

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: SB 1200

SPONSOR: Senator Childers

SUBJECT: Proposing an amendment...ad valorem taxation for water management purposes

DATE: February 25, 2000 REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Gee	Voigt	NR	Favorable
2.			FR	
3.			RC	
4.				
5.				

## I. Summary:

This joint resolution provides for a constitutional amendment to be placed on the ballot which would remove the 0.05 ad valorem millage limitation for the Northwest Florida Water Management District, thereby equalizing the constitutional millage limitation for water management districts throughout the state at 1.0 mill.

This bill substantially amends Section 9 of Article VII of the State Constitution.

## II. Present Situation:

Section 9 of Article VII of the State Constitution limits the Northwest Florida Water Management District to an ad valorem levy of 0.05 mill, while the state's other water management districts are constitutionally authorized to levy up to 1.0 mill. Each water management district's actual levying authority, however, is capped individually by s. 373.503(3)(a), F.S. This statute authorizes the Northwest Florida Water Management District to levy up to its constitutional limit of 0.05 mill. The state's four other water management districts' statutory caps range from 0.6 mill to 1.0 mill.

Although the Northwest Florida Water Management District's governing board currently levies taxes at this maximum statutory capability, this source of revenue constitutes a relatively small portion of the district's annual budget. Land acquisition programs, legislative appropriations, contracts with state agencies, and federal funding comprise the bulk of the district's funding; for FY 1999 - 2000 only 9.7 percent of the district's revenues are comprised of ad valorem revenues.

In recent years, the Legislature has assigned a number of new responsibilities to the water management districts, notably the environmental resource permitting (ERP) program for activities in wetlands. The Northwest Florida Water Management District is the only district not to administer the program - due to lack of funds.

**III. Effect of Proposed Changes:**

This bill would authorize a proposed constitutional amendment for consideration by the electors at the next general election, or at an earlier special election specifically authorized by law for that purpose, to enable the Northwest Florida Water Management District to levy up to 1.0 mill in ad valorem tax millage for water management purposes, which is the same limitation placed on other water management districts in this state. If approved it would take effect January 1, 2001.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

Although this bill would increase the Northwest Florida Water Management District's constitutional millage limitation from 0.05 mill to 1.0 mill, unless s. 373.503(3)(a), F.S., is amended to increase the district's statutory cap, this bill, by itself, has no impact on the district's levy.

B. Private Sector Impact:

By itself, this bill would not result in any impact on the public unless the amendment is approved by the electors. If the constitutional amendment is approved by the electors, the Legislature could, but need not, amend s. 373.503(3)(a), F.S., to raise the maximum allowable levy of ad valorem taxes in the Northwest Florida Water Management District from 0.05 mill up to 1.0 mill. If, for example, the statutes were amended to authorize the district to levy up to 0.5 mill, the increase for a hypothetical property owner in that district would appear as follows:

<i>Existing Millage</i>	
\$75,000	assessed valuation of residence
<u>-25,000</u>	homestead exemption
50,000	taxable valuation
<u>x.00005</u>	
\$ 2.50	tax

*Proposed Maximum Statutory Millage (SB 1452)*

\$75,000	assessed valuation of residence
<u>-25,000</u>	homestead exemption
50,000	taxable valuation
<u>x .0005</u>	
\$ 25.00	tax

This potential increase in revenue raised within the Northwest Florida Water Management District could decrease the district's reliance on funds derived from residents of other districts through general revenue appropriations.

It should be noted that there are checks and balances in place to avoid a sudden and rapid increase in millage levied by the Northwest Florida Water Management District. The Governing Board of the district must approve any increases after public hearings and based on needs. Also, the Governor has authority to review and approve the proposed budgets of water management districts based on an evaluation of water management needs.

**C. Government Sector Impact:**

By itself, this bill would not result in an impact on any governmental body. If subsequent statutory amendments authorize the Northwest Florida Water Management District to levy up to 1.0 mill, the district's annual ad valorem tax revenues could increase from approximately \$2 million to \$20 million. In such a circumstance, the Legislature might redirect elsewhere the approximately \$1.4 million in general revenue funding now being provided the district. An increased millage might also be sufficient for the district to administer the ERP program, freeing DEP resources for other needs.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.