

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Governmental Oversight and Accountability

BILL: CS/SB 7008

INTRODUCER: Governmental Oversight and Accountability Committee and Regulated Industries Committee

SUBJECT: OGSR/Department of the Lottery

DATE: January 23, 2024

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
	<u>Kraemer</u>	<u>Imhof</u>		RI Submitted as Committee Bill
1.	<u>McVaney</u>	<u>McVaney</u>	<u>GO</u>	Fav/CS
2.	_____	_____	<u>RC</u>	_____

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 7008 saves from repeal the current public records exemption in s. 24.1051, F.S., making confidential and exempt from public inspection and copying requirements certain information held by the Florida Department of the Lottery (department). Specifically, the bill continues the exemption from public disclosure those records held by the department related to the operations and processes of the department. The exemptions are necessary to protect the security and integrity of lottery operations and to allow the department to participate in multistate lottery games. Information held by the department is designated as confidential and exempt but may be disclosed to other governmental entities in the performance of their duties.

The exemptions are subject to the Open Government Sunset Review Act (OGSR) and will stand repealed on October 2, 2024, unless reenacted by the Legislature. The bill removes the scheduled repeal of the exemption to continue the confidential and exempt status of the information. However, public records exemptions relating to the Lottery cybersecurity will be subject to a new repeal date of October 2, 2027. This will correspond with the repeal date for the review and repeal date for the general cybersecurity exemptions under chapter 119.

The bill is not expected to impact state or local government revenues and expenditures.

The bill takes effect October 1, 2024.

II. Present Situation:

Access to Public Records - Generally

The State Constitution provides that the public has the right to inspect or copy records made or received in connection with official governmental business.¹ The right to inspect or copy applies to the official business of any public body, officer, or employee of the state, including all three branches of state government, local governmental entities, and any person acting on behalf of the government.²

Additional requirements and exemptions related to public records are found in various statutes and rules, depending on the branch of government involved. For instance, s. 11.0431, F.S., provides public access requirements for legislative records. Relevant exemptions are codified in s. 11.0431(2)-(3), F.S., and adopted in the rules of each house of the legislature.³ Florida Rule of Judicial Administration 2.420 governs public access to judicial branch records.⁴ Lastly, ch. 119, F.S., known as the Public Records Act, provides requirements for public records held by executive agencies.

Executive Agency Records – The Public Records Act

The Public Records Act provides that all state, county and municipal records are open for personal inspection and copying by any person, and that providing access to public records is a duty of each agency.⁵

Section 119.011(12), F.S., defines “public records” 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 connections with the transaction of official business by any agency.

The Florida Supreme Court has interpreted this definition to encompass all materials made or received by an agency in connection with official business that are used to “perpetuate, communicate, or formalize knowledge of some type.”⁶

¹ FLA. CONST. art. I, s. 24(a).

² *Id.* See also, *Sarasota Citizens for Responsible Gov’t v. City of Sarasota*, 48 So. 3d 755, 762-763 (Fla. 2010).

³ See Rule 1.48, *Rules and Manual of the Florida Senate*, (2022-2024) and Rule 14.1, *Rules of the Florida House of Representatives*, Edition 2, (2022-2024).

⁴ *State v. Wooten*, 260 So. 3d 1060 (Fla. 4th DCA 2018).

⁵ Section 119.01(1), F.S. Section 119.011(2), F.S., defines “agency” as “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, for the purposes of this chapter, the Commission on Ethics, the Public Service Commission, and the Office of Public Counsel, and any other public or private agency, person, partnership, corporation, or business entity acting on behalf of any public agency.”

⁶ *Shevin v. Byron, Harless, Schaffer, Reid and Assoc., Inc.*, 379 So. 2d 633, 640 (Fla. 1980).

The Florida Statutes specify conditions under which public access to public records must be provided. The Public Records Act guarantees every person's right to inspect and copy any public record at any reasonable time, under reasonable conditions, and under supervision by the custodian of the public record.⁷ A violation of the Public Records Act may result in civil or criminal liability.⁸

The Legislature may exempt public records from public access requirements by passing a general law by a two-thirds vote of both the House and the Senate.⁹ The exemption must state with specificity the public necessity justifying the exemption and must be no broader than necessary to accomplish the stated purpose of the exemption.¹⁰

General exemptions from the public records requirements are contained in the Public Records Act.¹¹ Specific exemptions often are placed in the substantive statutes relating to a particular agency or program.¹²

When creating a public records exemption, the Legislature may provide that a record is "exempt" or "confidential and exempt." There is a difference between records the Legislature has determined to be exempt from the Public Records Act and those which the Legislature has determined to be exempt from the Public Records Act *and confidential*.¹³ Records designated as "confidential and exempt" are not subject to inspection by the public and may only be released under the circumstances defined by statute.¹⁴ Records designated as "exempt" may be released at the discretion of the records custodian under certain circumstances.¹⁵

Open Government Sunset Review Act

The provisions of s. 119.15, F.S., known as the Open Government Sunset Review Act¹⁶ (the Act), prescribe a legislative review process for newly created or substantially amended¹⁷ public records or open meetings exemptions, with specified exceptions.¹⁸ The Act requires the repeal of

⁷ Section 119.07(1)(a), F.S.

⁸ Section 119.10, F.S. Public records laws are found throughout the Florida Statutes, as are the penalties for violating those laws.

⁹ FLA. CONST. art. I, s. 24(c).

¹⁰ *Id. See, e.g., Halifax Hosp. Medical Center v. News-Journal Corp.*, 724 So. 2d 567 (Fla. 1999) (holding that a public meetings exemption was unconstitutional because the statement of public necessity did not define important terms and did not justify the breadth of the exemption); *Baker County Press, Inc. v. Baker County Medical Services, Inc.*, 870 So. 2d 189 (Fla. 1st DCA 2004) (holding that a statutory provision written to bring another party within an existing public records exemption is unconstitutional without a public necessity statement).

¹¹ *See, e.g., s. 119.071(1)(a), F.S.* (exempting from public disclosure examination questions and answer sheets of examinations administered by a governmental agency for the purpose of licensure).

¹² *See, e.g., s. 213.053(2)(a), F.S.* (exempting from public disclosure information contained in tax returns received by the Department of Revenue).

¹³ *WFTV, Inc. v. The Sch. Bd. of Seminole County*, 874 So. 2d 48, 53 (Fla. 5th DCA 2004).

¹⁴ *Id.*

¹⁵ *Williams v. City of Minneola*, 575 So. 2d 683 (Fla. 5th DCA 1991).

¹⁶ Section 119.15, F.S.

¹⁷ An exemption is considered to be substantially amended if it is expanded to include more records or information or to include meetings as well as records. Section 119.15(4)(b), F.S.

¹⁸ Section 119.15(2)(a) and (b), F.S., provides that exemptions required by federal law or applicable solely to the Legislature or the State Court System are not subject to the Open Government Sunset Review Act.

such exemption on October 2 of the fifth year after its creation or substantial amendment, unless the Legislature reenacts the exemption.¹⁹

The Act provides that a public records or open meetings exemption may be created or maintained only if it serves an identifiable public purpose and is no broader than is necessary.²⁰ An exemption serves an identifiable purpose if the Legislature finds that the purpose of the exemption outweighs open government policy and cannot be accomplished without the exemption and it meets one of the following purposes:

- It allows the state or its political subdivisions to effectively and efficiently administer a governmental program, and administration would be significantly impaired without the exemption;²¹
- It protects sensitive, personal information, the release of which would be defamatory, cause unwarranted damage to the good name or reputation of the individual, or would jeopardize the individual's safety. If this public purpose is cited as the basis of an exemption, however, only personal identifying information is exempt;²² or
- It protects information of a confidential nature concerning entities, such as trade or business secrets.²³

The Act also requires specified questions to be considered during the review process.²⁴ In examining an exemption, the Act directs the Legislature to question the purpose and necessity of reenacting the exemption.

If the exemption is continued and expanded, then a public necessity statement and a two-thirds vote for passage are again required.²⁵ If the exemption is continued without substantive changes or if the exemption is continued and narrowed, then a public necessity statement and a two-thirds vote for passage are *not* required. If the Legislature allows an exemption to expire, the previously exempt records will remain exempt unless otherwise provided by law.²⁶

¹⁹ Section 119.15(3), F.S.

²⁰ Section 119.15(6)(b), F.S.

²¹ Section 119.15(6)(b)1., F.S.

²² Section 119.15(6)(b)2., F.S.

²³ Section 119.15(6)(b)3., F.S.

²⁴ Section 119.15(6)(a), F.S. The specified questions are:

- What specific records or meetings are affected by the exemption?
- Whom does the exemption uniquely affect, as opposed to the general public?
- What is the identifiable public purpose or goal of the exemption?
- Can the information contained in the records or discussed in the meeting be readily obtained by alternative means? If so, how?
- Is the record or meeting protected by another exemption?
- Are there multiple exemptions for the same type of record or meeting that it would be appropriate to merge?

²⁵ See generally s. 119.15, F.S.

²⁶ Section 119.15(7), F.S.

Department of the Lottery

In general, lotteries are illegal in Florida.²⁷ However, article X, section 15 of the State Constitution allows lotteries to be operated by the state. Section 24.102(2), F.S., provides the intent of the Legislature that:

- The net proceeds of lottery games shall be used to support improvements in public education;
- Lottery operations shall be undertaken as an entrepreneurial business enterprise; and
- The department shall be accountable through audits, financial disclosure, open meetings, and public records laws.

The department operates the Florida Lottery to maximize revenues “consonant with the dignity of the state and the welfare of its citizens”²⁸ for the benefit of public education.²⁹

Prior to 2019, s. 24.105(12), F.S., authorized the department to determine by rule the information relating to the operation of the lottery to be confidential and exempt from the provisions of s. 119.07(1) and s. 24(a), Art. I of the State Constitution, if necessary to the security and integrity of the lottery. Such information included trade secrets; security measures and reports; bid and contractual information that, if disclosed, would impair the department to contract for goods or services on favorable terms; and personnel information unrelated to compensation, duties, qualifications, or responsibilities. Confidential information was authorized to be released to other governmental entities as needed in connection with the performance of their duties, but the recipient was required to retain the confidentiality of the information provided.

Section 24.1051, F.S., enacted in 2019,³⁰ codified, clarified, and exempted the following information held by the department from inspection or copying of public records:

- Information that, if released, could harm the security or integrity of the department, including information:
 - Relating to the security of the department’s technologies, processes, and practices to protect networks, computers, data processing, software, data, and data systems from attack, damage, or unauthorized access;
 - Relating to security information and measures of the department, whether physical or virtual;
 - About lottery games, promotions, tickets, and ticket stocks, such as description, design, production, printing, packaging, shipping, delivery, storage, and validation processes; and
 - Concerning terminals, machines, and devices that issue tickets;
- Information required to be maintained as confidential in order for the department to participate in multistate lottery associations or games;
- Personal identifying information obtained by the department when processing background investigations of current or potential retailers or vendors; and

²⁷ See FLA. CONST. art. X, s. 7, and s. 849.09, F.S.

²⁸ See s. 24.104, F.S.

²⁹ See s. 24.121(2), F.S.

³⁰ See ch. 2019-41, Laws of Fla.

- Financial information about a vendor or lottery ticket retailer which is not publicly available and is provided for review of the entity's financial responsibility,³¹ provided that the entity marks such information as confidential. However, financial information related to any contract, agreement, or addendum with the department, including the amount of money paid, any payment structure or plan, expenditures, incentives, bonuses, fees, and penalties, is public record.

Penalties for the improper disclosure of lottery information that is designated as confidential and exempt are addressed in s. 24.1051(5), F.S. A person who, with intent to defraud or to provide a financial or other advantage to himself, herself, or another, knowingly and willfully discloses such confidential and exempt information, commits a felony of the first degree.³²

Cybersecurity Public Record and Public Meeting Exemptions

In 2022, the Legislature enacted s. 119.0725(3), F.S., to create a new public records exemption, applicable to all agencies,³³ for certain information relating to cybersecurity. Specifically, the following information is made confidential and exempt from public inspection and copying requirements:

- Coverage limits and deductible or self-insurance amounts of insurance or other risk mitigation coverages acquired for the protection of information technology systems, operational technology systems, or data of an agency.
- Information related to critical infrastructure.³⁴
- Cybersecurity incident information contained in certain reports.
- Network schematics, hardware and software configurations, or encryption information or information that identifies detection, investigation, or response practices for suspected or confirmed cybersecurity incidents, including suspected or confirmed breaches, if the disclosure of such information would facilitate unauthorized access to or unauthorized modification, disclosure, or destruction of:
 - Data or information, whether physical or virtual; or
 - Information technology resources, which include an agency's existing or proposed information technology systems.

Section 119.0725(3), F.S., also creates a public meeting exemption for any portion of a meeting that would reveal the information made confidential and exempt pursuant to s. 119.0725(2), F.S.; however, any portion of an exempt meeting must be recorded and transcribed. The recording and transcript are confidential and exempt from public record inspection and copying requirements.

³¹ See s. 24.111, F.S., relating to vendors that contract with the department, and s. 24.112, F.S., relating to lottery ticket retailers.

³² Section 775.082, F.S., provides a felony of the first degree is punishable by a term of imprisonment not to exceed thirty years. Section 775.083, F.S., provides a felony of the first degree is punishable by a fine not to exceed \$10,000.

³³ "Agency" means 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, for purposes of ch. 119, F.S., the Commission on Ethics, the Public Service Commission, and the Office of Public Counsel, and any other public or private agency, person, partnership, corporation, or business entity acting on behalf of any public agency. Section 119.011(2), F.S.

³⁴ "Critical infrastructure" means existing and proposed information technology and operation technology systems and assets, whether physical or virtual, the incapacity or destruction of which would negatively affect security, economic security, public health, or public safety. Section 119.0725(1)(b), F.S.

The exemptions codified in s. 119.0725, F.S., stand repealed on October 2, 2027.

Open Government Sunset Review Findings and Recommendations

Staff of the Senate Committee on Regulated Industries and the House of Representatives Ethics, Elections & Open Government Subcommittee met jointly with staff from the Department of the Lottery in August 2023 to discuss the public records exemption under review. The department staff noted the continued necessity for the exemption and recommended that the exemption be reenacted without any changes.

Legislative staff requested the department staff review the public records exemption for cybersecurity in s. 119.0725, F.S., to determine if there was any overlap between those provisions and the exemption under review. The department staff indicated that the exemption in s. 119.0725, F.S., covers different categories of information and that the exemption in s. 24.1051, F.S., be saved from repeal.³⁵

III. Effect of Proposed Changes:

The bill saves from repeal the public records exemption in s. 24.1051, F.S., for certain information held by the Florida Department of the Lottery (department). Specifically, the bill continues the exemption for the following:

- Information that, if released, could harm the security or integrity of the department, including:
 - Information relating to the security of the department's technologies, processes, and practices designed to protect networks, computers, data processing software, data, and data systems from attack, damage, or unauthorized access.
 - Security information or information that would reveal security measures of the department, whether physical or virtual.
 - Information about lottery games, promotions, tickets, and ticket stock, including information concerning the description, design, production, printing, packaging, shipping, delivery, storage, and validation of such games, promotions, tickets, and stock.
 - Information concerning terminals, machines, and devices that issue tickets.
- Information that must be maintained as confidential in order for the department to participate in a multistate lottery association or game.
- Personal identifying information obtained by the department when processing background investigations of current or potential retailers or vendors.
- Financial information about an entity which is not publicly available and is provided to the department in connection with its review of the financial responsibility of the entity pursuant to s. 24.111 or s. 24.112, provided that the entity marks such information as confidential. However, financial information related to any contract or agreement, or an addendum thereto, with the department, including the amount of money paid, any payment structure or plan, expenditures, incentives, bonuses, fees, and penalties, shall be public record.

³⁵ Memorandum from Reginald D. Dixon, Chief of Staff, Florida Lottery to Patrick L. "Booter" Imhof, Staff Director, Senate Committee on Regulated Industries, September 26, 2023 (on file with the Senate Regulated Industries Committee).

The exemptions are necessary to protect the security and integrity of lottery operations, and to allow the department to participate in multistate lottery games. Information held by the department is designated as confidential and exempt but may be disclosed under certain circumstances.

The exemptions are subject to the Open Government Sunset Review Act (OGSR) and will stand repealed on October 2, 2024, unless reviewed and reenacted by the Legislature. The bill removes the scheduled repeal of the exemption to continue the confidential and exempt status of the information. The public records exemptions relating to the Lottery cybersecurity will be subject to a new repeal date of October 2, 2027. This will correspond with the repeal date for the review and repeal date for the general cybersecurity exemptions under chapter 119.

The bill takes effect October 1, 2024.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Not applicable. The bill does not require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities.

B. Public Records/Open Meetings Issues:

Vote Requirement

Article I, s. 24(c) of the State Constitution requires a two-thirds vote of the members present and voting for final passage of a bill creating or expanding an exemption to the public records requirements. This bill continues current open meeting exemption and a public records exemption beyond the current dates of repeal. The bill does not create or expand an exemption. Thus, the bill does not require an extraordinary vote for enactment.

Public Necessity Statement

Article I, s. 24(c) of the State Constitution requires a bill creating or expanding an exemption to the public records requirements to state with specificity the public necessity justifying the exemption. This bill continues a current a public records exemption without expansion. Thus, a statement of public necessity is not required.

Breadth of Exemption

Article I, s. 24(c) of the State Constitution requires an exemption to the public records requirements to be no broader than necessary to accomplish the stated purpose of the law. The purposes of the law are to protect information held by the Department of the Lottery, protect the security and integrity of Lottery operations, and to allow the Lottery to participate in the multistate lottery games. The exemptions do not appear to be broader than necessary to accomplish the purposes of the law.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None identified.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The private sector will continue to be subject to the cost associated with an agency's review and redactions of exempt records in response to a public records request.

C. Government Sector Impact:

The government sector will continue to incur costs related to the review and redaction of exempt records associated with responding to public records requests.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 24.1051 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Governmental Oversight and Accountability on January 22, 2024:

The CS subjects the public records exemptions relating to the Lottery cybersecurity to a new repeal date of October 2, 2027. This will correspond with the repeal date for the review and repeal date for the general cybersecurity exemptions under chapter 119.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
