

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 1452

SPONSOR: Senator Childers

SUBJECT: Water Management District Millage

DATE: February 25, 2000 REVISED: _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|------------|----------------|-----------|------------------|
| 1. | <u>Gee</u> | <u>Voigt</u> | <u>NR</u> | <u>Favorable</u> |
| 2. | _____ | _____ | <u>FR</u> | _____ |
| 3. | _____ | _____ | _____ | _____ |
| 4. | _____ | _____ | _____ | _____ |
| 5. | _____ | _____ | _____ | _____ |

I. Summary:

This bill establishes the maximum statutory millage limit for the Northwest Florida Water Management District, contingent upon an amendment to the State Constitution. It requires that a portion of tax proceeds be used for water quality improvement.

This bill substantially amends s. 373.503 of the Florida Statutes.

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 its 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 a wetlands protection program like other water management districts.

Senate Bill 1200 is a bill that would place on the ballot a constitutional amendment that would remove the 0.05 millage limitation for the Northwest Florida Water Management District, thereby

equalizing the constitutional millage limitation for all water management districts at 1.0 mill. Senate Bill 1452 will set a statutory millage cap within the maximum allowed by the State Constitution, but the bill will take effect only if SB 1200 is enacted and approved by the voters.

III. Effect of Proposed Changes:

Section 1 amends s. 373.503, F.S., to increase the maximum total millage rate for the Northwest Florida Water Management District (NFWFMD) from 0.05 mill to 0.50 mill. The bill requires the NFWFMD to use at least one-third of its ad valorem tax proceeds for the development and implementation of actions to control water pollution and improve water quality.

Section 2 provides an effective date of January 1, 2001, contingent on the approval of an amendment to s. 9 of Art. VII of the State Constitution to remove the district’s current ad valorem tax limit.

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:

This bill, by increasing the maximum millage that could be levied by the NFWFMD, could result in a ten-fold tax increase, but only if the Governing Board of the NFWFMD approves the maximum millage allowed by statute. Few other districts have levied the maximum allowed by statute. As an example, the maximum increase, if approved, for a hypothetical property owner in the 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

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

This bill, however, only specifies the maximum allowable millage; the district's Governing Board could approve a levy anywhere up to the maximum.

B. Private Sector Impact:

Property owners in the district could be subject to as much as a ten-fold ad valorem tax increase. However, it is more likely that the Governing Board of the district would only approve gradual increases based on water management needs. Also, it should be noted that the Governor has authority to review and approve the proposed budgets of water management districts. The Governor's authority provides the needed checks and balances to assure that districts do not approve increased property tax levies that are not justified.

C. Government Sector Impact:

If the ad valorem levy were to be increased to its maximum millage, the district's tax revenues could be increased from \$1,978,946 to \$19,789,460 annually, based on the levy established October 1, 1999. Should this occur, it is possible that some, or all, of the approximately \$1.4 million in general revenue funding now provided to the district could be redirected to other uses. 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.