

STORAGE NAME: h3427s1a.gg
DATE: March 30, 1998

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
GENERAL GOVERNMENT APPROPRIATIONS
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: CS/HB 3427

RELATING TO: Funding for beach management

SPONSOR(S): Committee on Environmental Protection and Representative(s) Jones; Bloom; King; Roberts-Burke; Barreiro; Lacasa; Lynn; and others

COMPANION BILL(S): SB 882 by Senator Sullivan

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

- (1) ENVIRONMENTAL PROTECTION YEAS 11 NAYS 0
- (2) GENERAL GOVERNMENT APPROPRIATIONS YEAS 10 NAYS 0
- (3)
- (4)
- (5)

I. SUMMARY:

CS/HB 3427 provides a dedicated funding source for implementation of the state's beach management plan. The bill provides that a portion of the moneys generated by documentary stamp tax receipts be deposited in the Ecosystem Management and Restoration Trust Fund for the purpose of funding erosion control; beach preservation, restoration, and renourishment; and storm and hurricane protection. These moneys would otherwise be deposited in the General Revenue Fund. The bill specifies that \$10 million be deposited in the Ecosystem Management and Restoration Trust Fund in fiscal year 1998-1999, \$20 million in fiscal year 1999-2000, and \$30 million in fiscal year 2000-2001 and each fiscal year thereafter.

CS/HB 3427 creates a legislative declaration that beach restoration and renourishment projects are in the public interest and will be funded in a specified manner. The bill creates a financial incentive for local sponsors to coordinate projects on a regional basis. When cost savings result from geographic coordination and sequencing of multiple projects, each local sponsor reduces their local cost shares, as long as the state share does not exceed 75% of the non-federal cost. It also adds additional criteria for the Department of Environmental Protection (Department) to consider when determining funding priorities: whether local or regional sponsors have agreed to coordinate the planning, design, and construction of projects; whether a local sponsor has a long-term financial plan; and whether proposed projects enhance habitat within designated refuges of nesting sea turtles. The Department is authorized to implement regional components of the beach management plan and to enter into any necessary agreements for its implementation. The Department is also authorized to sponsor or cosponsor demonstration projects of new or innovative technologies.

The bill provides that the act shall take effect on July 1 of the year in which it is enacted.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Florida has approximately 800 miles of sandy beaches, one-third of which are considered by the Department to be critically eroding and another one-third of which are experiencing erosion to a lesser degree. Chapter 161, F.S., provides for the development and implementation of a long-term management plan for Florida's beaches. Beach management projects are most often cooperatively undertaken by the U.S. Army Corps of Engineers and a local sponsor and funded with a combination of federal, state, and local dollars. In some cases, local governments or private associations fully fund and implement beach management projects. Over a 30-year period (FY 1964/65 to FY 1993/94), the Legislature has appropriated \$141 million for the purposes of the Beach Erosion Control Program; of this total, \$89.6 million has been combined with \$49.2 million from local governments to obtain federal matching funds totaling \$158.1 million.

The economic benefits of beach restoration and maintenance are twofold. First, the recreational value of Florida's beaches, particularly in contributing to the tourism industry, has been estimated to be as much as \$15 billion on an annual basis. Second, well-maintained beaches provide storm protection for some of the state's most valuable real estate located along the coast. For example, the Army Corps has estimated that 70 percent of the storm damage in Bay County that resulted from Hurricane Opal could have been avoided if the planned beach renourishment for Panama City Beach had been completed prior to the storm.

The Beach Erosion Control Assistance Program is a grant-in-aid and matching fund program administered by the Department for the purpose of working with local, state, and federal government entities to protect, preserve, and restore sandy coastal beach resources of the state. Eligible governmental agencies include federal, state, county, and municipal governments, or special taxing districts having legal authority and responsibility for preserving and protecting coastal beaches. Proposed projects are reviewed by the Department for eligibility and eligible projects are prioritized and recommended to the Legislature for funding. Projects are funded by line item appropriations, providing up to 50 percent of the non-federal share of funding for eligible projects.

The provision of regular and sufficient funding has been an ongoing issue for beach erosion control efforts. As part of the 1986 Beach Management Act, the Legislature expressed intent to appropriate at least \$35 million annually to manage Florida's beaches. Since 1986, the appropriation for beach management has equaled or exceeded \$35 million once - \$46.9 million was appropriated for FY 96-97, with \$31.8 million of that total specifically appropriated for addressing damage resulting from Hurricane Opal. The next highest appropriation was \$18 million for the current fiscal year (FY 97-98). The Department has estimated that \$30-\$35 million annually will be needed on a continuing basis to restore and maintain the state's beaches. Chapter 97-187, Laws of Florida, directed the Department to make a concerted effort to identify a dedicated funding source for beach management, requires that concurrent with any funding increase the department develop a multi-year repair and maintenance strategy, and specifies that elements to maximize the long-range effectiveness and efficiency of beach renourishment efforts be included in the beach management plan.

Section 201.15, F.S., specifies the manner in which documentary stamp tax receipts are distributed. Seven percent of total collections is deducted as the General Revenue service charge. Remaining distributions are as follows: 62.63 percent to the General Revenue Fund; 9.5 percent to the Land Acquisition Trust Fund; 5.84 percent to the Water Management Lands Trust Fund; 5.84 percent to the Conservation and Recreational Lands Trust Fund; 16.19 percent to the State Housing Trust Fund; and 11.125 percent to the Local Government Housing Trust Fund through the State Housing Trust Fund. Preservation 2000 debt service is taken out of the General Revenue distribution.

B. EFFECT OF PROPOSED CHANGES:

CS/HB 3427 establishes a dedicated funding source for beach management projects for a period of at least 15 years. It provides that such projects, subject to Legislative appropriation, are to be funded from the Ecosystem Management and Restoration Fund. Each year moneys from documentary stamp tax proceeds are to be deposited into the trust fund for the purpose of funding beach preservation and repair. In fiscal year 1998-1999, \$10 million is to be deposited in the trust fund, \$20 million in fiscal year 1999-2000, and \$30 million in fiscal year 2000-2001 and each fiscal year thereafter. Over the minimum 15 years, this will amount to \$420 million in beach management funding.

Additional provisions of CS/HB 3427 are intended to encourage a more regional approach to beach management:

- ▶ The bill provides for a financial incentive for local sponsors to coordinate projects on a regional basis. When cost savings result from geographic coordination and sequencing of multiple projects, each local sponsor reduces their local cost shares. These savings must be documented and the only limit is that the state share cannot exceed 75% of the non-federal cost, which is the existing statutory limit.
- ▶ The bill also requires the Department, when determining funding priorities, to consider whether local or regional sponsors have agreed to coordinate the planning, design, and construction of projects.
- ▶ It also authorizes the Department to implement regional components of the beach management plan and to enter into agreements with the federal government, inlet districts, port authorities, intercoastal waterway districts, and local governments to cost share and coordinate such activities.

CS/HB 4327 provides a Legislative declaration that beach restoration and renourishment projects are in the public interest. While all projects will still be subject to Department permitting, this creates a strong presumption that they are in the public interest. It contains an additional Legislative declaration that such projects are to be funded in a manner that encourages all cost savings strategies, fosters regional coordination of projects, improves project performance, and provides long term solutions.

The bill authorizes the Department to sponsor or cosponsor demonstration projects of new or innovative technologies which have the potential to reduce project costs, conserve beach quality sand, extend the life of beach nourishment projects, and improve inlet sand bypassing.

The bill also revises the criteria that the Department considers in determining funding priorities. The criterion related to local government financial commitment is revised to include consideration of whether there is a long-term financial plan with designated funding at the local level. It also adds a criterion relating to proposed projects that enhance habitat within designated refuges of nesting sea turtles.

The bill continues the existing Legislative intent provision which provides that, until the unmet demand for repairing Florida's damaged beaches and dunes is satisfied, the cost of projects will be shared equally between the state and local sponsors. Finally, CS/HB 3427 eliminates obsolete language from s. 161.161, F.S. Language regarding the role of the Board of Trustees of the Internal Improvement Fund, that became obsolete as a result of the DEP merger, is eliminated. It also eliminates language that is duplicative of language in s.161.101, F.S.

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?

No.

(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?

Not applicable.

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

Not applicable.

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

Not applicable.

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

No.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

Not applicable.

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

No.

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

Not applicable.

- (2) Who makes the decisions?

Not applicable.

- (3) Are private alternatives permitted?

Not applicable.

- (4) Are families required to participate in a program?

Not applicable.

- (5) Are families penalized for not participating in a program?

Not applicable.

- b. Does the bill directly affect the legal rights and obligations between family members?

No.

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

- (1) parents and guardians?

Not applicable.

(2) service providers?

Not applicable.

(3) government employees/agencies?

Not applicable.

D. STATUTE(S) AFFECTED:

Sections 161.088, 161.091, 161.101, 161.161 and 201.15, F.S.

E. SECTION-BY-SECTION RESEARCH:

Section 1: Amends s. 161.088, F.S., providing a Legislative declaration that beach restoration and renourishment projects are in the public interest and shall be funded in a manner that encourages cost savings, fosters regional coordination, improves project performance, and provides long term solutions.

Section 2: Amends s.161.091, F.S., providing for disbursements from the Ecosystem Management and Restoration Trust Fund for the purposes of developing, implementing, and administering the state's beach management plan for at least a 15-year period.

Section 3: Amends s. 161.101, F.S., authorizing the Department to implement regional components of the beach management plan and to enter into agreements with the federal government, inlet districts, port authorities, intercoastal waterway districts, and local governments to cost share and coordinate such activities; authorizing the Department to sponsor or cosponsor demonstration projects of new or innovative technology; revising criteria the Department is to consider in determining funding priorities; and providing a financial incentive for local sponsors when savings result from geographic coordination and sequencing.

Section 4: Amends s. 161.161, F.S. providing for regional components of the beach management plan; and eliminating obsolete and redundant language.

Section 5: Amends s. 201.15, F.S., providing that documentary stamp tax revenues be deposited in the Ecosystem Management and Restoration Trust Fund in the following amounts: \$10 million in fiscal year 1998-1999, \$20 million in fiscal year 1999-2000, and \$30 million in fiscal year 2000-2001 and each fiscal year thereafter.

Section 6: Provides that the act shall take effect on July 1 of the year in which it is enacted.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

Because CS/HB 3427 provides that certain moneys from documentary stamp tax revenues be deposited into the Ecosystem Management and Restoration Trust that would otherwise be deposited into the General Revenue Fund, there will be a reduction in the amount deposited in the General Revenue Fund. However, because General Revenue has generally been used to fund the state's cost share for beach management projects, the bill would not significantly effect overall state funds in FY 1998-99. It does have the effect of dedicating a specified amount of recurring state revenue in each fiscal year to the purpose of beach preservation and repair, which has previously been funded with non-recurring revenues.

1. Non-recurring Effects:

	<u>1998-99</u>	<u>1999-00</u>	<u>200-01</u>
Expenditures:			
Amount available for Department of Environmental Protection Fixed Capital Outlay - Beach Funding Ecosystem Management & Restoration TF	\$9.5m	\$19.3m	\$29.3m

2. Recurring Effects:

	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>
Revenues:			
Ecosystem Management & Restoration TF	\$10.0m	\$20.0m	\$30.0m
General Revenue Fund	(\$10.0m)	(\$20.0m)	(\$30.0m)
Expenditures:			
Ecosystem Management & Restoration TF			
Staffing Resources	\$449,918 FTE 6	\$747,000 FTE 6	\$747,000 FTE 6

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

See 1. and 2.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

CS/HB 3427 will provide additional funding to local governments for beach management projects.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

The private sector specifically benefits from beach management projects in terms of increased storm protection for coastal properties as well as more generally in terms of the overall economic benefits of well-maintained beaches.

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

No adverse effects on competition are anticipated. More miles of restored beaches, regular beach maintenance, and fewer eroded beaches should have a positive impact on Florida's tourism industry as well as other businesses located in coastal areas. This should likewise positively impact employment markets. Businesses in coastal areas should also benefit from reduced storm damage and storm damage recovery costs as a result of well-maintained beaches.

D. FISCAL COMMENTS:

None.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

The bill does not require counties or municipalities to spend funds or take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill does not reduce the authority that municipalities or counties have to raise revenues.

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

The bill does not reduce the percentage of state tax shared with counties and municipalities.

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On March 11, 1998, the Committee on Environmental Protection adopted HB 3427 as a committee substitute. A "strike everything" amendment was adopted that maintained the original provisions of HB 3427 and included the following additional provisions:

- ▶ A declaration that beach restoration and renourishment projects are in the public interest and will be funded in a specified manner.
- ▶ Creation of a financial incentive for local sponsors to coordinate projects on a regional basis.
- ▶ Requiring the Department, when determining funding priorities, to consider whether local or regional sponsors have agreed to coordinate the planning, design, and construction of projects; whether a local government has a long-term financial plan with designated funding at the local level; and whether proposed projects enhance habitat within designated refuges of nesting sea turtles.
- ▶ Authorizing the Department to implement regional components of the beach management plan and to enter into any necessary agreements; and to sponsor or cosponsor demonstration projects of new or innovative technologies.

On March 26, 1998, the Committee on General Government Appropriations reported CS/HB 3427 favorable with three amendments, including two technical, clarifying amendments. The third amendment adopted by the committee provided an appropriation of 6 FTE and

STORAGE NAME: h3427s1a.gg

DATE: March 30, 1998

PAGE 11

\$449,918 to the Department of Environmental Protection from the revenues resulting from the bill to assist local project sponsors and facilitate and promote enhanced beach erosion control project administration.

VII. SIGNATURES:

COMMITTEE ON ENVIRONMENTAL PROTECTION:

Prepared by:

Legislative Research Director:

W. Ray Scott

Wayne S. Kiger

AS REVISED BY THE COMMITTEE ON GENERAL GOVERNMENT APPROPRIATIONS:

Prepared by:

Legislative Research Director:

Cynthia P. Kelly

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