

**STORAGE NAME:** h1149.wrm

**DATE:** April 10, 1997

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
WATER & RESOURCE MANAGEMENT  
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

**BILL #:** HB 1149

**RELATING TO:** Distribution of Sales Tax Revenues

**SPONSOR(S):** Representative(s) Spratt and Bronson

**STATUTE(S) AFFECTED:** Sections 212.20 and 218.65, Florida Statutes (F.S.)

**COMPANION BILL(S):** HB 1189 (s), SB 2366 (s), SB 550 (s)

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

- (1) WATER & RESOURCE MANAGEMENT
- (2) FINANCE & TAXATION
- (3) GENERAL GOVERNMENT (FISCAL)
- (4)
- (5)

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**I. SUMMARY:**

HB 1149 would reduce by half, or approximately \$12 million, the amount of funds appropriated to the Department of Environmental Protection's Solid Waste Trust Fund for recycling grants, and transfer that amount to that same agency's Aquatic Plant Control Trust Fund, to finance removal of hydrilla and other invasive, non-native plants.

HB 1149 would take effect July 1, 1997.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Solid waste/recycling funding

Enacted in 1988 and substantially amended in 1993, the Solid Waste Management Act (SWMA) responded to the growing costs and environmental problems associated with landfilling solid wastes.

Pursuant to s. 403.706(2), F.S., each county was required to initiate a program for recycling specific types of solid waste, such as aluminum cans, glass, newspaper, plastic bottles, and steel cans (the "Minimum Five Goal"). In addition to prescribing the types of materials to be recycled the SWMA established recycling goals to be met by counties by the end of 1994: an overall 30-percent recycling goal and a goal to recycle 50 percent of the minimum five. The SWMA directed counties with populations greater than 50,000 to reduce the disposal of municipal solid waste by 30 percent by the end of 1994. Counties with a population of 50,000 or less are exempt from the 30 percent goal as long as they provide their residents with an opportunity to recycle. As of June 1995, statewide recycling had achieved a rate of 33 percent, and 23 of the 36 counties with populations over 50,000 were recycling 30 percent or more of their solid waste.

To assist counties in their recycling efforts, the SWMA established certain grant programs. Among these is the Recycling and Education Grants Program (grant program) which is administered by DEP. Grants from this program can be used for capital costs, staff salaries and other operational costs, education, market development, and certain special recycling projects.

The current grants program is structured along a 25-75 split. The 25-percent base grants are available to all counties and to municipalities with populations over 50,000. The grants are divided equally among all participating counties or municipalities deemed eligible by DEP. Base grants have averaged approximately \$85,000 per year over the life of the program. The 75-percent incentive portions of the grant are available to all counties and to municipalities with populations over 50,000 on a 50% matching basis. However, if counties and municipalities apply together, the matching requirement is waived. The incentive portions of the grant are distributed based proportionately on the total population of each county and the municipalities within the county applying jointly with the county.

The grant program is funded by the Solid Waste Management Trust Fund. The major sources of revenue for the fund are general revenue collected from sales tax registration fees and the sales tax collection allowance, plus the waste tire fee. These two sources will generate an estimated \$35 million in fiscal year 1997-1998. Program grants distributed during fiscal year 1996-97 totaled \$22.7 million.

Aquatic plant control program

Aquatic plants are a vital component of a healthy ecosystem. Hundreds of species of aquatic plants thrive in Florida's 1.5 million acres of waterbodies, and most are beneficial. They provide nursery areas and shelter for small fish and amphibians; are a

food source for fish and birds; buffer shorelines from erosion; naturally purify water by emitting oxygen and filtering out pollutants; and provide nesting areas for birds.

Some non-native, also called exotic or non-indigenous, aquatic plant species are creating major problems for Florida lakes. Hydrilla and other noxious, exotic aquatic plants infest more than 100,000 acres of lakes and other waterbodies. These plants are crowding out the native vegetation, degrading water quality, restricting recreational activities, reducing waterfront property values, and stripping millions of dollars from local economies.

Hydrilla is the worst exotic aquatic plant in Florida. A native of Sri Lanka, hydrilla is a submerged, vine-like plant infesting more than 75,000 acres in 42 percent of Florida's waterbodies. Hydrilla was imported to Florida in the mid-1950s by a Tampa aquarium dealer, who planted them in a canal behind his business and harvested them like a crop for sale to his customers. The aquarium owner apparently was unaware that the plant could reproduce asexually, let alone know they would quickly spread all over the state in less than a decade. The most common way hydrilla is spread these days is by fragments caught in boat propellers.

Growing in dense canopies on the surface of a waterbody, hydrilla blocks sunlight from reaching native plants and alters the mix and transfer of oxygen in the water. As the native plants die from lack of sunlight, their detritus adds to the muck on the bottom. Beneath the canopy, dissolved oxygen levels in the water are low, which can imperil the health of fish and other aquatic wildlife. Studies are inconclusive about the negative impacts hydrilla has on fish and birds. Up to a point, hydrilla provides the same benefits as native aquatic plants, but depending on its level of coverage and the location of the lake, adverse impacts appear. Some studies indicate that large-mouth bass and other sport fish in hydrilla-infested waters never achieve their prized plumpness because they do not like to enter the dense mats of vegetation to hunt for smaller fish. Also, the spread of hydrilla may be one of the reasons migratory waterfowl populations wintering in Florida have declined in recent years. Dense hydrilla canopies appeal to some waterfowl, but others prefer a more open area in which to hunt or nest.

Not all the costs associated with aquatic plant infestation are environmental. Highlands, Lake, Osceola and other central Florida counties are beginning to see a drop in ad valorem tax revenues from lakefront properties, which abut waterbodies infested with hydrilla. Lake Lochloosa, Orange Lake, and other central Florida lakes renowned for their bass fishing are attracting fewer high-profile fishing tournaments because of hydrilla infestation -- translating to less money flowing into the communities around the lakes.

Other noxious, exotic aquatic plants are water hyacinth, water lettuce and torpedo grass, all of which are displacing native aquatic vegetation and negatively impacting aquatic habitats for fish and birds.

The agency responsible for aquatic plant control is DEP's Bureau of Aquatic Plant Management. The bureau's fiscal year 1996-1997 budget is \$15.05 million. Its standard state funding is \$6.3 million in gas tax revenues; \$2 from each non-commercial vessel registration fee (about \$1.5 million in FY 1995-1996); and 40 percent of the registration fee for commercial vessels (about \$302,000 in FY 1995-1996). This current fiscal year the bureau also received \$6 million as its share of mitigation dollars from the state

Department of Environmental Protection. Until this year, the Bureau would receive \$3 million to \$5 million a year in federal dollars, but Congress recently eliminated that program.

In the House's proposed fiscal year 1997-1998 budget, the bureau would receive \$16.5 million, with \$9.367 million contingent on the passage of HB 1149.

More than two-thirds of bureau's budget is earmarked for grants-in-aid to local governments for aquatic plant control programs; \$1 million of that must be spent on melaleuca control and \$2.5 million for floating plant (water hyacinth) control programs. Separate from the grants program is an \$880,000 transfer from the bureau's Aquatic Plant Control Trust Fund to the game commission for its aquatic plant control program.

**B. EFFECT OF PROPOSED CHANGES:**

Under current law, the two-tenths of 1 percent of a sales tax collection allowance and registration fee is earmarked for the Solid Waste Trust Fund. Those two sources will generate approximately \$25 million next fiscal year. HB 1149 would reduce that by half, and earmark the remaining one-tenth of 1 percent to the Aquatic Plant Control Trust Fund. Both trust funds help finance programs administered by DEP.

DEP would have approximately \$12 million less to distribute to local governments for recycling grants. However, DEP would potentially have a similar amount to distribute to local governments for aquatic plant control.

HB 1149 does not address how DEP would restructure its recycling grants program to reflect the revenue loss.

**C. APPLICATION OF PRINCIPLES:**

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

With less money available for recycling grants, local governments likely will have to contribute more of their dollars to solid waste programs.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

As mentioned above, local governments (primarily counties) affected by the \$12 million reduction in state recycling funds would have to take more responsibility for financing their recycling programs.

(2) what is the cost of such responsibility at the new level/agency?

Indeterminate.

(3) how is the new agency accountable to the people governed?

Not applicable.

2. Lower Taxes:

Not applicable.

3. Personal Responsibility:

Not applicable.

4. Individual Freedom:

Not applicable.

5. Family Empowerment:

Not applicable.

**D. SECTION-BY-SECTION RESEARCH:**

Section 1: Amends s. 212.20, F.S., to reduce by half the amount of certain sales tax revenues earmarked for the Solid Waste Management Trust Fund. Earmarks one-tenth of 1 percent to the Aquatic Plant Control Trust Fund.

Section 2: Amends s. 218.65, F.S., to correct a cross-reference.

Section 3: Provides that this act shall take effect upon becoming a law.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

DEP's recycling grants program, financed through the Solid Waste Trust Fund, would lose an estimated \$12 million a year, while DEP's aquatic plant control program would gain \$12 million annually. Both programs provide grants to local governments.

It is unlike that any internal transfer of staff within DEP would be needed.

3. Long Run Effects Other Than Normal Growth:

Indeterminate.

4. Total Revenues and Expenditures:

See A.2.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

Reducing recycling grants to local governments likely would mean some of the counties would either have to utilize their own funds to continue the services, or drop out of the program. Particularly impacted would be counties that have signed long-term contracts with private companies for recycling services.

HB 1149, however, also benefits counties by making available more money for aquatic plant control grants.

3. Long Run Effects Other Than Normal Growth:

Indeterminate.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

Some private-sector businesses that contract with counties to perform recycling and other related activities may be adversely impacted by the reduction in Solid Waste Trust Fund dollars.

2. Direct Private Sector Benefits:

Indeterminate.

3. Effects on Competition, Private Enterprise and Employment Markets:

Indeterminate.

D. FISCAL COMMENTS:

HB 1149 is silent as to how DEP should address the reduction in recycling grants to local governments. The agency has been developing a number of scenarios on which counties to "hold harmless" in the case of a funding reduction, and how to better appropriate the remaining dollars.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

The mandates provision is not applicable to a research discussion of HB 1149 because the bill does not require cities or counties to expend funds, or to take actions requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

Not applicable.

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

Not applicable.

V. COMMENTS:

HB 1149 does not address how DEP should restructure its recycling grants program to reflect the estimated \$12 million reduction in funding.

If the Legislature does not address the issue, then DEP would have to devise new funding formulas. For example, DEP could decide to maintain the current level of recycling grants to small and medium-sized counties, at the expense of large-population counties. Under that scenario, small counties would benefit the most from HB 1149: they would continue to

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receive their current levels of recycling funding, and likely obtain more funding to control or eradicate aquatic plants in their lakes.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

VII. SIGNATURES:

COMMITTEE ON WATER & RESOURCE MANAGEMENT:

Prepared by:

Legislative Research Director:

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Joyce Pugh

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