

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Ensure Lower Taxes: HB 997 imposes an additional \$1 surcharge on all motor vehicle registrations listed in s. 320.08, F.S., except for on mobile homes. The surcharge will raise an estimated minimum of \$17 million annually, which will be used to fund continued upgrades of the state agency law enforcement radio system.

Maintain Public Security: HB 997 increases the public resources devoted to public security. The additional revenues are intended to maintain and enhance the current law enforcement radio system, which has proven to be reliable during public emergencies.

B. EFFECT OF PROPOSED CHANGES:

Background

In 1988, the Legislature created the State Technology Office (STO) and directed it to "acquire and implement a statewide radio communications system to serve law enforcement units of state agencies, and to serve local law enforcement agencies through mutual aid channels," pursuant to s. 282.195, F.S.

Created the same year was s. 320.0802, F.S., which imposed a \$1 annual surcharge on initial and renewal registrations required for motor vehicles, for the purpose of financing a coordinated radio system for state law enforcement agencies. In FY 2005-2006, the surcharge raised about \$18.5 million. The revenues are deposited in the State Agency Law Enforcement Radio System Trust Fund.

The STO is now known as the Florida Enterprise Information Technology Services (EITS) and is housed within the Department of Management Services, but a key mission remains the same: to complete the Statewide Law Enforcement Radio System (SLERS). Assisting EITS in developing the SLERS is the advisory Task Force on State Agency Law Enforcement Communications (the Task Force). EITS is the project manager for SLERS and the contract manager for the state's contract with M/A-COM, the company responsible for the day-to-day operations of the SLERS. M/A-COM's contract expires June 30, 2021. The contract is paid with the revenues generated by the current \$1 surcharge on vehicle registrations and renewals.

The 800 MHz radio system serves more than 6,500 officers in 17 state law-enforcement agencies or entities, and has purchased approximately 14,000 radios for patrol cars, boats, motorcycles, and aircraft. Developed in five phases regionally in Florida, SLERS will provide full coverage to state law enforcement officers by May 2006, according to EITS staff. SLERS is considered one of the best law enforcement communications systems in the nation.

In 2005, the law enforcement Task Force developed a list of recommended enhancements to SLERS, including new transmission towers, additional communications base stations and consoles, more training programs, and creation of a backup network in Tallahassee. Not included among the enhancement proposals were discussions on how to systematically pay for replacing radios that break, wear out, or become obsolete because of improved technology. Typically, radio replacement is funded through the budgets of individual state agencies each year. Law enforcement radios generally have to be replaced every six to eight years.

The Task Force's list of enhancements was published as part of the Senate Transportation and Economic Development Appropriations Committee Interim Project Report #2006-149. The enhancements were estimated to cost between \$7 million and \$9 million from FY 2006-FY2011. No specific funding source was identified by the Task Force to pay for the enhancements, but the Senate report lists three options:

- Option 1 – Provide \$6.6 million in General Revenue to supplement the \$1 surcharge revenues in the trust fund in order to fund the SLERS enhancements.
- Option 2 -- Increase the current statutory fee to \$1.10 specifically to fund the enhancements to SLERS.
- Option 3 – Increase the current statutory fee by an additional 45 cents, effective in FY 2009-2010 to provide an annual revenue increase of \$8.6 million to be used for radio replacement costs for state agencies.

Effect of Proposed Changes

HB 997 amends s. 320.0802, F.S., to add a \$1 surcharge on motor vehicle registrations, including motorcycles and trailers, to pay for enhancements to the SLERS that were identified by the Task Force in 2005 and listed in the Florida Senate Interim Project Report #2006-149. Exempted from the additional surcharge are mobile home registrations.

The new surcharge will generate an estimated \$17 million annually, to be deposited into the State Agency Law Enforcement Radio System Trust Fund and used to pay for the system enhancements.

HB 997 takes effect July 1, 2006.

C. SECTION DIRECTORY:

Section 1: Amends s. 320.0802, F.S., to levy an additional \$1 surcharge on motor vehicle registrations and renewals. Provides for use of the funds. Names trust fund that is the repository for the revenues.

Section 2: Specifies an effective date of July1, 2006.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

DHSMV estimates the additional \$1 surcharge will generate \$17 million in each of the next three years. The revenues will be deposited into the State Agency Law Enforcement Radio System Trust Fund, which is overseen by the Department of Management Services.

2. Expenditures:

None. DHSMV says it will absorb within its existing budget and staffing the cost to reprogram its computerized registration information and billing programs.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

People will pay \$1 more for each motor vehicle, motorcycle, or trailer they register in Florida each year.

D. FISCAL COMMENTS:

Based on projected cost estimates in the Senate Interim Project Report # 2006-149, a 10-cent increase in the registration surcharge would be sufficient to fund the SLERS enhancements recommended by the Task Force. Adding 45 cents more to the surcharge would cover the estimated annual \$8.6 million to purchase new radios.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because HB 997 does not appear to: require the counties or cities to spend funds or take an action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The agencies involved in implementing HB 997 have sufficient rulemaking authority.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Agency comments:

DHSMV has recommended extending the bill's effective date to October 1, 2006, in order to give the agency more time to reprogram its computers.

Committee staff comments:

HB 997 specifically earmarks the revenues from the additional \$1 surcharge for "enhancements to the state agency law enforcement radio system as identified in 2005 by the Joint Task Force on State Agency Law Enforcement Communications."

Since systematic radio replacements were not among the Task Force's 2005 recommended list of enhancements, it is unclear whether the revenues from the new \$1 surcharge can be spent to purchase new radios on a scale as discussed in the Senate report.

This issue would have to be addressed as part of the appropriations process of authorizing the expenditures of funds from the State Agency Law Enforcement Radio System Trust Fund.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES