

**STORAGE NAME:** hr9569.uco

**DATE:** April 28, 1998

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
UTILITIES AND COMMUNICATIONS  
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

**BILL #:** HR 9569

**RELATING TO:** Municipal Utilities

**SPONSOR(S):** Committee on Utilities and Communications and Rep. Feeney

**COMPANION BILL(S):**

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

(1) UTILITIES AND COMMUNICATIONS YEAS 13 NAYS 2

(2)

(3)

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I. SUMMARY:

This resolution provides for the Speaker to direct the Chair of the House Committee on Utilities and Communications to appointment an interim subcommittee to study and report to the next regular session of the Legislature recommendations for expanding the Public Service Commission's jurisdiction regarding municipal utilities and issues surrounding municipal utilities' services and facilities to extraterritorial areas.

This resolution does not have a fiscal impact.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Section 2(b), Article VIII of the State Constitution, grants municipalities “governmental, corporate and proprietary powers to enable them to conduct municipal government, perform municipal functions and render municipal services, and may exercise any power for municipal purposes except as otherwise provided by law.” Sections 166.021 and 1660.042, F.S., implement this constitutional provision.

Municipalities provide a variety of utility services to citizens both within and outside of their municipal boundaries. Section 180.02, F.S., grants municipalities limited authority to extend its corporate powers for the provision of such services outside its corporate limits. Sections 180.19 and 180.191, F.S., govern the provisions of these services, to include water, sewer, and gas services, to areas outside the corporate boundaries of the municipality.

Section 367.171, F.S., allows counties to adopt an ordinance allowing the Public Service Commission (PSC) regulate the provision of investor-owned water and sewer services within their county. Presently, the PSC has regulatory jurisdiction over 351 water and wastewater utility companies in 37 counties.

While chapter 366, F.S., provides for the regulation the provision of electricity and natural gas by the PSC, municipal electric utilities are generally exempted from this regulation. However, the PSC does approve the municipal utility’s rate structure and conservation goals, and may settle territorial disputes.

According to the Florida Municipal Electrical Association, 33 cities in Florida own and operate their electric systems, and serve about 20 percent of the state’s electric customers. At least two of these cities sell electric service to customers outside of their county: the Jacksonville Electric Authority and the Orlando Utilities Commission .

The Florida League of Cities (FLC) reports that a majority of municipalities in this state operate some type of utility service, and a majority of those municipalities provide services to customers outside their municipal boundaries. However, the FLC does not know how many municipalities provide services in more than one county.

Utility charges for any municipal service fund the provision of those services. “Profits” from the sale of municipal utilities sold inside or outside the corporate boundaries of the municipality typically fund the provision of other municipal services within the municipality.

B. EFFECT OF PROPOSED CHANGES:

This resolution provides for the Speaker of the House of Representatives to direct the Chair of the House Committee on Utilities and Communications to appoint an interim subcommittee to conduct a study. The subcommittee is to report its study recommendations to the House of Representatives at the next regular session of the Legislature.

This resolution provides that the study address the expansion of the Florida Public Service Commission's jurisdiction to include oversight of municipal utilities that provide extraterritorial service to ratepayers residing outside municipal boundaries.

This resolution further provides that the study include, but not be limited to, tax implications for ratepayers within a municipality and ratepayers outside a municipality and the equality of tax benefits for these classes of ratepayers; unrelated municipal services funded by water and sewer rates; and reasonable compensation to an extraterritorial service area, in which, a municipal utility has its facilities located on tax-exempt property.

Moreover, the resolution would provide for recommendations to be included regarding the establishment of nonpartisan governing boards, elected by a utility's ratepayers, to oversee any proposed changes by the municipality to water and sewer rates charged to extraterritorial ratepayers, and distribution to those ratepayers from net earnings achieved from services provided outside the municipal boundaries.

**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?

N/A

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

N/A

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

N/A

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?

N/A

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

N/A

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

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

N/A

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

N/A

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

N/A

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

N/A

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

N/A

3. Personal Responsibility:

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

N/A

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

N/A

4. Individual Freedom:

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

N/A

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

N/A

5. Family Empowerment:

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

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

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

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

N/A

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

N/A

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

N/A

- 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?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

N/A

E. SECTION-BY-SECTION RESEARCH:

N/A

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

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2. Recurring Effects:

None.

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:

None.

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

None.

D. FISCAL COMMENTS:

None.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

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

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

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

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

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V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VII. SIGNATURES:

COMMITTEE ON UTILITIES AND COMMUNICATIONS:

Prepared by:

Legislative Research Director:

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Patrick L. "Booter" Imhof

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