

**HOUSE OF REPRESENTATIVES
FINAL BILL ANALYSIS**

BILL #:	HB 5507	FINAL HOUSE FLOOR ACTION:	
SPONSOR(S):	Government Operations Appropriations Subcommittee; Hooper; and others	115 Y's	1 N's
COMPANION BILLS:	None	GOVERNOR'S ACTION: Approved	

SUMMARY ANALYSIS

House Bill 5507 passed the House on March 9, 2012 and subsequently passed the Senate on March 9, 2012. The Department of Management Services (DMS) is the administrative arm of Florida's state government. House Bill 5507 amends statutes relating to the department to conform to the FY 2012-2013 General Appropriations Act (GAA) by:

- Revising provisions relating to the reimbursement of DMS for actual costs of coordinating the annual Florida State Employees' Charitable Campaign.
- Providing for the transfer of funds generated by fees collected for the use of the DMS online procurement system and electronic information services (commonly known as MyFloridaMarketPlace) from the DMS to the Department of Financial Services to support statewide purchasing operations associated with the online procurement system and electronic information services.
- Repealing the statute which establishes the executive aircraft pool within the DMS. In addition, the bill terminates the Bureau of Aircraft Trust Fund and transfers the cash balance to the General Revenue Fund. Eliminates the need for providing an annual report on executive aircraft usage.
- Amends the statute to continue the \$3 surcharge on certain criminal offenses and noncriminal moving traffic violations by extending the sunset date of the provision. The surcharge annually provides \$5.2 million to support the Statewide Law Enforcement Radio System.

To conform to the General Appropriations Act, House Bill 5507 ensures that the department is fully reimbursed the actual cost for coordinating the annual Florida State Employees' Charitable Campaign; authorizes the transfers of funds to the Department of Financial Services for statewide purchasing operations; eliminates the requirement that DMS provide on-demand executive aircraft travel (appropriations eliminated in FY 2011-12); and amends the statute to continue the \$3 surcharge on certain criminal and non-criminal moving traffic violations to insure that \$5.2 million is collected to support the Statewide Law Enforcement Radio System.

The bill was approved by the Governor on April 20, 2012, ch. 2012-141, Laws of Florida. The effective date of the bill is July 1, 2012.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Florida State Employees' Charitable Campaign

Background:

Pursuant to s. 110.181, F.S., the DMS is required to establish and maintain, in coordination with the payroll system of the Department of Financial Services, an annual Florida State Employees' Charitable Campaign. The annual fundraising drive is authorized to be directed toward state employees within work areas during work hours. The state provides payroll deduction based upon employee elections.

The department is responsible for selecting through the competitive procurement process a fiscal agent or agents to receive, account for, and distribute charitable contributions among participating charitable organizations. Pursuant to s. 110.181(2)(b), F.S., the fiscal agent is required to withhold the reasonable costs for conducting the campaign and for accounting and distribution to the participating organizations. The fiscal agent is further required to reimburse the department the actual cost, not to exceed 1 percent of gross pledges, for coordinating the campaign in accordance with the rules of the department.

Department analysis shows that approximately \$100,000 in out-of-pocket costs was not reimbursable to the department in one of the two recently completed fiscal years due to the reimbursement limit of 1 percent of gross pledges.¹

Effect of Bill:

House Bill 5507 amends s. 110.181, F.S., to require the fiscal agent to reimburse the DMS the actual cost of conducting the campaign; thus, removing the limitation that the department's reimbursement will not exceed 1 percent of gross pledges.

Electronic Procurement System Transaction Fees Collected by the Department

Background:

Pursuant to sections 287.042 and 287.057, F.S., the DMS has the authority to impose and collect transaction fees from private sector vendors for the use of its online procurement system and electronic information services (commonly known as MyFloridaMarketPlace). Accordingly, DMS has established and imposed a transaction fee in an amount sufficient to cover the projected costs of services, including administrative and project service costs. All transaction fees collected under the statutory provisions are required to be used for disbursements as provided by law.

The transaction fees are collected and used for the purpose of making contractor payments associated with the online procurement system and electronic information services and for department administrative costs for functions and services within the DMS Support Program – i.e., The Office of Supplier Diversity, Fleet Management, and the Division of State Purchasing.

Transaction fees collected from vendors in excess of what is needed to fund the legislatively authorized disbursements accumulate in the Purchasing Oversight account in the Operating Trust Fund and become unobligated cash balances. These cash balances are deposited with the State Treasury and earn modest rates of return.

¹ Department of Management Services' analysis is on file with the Government Operations Appropriations Subcommittee.

Effect of Bill:

House Bill 5507 amends sections 287.042 and 287.057, F.S., to require the department to transfer funds generated by fees collected from private sector vendors for the use of its online procurement system and electronic information services (commonly known as MyFloridaMarketPlace) from the Purchasing Oversight account in the Operating Trust Fund to the Administrative Trust Fund in the Department of Financial Services to fund staff that support statewide purchasing operations associated with the online procurement system and electronic information services.

House Bill 5507 specifies that unless provided for in the General Appropriations Act, the amount of the transfer shall be established each year in the department's non-operating budget based upon the estimated cost of staff support provided by the Department of Financial Services, not to exceed \$500,000. The FY 2012-2013 General Appropriations Act, transfers \$350,000 from DMS to the Department of Financial Services for statewide purchasing functions.

Executive Aircraft Pool

Background:

The DMS established an executive aircraft pool for the purpose of furnishing executive air travel pursuant to s 287.161, F.S. Most recently, the aircraft pool consisted of a state-owned Beechcraft King Air 350 Turbo-Prop and a leased Cessna Citation Bravo business jet.

Upon taking office, the Governor directed the department to sell both aircraft and to terminate employment of the 11-member crew of pilots, mechanics, and administrative staff. Both aircraft have been sold. The \$1.5 million in annual appropriations to support the executive aircraft program and 11.00 staff positions were eliminated in the FY 2011-2012 General Appropriations Act.

The Bureau of Aircraft Trust Fund, FLAIR number 72-2-066, was previously used as the depository for fee collections for persons traveling on an executive aircraft and for expenditures associated with the costs incurred to operate aircraft management activities of the department. The trust fund has a remaining cash balance of \$35,651. However, in the current fiscal year, there are no appropriations for expenditures from the trust fund.

Effect of Bill:

House Bill 5507 repeals s. 287.161, F.S., which establishes the executive aircraft pool within the DMS. Additionally, the bill terminates the Bureau of Aircraft Trust Fund and transfers the remaining cash balance to the General Revenue Fund.

Statewide Law Enforcement Radio System (SLERS) Funding

Background:

A surcharge of \$3 is imposed on criminal offenses listed in s. 318.17 and for noncriminal moving traffic violations under Chapter 316. These funds are deposited in the SLERS trust fund and are used to support the statewide communications systems for law enforcement and emergency personnel. This surcharge is scheduled to sunset on July 1, 2012.

Effect of the Bill:

House Bill 5507 amends current law to continue the surcharge through July 1, 2021. The surcharge will continue to provide approximately \$5.2 million in annual revenue to support the Statewide Law

Enforcement Radio System. The surcharge revenues account for approximately 23% of the overall cost of providing the Statewide Law Enforcement Radio System.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:
See "Fiscal Comments" section.
2. Expenditures:
See "Fiscal Comments" section.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:
None.
2. Expenditures:
None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

Florida State Employees' Charitable Campaign

An analysis prepared by the DMS shows that an additional amount up to \$100,000 in out-of-pocket costs will be reimbursable to the department beyond the amount of reimbursements for the two recently completed fiscal years - assuming the same level of department effort to conduct the campaign.

Electronic Procurement System Transaction Fees Collected by the Department

An amount not to exceed \$500,000, per year, may be transferred from the Purchasing Oversight account in the DMS Operating Trust Fund to the Administrative Trust Fund in the Department of Financial Services to fund staff that support statewide purchasing operations associated with the department's online procurement systems and electronic information services (commonly known as MyFloridaMarketPlace). The FY 2012-2013 General Appropriations Act, provides \$350,000 to Department of Financial Services for statewide purchasing functions.

Statewide Law Enforcement Radio System Funding

The \$3 surcharge imposed on criminal offenses listed in s. 318.17 and for all noncriminal moving traffic violations under Chapter 316, F.S., currently provides \$5,250,000 in annual revenues for the support of the Statewide Law Enforcement Radio System. The surcharge revenues account for approximately 23% of the overall cost of providing the Statewide Law Enforcement Radio System. The FY 2012-2013 General Appropriations Act, includes the \$5.2 million revenue stream from the \$3 surcharge for appropriations related to operating the Statewide Law Enforcement Radio System.