

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/CS/HB 427 Recreational Vessel Registration

SPONSOR(S): Transportation & Economic Development Appropriations Subcommittee; Magar and others

TIED BILLS: **IDEN./SIM. BILLS:**

| REFERENCE | ACTION | ANALYST | STAFF DIRECTOR or BUDGET/POLICY CHIEF |
|---|---------------------|-----------|--|
| 1) Highway & Waterway Safety Subcommittee | 11 Y, 0 N, As CS | Whittaker | Smith |
| 2) Transportation & Economic Development Appropriations Subcommittee | 12 Y, 0 N, As CS | Cobb | Davis |
| 3) Economic Affairs Committee | | | |

SUMMARY ANALYSIS

The bill reduces state vessel registration fees for recreational vessels equipped with an Emergency Position-Indicating Radio Beacon, or for recreational vessels where the owner owns a Personal Locator Beacon. The beacon must be registered with the National Oceanic and Atmospheric Administration in order for the owner to qualify for the reduced registration fee. A person who owns a personal locator beacon and more than one recreational vessel qualifies to pay the reduced fee for only one of their vessels. The reduced registration certificate fees provided in the bill apply to applicable vessels registered in Fiscal Year 2016-2017, between July 1, 2016, and June 30, 2017 only.

As provided in the bill, an **Emergency Position-Indicating Radio Beacon** means a device installed on the vessel being registered that:

- Transmits distress signals at a frequency between 406.0 and 406.1 MHz;
- Is manufactured by a company approved to manufacture beacons by the International Cospas-Sarsat Programme; and
- Is registered with the United States National Oceanic and Atmospheric Administration.

A **Personal Locator Beacon** means a device designed to be carried by an individual that:

- Transmits distress signals at a frequency between 406.0 and 406.1 MHz;
- Is manufactured by a company approved to manufacture beacons by the International Cospas-Sarsat Programme; and
- Is registered with the United States National Oceanic and Atmospheric Administration.

The Revenue Estimating Conference (REC) met on October 29, 2015, and determined that the original bill filed will have a negative recurring impact of \$500,000 to the General Revenue Fund. The bill as amended reduces this impact. The REC has not reviewed the bill as amended; however, using the data from the original REC estimate, House staff estimates that the reduced fees in the amended bill will have a negative nonrecurring impact of approximately \$250,000 in Fiscal Year 2016-2017. See fiscal section.

The bill provides an effective date of July 1, 2016.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Vessel Registration

Vessels operated, used, or stored on the waters of this state must be registered with the Department of Highway Safety and Motor Vehicles (DHSMV) as a commercial or recreational¹ vessel, unless:

- The vessel is operated, used, and stored exclusively on private lakes and ponds;
- The vessel is owned by the U.S. Government;
- The vessel is used exclusively as a ship's lifeboat; or
- The vessel is non-motor-powered and less than 16 feet in length or a non-motor-powered canoe, kayak, racing shell, or rowing scull, regardless of length.²

Vessels are classified by their length which determines the base registration fee. The vessel registration fee for a 12-month period is as follows:

- *Class A-1*: Less than 12 feet in length, and all canoes to which propulsion motors have been attached, regardless of length: \$5.50;
- *Class A-2*: 12 feet or more and less than 16 feet in length: \$16.25;
- *Class 1*: 16 feet or more and less than 26 feet in length: \$28.75;
- *Class 2*: 26 feet or more and less than 40 feet in length: \$78.25;
- *Class 3*: 40 feet or more and less than 65 feet in length: \$127.75;
- *Class 4*: 65 feet or more and less than 110 feet in length: \$152.75;
- *Class 5*: 110 feet or more in length: \$189.75; and
- *Dealer registration certificate*: \$25.50.³

Additionally, any county may impose an annual registration fee on vessels registered, operated, used, or stored on the waters of this state within its jurisdiction. This fee is 50 percent of the applicable state registration fee, however the first \$1 of every registration must be remitted to the state for deposit in the Save the Manatee Trust Fund.⁴ This optional county fee is retained by the county where the vessel is registered and is to be used for patrol, regulation, and maintenance of the lakes, rivers, and waters and for other boating-related activities within the municipality or county.⁵

NOAA Search and Rescue Satellite Aided Tracking

The National Oceanic and Atmospheric Administration (NOAA) operates the nation's Search and Rescue Satellite Aided Tracking (SARSAT) system to detect mariners, aviators, and others throughout the world using satellites in low-earth and geostationary orbits to detect and locate beacon-users in distress.⁶

The United States and the governments of Canada, France, and Russia have an agreement to provide for long-term operation of the COSPAS-SARSAT⁷ (C-S) Program, which also provides space-based relay of distress signals or alerts from emergency beacons. The program provides alerts to search and rescue authorities internationally.

¹ s. 327.02(37), F.S. defines a "recreational vessel" as a vessel manufactured and used primarily for noncommercial purposes, or a vessel leased, rented, or chartered to a person for his or her noncommercial use.

² s. 328.48(2), F.S.

³ s. 328.72(1), F.S.

⁴ s. 328.66, F.S.

⁵ *Id.*

⁶ NOAA, *Welcome to SARSAT*, <http://www.sarsat.noaa.gov/index.html>. (last visited January 5, 2016).

⁷ COSPAS is a Russian acronym for "Space System for Search of Vessels in Distress." See the SARSAT FAQ website:

<http://www.sarsat.noaa.gov/faq%202.html>. (last visited January 5, 2016).

Ground stations, called Local User Terminals (LUTs), are satellite receiving units. LUTs are fully automated and unmanned. When an LUT receives a distress signal detected by satellite, it is transmitted to the mission control center (MCC) that operates that particular LUT. The MCC collects, stores, and sorts alerts from LUTs and other MCCs and distributes the alerts to search and rescue authorities and other MCCs.⁸

Locator Beacons

The emergency beacons used to detect those in distress operate only in the 406.0 to 406.1 megahertz (MHz) frequency band to transmit digital messages to satellites for transmission to the appropriate LUT. The frequency is restricted to low power satellite emergency position-indicating beacons in the mobile satellite service. According to NOAA, two types of 406 MHz emergency beacons are:

- *Emergency Position-Indicating Radio Beacons*, or EPIRBs:
An EPIRB is an emergency position-indicating radio beacon used in maritime watercraft that can be automatically or manually activated to transmit a distress signal to a satellite. EPIRBs that activate automatically typically have a hydro-static release mechanism that, when immersed, allows the beacon to release from its bracket, float to the surface and start transmitting. The beacon, along with the bracket, has to sink to approximately 3 meters before it will activate automatically. This should be taken into account when mounting an automatic EPIRB; and
- *Personal Locator Beacons*, or PLBs:
A PLB is a personal locator beacon designed to be carried by an individual that can only be activated manually. PLBs can be used by people operating in remote areas.⁹

Registration of Beacons with NOAA

Registration of a 406 MHz emergency beacon, and subsequent updating if the information changes, is free and required by Title 47 of the Code of Federal Regulations, part 80 for EPIRBs and part 95 for PLBs. Information provided in the registration of such a device, along with the distress signal from the device, is used by search and rescue authorities solely to help locate and rescue those in distress. NOAA provides an online system for initial and updated beacon registrations, and registration must be renewed every two years.¹⁰

NOAA indicated, as of October 6, 2015, 12,295 EPIRBs were registered indicating the vessel was registered in Florida, and 26,078 PLBs were registered indicating boat usage with a Florida mailing addresses.¹¹ Based on this data, approximately 10 percent of vessels currently registered in Florida would qualify for the reduced registration fees.

Proposed Change

Section 1 of the bill amends s. 328.72, F.S., reducing state vessel registration fees for recreational vessels equipped with an Emergency Position-Indicating Radio Beacon, or for a recreational vessel where the owner owns a Personal Locator Beacon. The beacon must be registered with the National Oceanic and Atmospheric Administration in order for the owner to qualify for the reduced registration fee. A person who owns a personal locator beacon and more than one recreational vessel qualifies to pay the reduced fee for only one of their vessels. The registration fees are reduced as follows:

| Recreational Vessel Registration Fees for Fiscal Year 2016-2017 | | |
|--|-------------------------|-------------------------|
| <i>Class of Vessel</i> | <i>Current Base Fee</i> | <i>Reduced Base Fee</i> |

⁸ Id.

⁹ Id.

¹⁰ Id., NOAA prefers owners register beacons online at www.beaconregistration.noaa.gov, however individuals may also mail or fax signed registration forms.

¹¹ Revenue Estimating Conference, *Analysis of HB 427 – Vessel Registration Location Indicating Devices* (Oct. 29, 2015) available at: http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2016/_pdf/Impact1029.pdf (last visited January 5, 2016).

| | | |
|-----------|----------|----------|
| Class A-1 | \$5.50 | \$4.24 |
| Class A-2 | \$16.25 | \$13.77 |
| Class 1 | \$28.75 | \$24.83 |
| Class 2 | \$78.25 | \$68.56 |
| Class 3 | \$127.75 | \$112.31 |
| Class 4 | \$152.75 | \$134.41 |
| Class 5 | \$189.75 | \$167.11 |

The Department of Highway Safety and Motor Vehicles (DHSMV) may adopt rules specifying what constitutes sufficient proof to qualify for the reduced registration fees, but the proof must contain at least:

- The name of the beacon owner.
- The expiration date of the beacon's registration.
- The unique identification number of the beacon.
- For vessels equipped with an emergency position-indicating radio beacon, identification of the vessel equipped with the beacon.

For each vessel registration qualifying for reduced registration fees, an amount equal to the difference between the full registration fee amount and the actual amount of the registration fee paid for such vessel registration shall be transferred from the General Revenue Fund to the Department of Highway Safety and Motor Vehicles and shall be distributed pursuant to s. 328.76, F.S..

Reduced registration certificate fees provided in subsection 328.72(18), F.S., shall only apply to applicable vessels registered between July 1, 2016, and June 30, 2017. Subsection 328.72(18), F.S., expires July 1, 2017.

Section 2 provides that the funds transferred from the General Revenue Fund shall be deposited as specified in the Marine Resources Conservation Trust Fund.

Section 3 provides that the County Optional Fee for vessel registration remains 50 percent of the applicable state registration fee *without* consideration of the reduced fees.

Section 4 provides that the bill has an effective date of July 1, 2016.

B. SECTION DIRECTORY:

Section 1 Amends s. 328.72, F.S., providing definitions; providing for a reduced recreational vessel registration fee when the vessel is equipped with an emergency position indicating radio beacon or the owner of the vessel owns a personal locator beacon; limiting application to one vessel per owner; authorizing the Department of Highway Safety and Motor Vehicles to adopt rules relating to proof of qualification; providing for certain funds to supplement the reduced amounts collected; providing for a time limitation for a reduced recreational vessel fee and an expiration of provisions.

Section 2 Amends s. 328.76, F.S., relating to the Marine Resources Conservation Trust Fund; providing for use of the supplemental funds.

Section 3 Amends s. 328.66, F.S., relating to county and municipality optional registration fees; specifying that the reduced fees do not apply to the limitation on registration fees charged by a county.

Section 4 Provides an effective date of July 1, 2016.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The Revenue Estimating Conference (REC) reviewed the original bill filed on October 29, 2015, and estimated the bill will reduce the total sum of recreational vessel registration fees collected by DHSMV as follows:¹²

| Fiscal Year | General Revenue |
|-------------|-----------------|
| 2016-2017 | \$500,000 |
| 2017-2018 | \$600,000 |
| 2018-2019 | \$600,000 |
| 2019-2020 | \$700,000 |
| 2020-2021 | \$800,000 |

The amendment to CS/HB 427, which specifically changed the amounts of the reduced fees, will lessen the impact of this bill. The REC has not reviewed the bill as amended; however, using the data from the original REC estimate, House staff estimates that the reduced fees in the amended bill will have a negative nonrecurring impact of approximately \$250,000 in Fiscal Year 2016-2017.

2. Expenditures:

DHSMV estimates 790 programming hours, or the equivalent of \$57,280 in FTE and contracted resources workload, will be required to implement the bill. This will be absorbed within existing resources.¹³

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill reduces recreational vessel registration fees for vessels equipped with or whose owner owns certain registered location beacons.

D. FISCAL COMMENTS:

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require a municipality or county to expend funds or to take any action requiring the expenditure of funds. The bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate. The bill does not require a reduction of the percentage of state tax shared with municipalities or counties.

¹² Revenue Estimating Conference, *Analysis of HB 427 – Vessel Registration Location Indicating Devices* (Oct. 29, 2015) available at: http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2016/_pdf/Impact1029.pdf (last visited January 5, 2016).

¹³ Department of Highway Safety and Motor Vehicles, *Agency Analysis of 2016 House Bill 427*, p.5 (October 28, 2015) (On file with the House Highway and Waterway Safety Subcommittee).

2. Other:

None

B. RULE-MAKING AUTHORITY:

The bill provides that DHSMV may adopt rules specifying what constitutes sufficient proof to qualify for reduced vessel registration fees. The bill specifies a minimum level of proof requirements.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On January 13, 2016, The Highway and Waterway Safety Subcommittee adopted one amendment to HB 427 and reported the bill favorably as a committee substitute. The amendment:

- Brings the registration discount to a uniform 25% across each class.

On February 16, 2016, the Transportation and Economic Development Appropriations Subcommittee adopted one amendment to CS/HB 427 and reported the bill favorably as a committee substitute. The amendment:

- Changes the registration discount for each vessel registration class.
- Provides a time limitation for a reduced recreational vessel registration fee.
- Provides for an expiration of provisions relating to reduced recreational vessel registration fees.

This analysis is drafted to the committee substitute as reported by the Transportation and Economic Development Appropriations Subcommittee.