the Legislature to create exemptions to public records requirements pursuant to specified limitations. An exemption that is relative to this report is found in s. 119.07(3)(o), F.S. That section provides that data processing software obtained by an agency under a licensing agreement which prohibits its disclosure and which is a trade secret, and agency-produced data processing software which is sensitive, are exempt. The term *sensitive* is defined to mean only those portions of data processing software, including the specifications and documentation, used to: (a) collect, process, store, and retrieve information which is exempt; (b) collect, process, store, and retrieve financial management information of the agency, such as payroll and accounting records; or (c) control and direct access authorizations and security measures for automated systems.

A general statement regarding Florida's policy on electronic records is found in s. 119.01, F.S. While subsection (2) encourages agencies to provide access to public records by remote electronic means to the extent feasible, subsection (3) states:

The Legislature finds that providing access to public records is a duty of each agency and that automation of public records must not erode the right of access to those records. As each agency increases its use of and dependence on electronic recordkeeping, each agency must ensure reasonable access to records electronically maintained.

In addition to the foregoing standards, the Legislature has confronted a number of issues related to the impact of technology on public records in s. 119.083, F.S. The section contains general standards to ensure reasonable access to electronic records, as well as provides authorization to agencies to copyright software that they create.

Copyright of Agency-Created Software - Section 119.083 (2), F.S., provides:

Any agency is authorized to hold copyrights for data processing software created by the agency and to enforce its rights pertaining to such copyrights, provided that the agency complies with the requirements of this section.

The term *data processing software* is defined to have the same meaning found in s. 282.303, F.S., which is:

the programs and routines used to employ and control the capabilities of data processing hardware, including, but not limited to, operating systems, compilers, assemblers, utilities, library routines, maintenance routines, applications, and computer networking programs.

Once an agency obtains a copyright for its data processing software, s. 119.083(2)(a), F.S., authorizes it to sell or license it to any other public or private entity based upon market considerations.

Section 119.083(2)(b), F.S., states that the provisions of the subsection are *supplemental* to other statutes that extend copyright authority to an agency. The subsection does not supplant or repeal any of the other numerous copyright provisions in the *Florida Statutes*.

The Federal Copyright Act of 1976, 17 U.S.C. s. 102(a), protects:

original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.

While works created by an officer or employee of the United States Government as a part of his or her duties are in the public domain and may not be copyrighted under 17 U.S.C., s. 5, there is no corresponding federal prohibition on copyrighting most works of other governmental entities. As a result, state and local governments are not constrained from copyrighting works created by public employees as part of their official duties. The U.S. Copyright Office, nevertheless, states in *The Compendium of Copyright Office Practices* that legislative enactments, judicial opinions and administrative rulings, whether federal or state, are ineligible for federal copyright protection for public policy reasons.

Authorization to copyright agency-created software has been assailed for numerous public policy reasons. One argument against copyright of works by state and local governments is that works of state and local governmental employees, like those of their federal counterparts, should be considered to be in the public domain. The term *public domain* has been defined as a "true commons comprising elements of intellectual property that are ineligible for private ownership."¹ Under copyright law, works that are in the public domain are not copyrightable and may be freely used by any member of the public.

Those who oppose copyrighting agency-created data processing software argue that public records are by their very nature in the public domain and that public policy should preclude copyright protection for public records, which agency-created software is defined to be. Further, it is argued that provisions in s. 119.083, F.S., conflict with standards that apply to all other public records. For example, it is not permissible to inquire for what purpose a person wants a public record, yet such an inquiry must be made to determine if a person is going to use agency-created software to view public records or use the software for some other purpose. The cost of the copy is determined by this inquiry. Cost for the copy is also different than other public records as a "market based" price is authorized to be charged if the agency-created software is not going to be used to view other public records.

Another argument raised by opponents of copyright by governmental entities relates to the purpose of copyright. Copyright law attempts to balance the rewards provided to the creator with the benefits provided to society at large. As noted in a 1993 report by the Joint Committee on Information Technology Resources entitled *Agency-Created Data Processing Software as a Public Record*:

Focusing 'on the right of the individual to reap the reward of his endeavors,' copyright law seeks to protect an author's economic incentive to create by granting a monopoly limited in both time and scope, yet 'sufficient to ensure . . . adequate opportunity to realize an economic return, thereby' encouraging production of new and innovative work. However, '[a] competing concern is the recognition that free and unrestrained access to the works of others encourages a greater dispersion of knowledge . . . and greatly enhances the public welfare.

If the incentive of personal reward is one of the fundamental purposes of copyright, it has been argued that this incentive should be inapplicable to governmental entities because their primary purpose is to promote the general welfare, independent of any need for economic benefit. Further mitigating against government copyright is the lack of need for

¹Litman, *The Public Domain*, 39 Emory L.J. 965 at 974 (No. 4 Fall 1990).

compensation for government works because tax-supported salaries both induce and compensate government employees for their efforts. Opponents also opine that governmental entities should only produce software which is necessary for the agency to perform its public duties regardless of the potential for profit.

Proponents of extending copyright to works of governmental entities, however, argue that permitting agencies to copyright and sell their software at market costs permits them to recoup development costs and generate revenue. It is argued that additional sources of agency income not only benefit the public by lowering the cost the public must pay to support the agency, but result in the creation of improved computer systems and data compilations.

According to Interim Project Report 2000-79 by the staff of the Committee on Governmental Oversight and Productivity, survey responses showed that most agencies do not copyright or sell their software. Though almost 60% of the agencies who responded to the survey have at some time produced their own software, only a small percent (13%) indicated that they had ever bothered to copyright their product. Agencies indicated that they held about 120 copyrights, with the majority being held by counties (41) and universities (41). Significantly, less than one-half of 1% of respondents (.050) indicated that they had sold agency-created software for more than the cost of duplication. Nevertheless, survey responses show that a few agencies received income from sales based upon market-based prices. Specifically, departments reported sales totaling \$107,000; cities reported sales totaling \$1,500; counties reported sales totaling \$683,000. By far the largest amount reported was by universities, who reported sales of \$11,037,025.75. The amounts reported, however, often span a period covering ten or more years. Further, it should be noted that universities have authority to copyright under another provision of statute.

Florida has historically authorized the copyright of governmental works. Some examples of state statutory copyright authorization include:

- Permitting the Department of Citrus to hold legal title and interest to patents, trademarks, copyrights, certification marks in s. 601.101, F.S.;
- Authorizing universities to secure copyrights, letters of patent, and trademarks on their works and to enforce their rights in s. 240.229, F.S.;
- Authorizing the community college board of trustees to copyright work products which relate to educational endeavors in s. 240.319(3)(j), F.S.;
- Permitting the Department of the Lottery to hold copyrights, trademarks, and service marks and enforce its rights in s. 24.105, F.S.;
- Authorizing the Spaceport Florida Authority to hold copyrights and patents in s. 331.355, F.S.;
- Permitting the Department of State to secure letters of patent, copyrights, and trademarks and to enforce its rights in them in s. 286.031, F.S.; and
- Authorizing the Department of Transportation to secure letters of patent, copyrights, and trademarks on any legitimately acquired work products, and to enforce its rights therein in s. 334.049, F.S.

Florida also has a general provision regarding ownership of copyrights by the state. Section 286.021, F.S., provides that the:

legal title and every right, interest, claim or demand of any kind in and to any patent, trademark or copyright, or application for the same, now owned or held, or as may hereafter be acquired, owned and *held by the state, or any of its boards, commissions or agencies*, is hereby granted to and vested in the Department of State for the use and

benefit of the state; and no person, firm or corporation shall be entitled to use the same without the written consent of said Department of State [*emphasis added*].

A list obtained from the Florida Department of State shows that copyrights and patents have been obtained by state agencies in Florida at least since 1949. A few examples on the list include: (a) Patent No. 777,416 for Improvement in Direction Finder Equipment by the Board of Institutions in 1949; (b) copyright by the Florida State University on "Proceedings of the International Conference on the Nuclear Optical Model" in 1959; and (c) 1985 copyright on Department of Transportation maps of northern Florida counties.

Furthermore, Florida is not unique among the states in authorizing the copyright of agency-created software. The State of Minnesota authorizes state agencies, statewide systems, and political subdivisions to obtain copyrights or patents on computer software programs or components of a program created by that governmental entity. This authorization is contained in a chapter of law entitled *Government Data Practices* which defines all government data collected, created, received, maintained or disseminated by a state agency, political subdivision, or statewide system to be public unless classified by statute or federal law as nonpublic or protected nonpublic.

At least four other states, Alaska, Utah, Texas, and California were identified as states that authorize certain governmental entities to obtain copyrights on the software they create or have developed by a private contractor. The State of California also regulates agency-created software in a chapter of law dealing with public records. California, contrary to Florida, specifically *excludes* computer software developed by a state or local agency from the definition of *public record* and authorizes agencies to sell, lease, or license the software for commercial or noncommercial use, pursuant to s. 6254.9 *Cal. Gov. Code*. Computer software in California includes computer mapping systems, computer programs, and computer graphics systems. California law also provides, however, that:

Nothing in this section is intended to affect the public record status of information merely because it is stored in a computer. Public records stored in a computer shall be disclosed as required by this chapter.

Thus, Florida is not unique in permitting copyright of government works in general or of agency-created software in particular.

Fee Structures - The Legislature has also established two fee structures in s. 119.083, F.S. First, it established fees for the sale or licensing of agency-created data processing software that has been copyrighted. When an agency offers its copyrighted software for sale, s. 119.083(2)(a), F.S., authorizes the agency to set the price based on market considerations. The market based price that is established, however, is subject to one considerable caveat. When an individual or entity needs the software *solely* for application to data or information maintained or generated by the agency that created it, the fee is determined by general public records law requirements in s. 119.07(1), F.S. That section provides that if a specific fee is prescribed by law, such as \$1 per page, then the custodian of the record is required to furnish the copy of the record upon payment of the prescribed fee. If a fee is not prescribed by law, an agency may not charge more than 15 cents per one-sided copy for pages that are not more than 14 inches by 8 ½ inches. For all other copies, an agency may charge for the actual cost of duplication.

Section 119.07(1)(a), F.S., defines the term *actual cost of duplication* to mean:

the cost of the material and supplies used to duplicate the record, but it does not include the labor cost or overhead cost associated with such duplication. If copies of county maps or aerial photographs are supplied, then a reasonable charge for labor and overhead associated with duplication may be assessed.

A special service charge, in addition to the actual cost of duplication, may be assessed if the nature or volume of public records requested requires extensive use of information technology resources or extensive clerical or supervisory assistance by agency personnel. The term *information technology resources* is defined to mean:

data processing hardware and software and services, communications, supplies, personnel, facility resources, maintenance, and training.

The special service charge which is authorized must be reasonable and must be based on the cost incurred for the extensive use of information technology resources, the labor cost of the personnel providing the service that is actually incurred, or both.

Proceeds from the sale or licensing of copyrighted data processing software are required to be deposited by an agency into an agency trust fund. Counties, municipalities, and other political subdivisions are authorized to designate how such sale and licensing proceeds are to be used.

The second fee structure that is established in s. 119.083, F.S., is contained in subsection (5). The subsection requires an agency to provide a copy of the electronically-stored record in the medium requested if the agency maintains the record in that medium. In these cases, the fee to be charged is the standard fee established by ch. 119, F.S. If the agency elects to provide a copy of a public record in a medium not routinely used by the agency, or if it elects to compile information not routinely developed or maintained by the agency or that requires a substantial amount of manipulation or programming, the fee must comply with s. 119.07(1)(b), F.S., which is the section relating to extensive use of information technology resources or extensive clerical or supervisory assistance discussed above.

C. EFFECT OF PROPOSED CHANGES:

The bill repeals Section 2 of ch. 90-237, L.O.F., which repeals s. 119.083, F.S., October 1, 2000. Additionally, the bill provides that subsection (2) of s. 119.083, F.S., will repeal October 1, 2006, unless reviewed and revived by the Legislature prior to that date. No other subsection in the section is made subject to the future repeal date.

The act is effective upon becoming law.

D. SECTION-BY-SECTION ANALYSIS:

See section above.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

Agencies will continue to be authorized to copyright software that they develop at least until October 1, 2006. Practically, as most agencies do not copyright or sell their software, and as use of the section appears to be in decline, it does not appear that there will be much impact on agencies.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Insignificant.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Maintenance of the section ensures that use of technology by state agencies will not negatively affect access to public records.

The survey results reported in Interim Project 2000-79 by staff of the Committee on Governmental Oversight and Productivity showed that most agencies do not copyright or sell their software. As a result, extension of authority to copyright should not negatively impact software companies.

D. FISCAL COMMENTS:

None.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

The bill does not require a city or county to expend funds or to take any action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill does not reduce the authority that cities or counties have to raise revenues in the aggregate.

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

The bill does not reduce the percentage of a state tax shared with counties or cities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

Article I, s. 23 of the State Constitution provides that every person has the right to inspect and copy a public record. The bill continues standards that ensure that use of technology by agencies does not limit access to public records.

Senate Interim Project Report 2000-79 by the Governmental Oversight and Productivity Committee recommended that the four general standards that help ensure access to electronic public records that are contained in s. 119.083, F.S., be continued. Further, the report recommended that subsection (2), which authorizes agencies to copyright software that they create, be continued. Given the evolutionary nature of computer technology and its potential impact on public records, however, the report recommended that subsection (2) be subject to repeal in five years unless reviewed and reauthorized by the Legislature. Finally, the report recommended that the fee structure be continued.

A similar project report by the House Committee on Governmental Operations in 1999 also recommended that the Legislature re-enact s. 119.083, F.S., to allow copyright protection of governmental software. This option maintains the status quo. While authorization for agencies to copyright their software results in some anomalies, the Legislature has provided numerous methods to ensure such authorization does not limit access to public records. In addition to requiring agencies: (a) to consider the type of format they use when designing or acquiring an electronic recordkeeping system; (b) to provide copies of electronically-stored records; (c) to refrain from entering into contracts that impair the ability of the public to inspect or copy public records; and (d) to abstain from using proprietary software that would diminish the right of the public to inspect and copy a public record, the Legislature has also restricted the fees that may be charged for agency-created and copyrighted software when that software is required to access public records. And while few agencies seek copyright protection for their software, and fewer still seek market-based prices when selling their software, the option should remain available for those agencies which can develop a valuable software product.

STORAGE NAME: s0208a.go

DATE: April 24, 2000

PAGE 11

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON GOVERNMENTAL OPERATIONS:

Prepared by:

Staff Director:

Douglas Pile

Russell J. Cyphers, Jr.