

STORAGE NAME: h0631z.wrm

****FAILED TO PASS THE LEGISLATURE**

DATE: May 9, 2000

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
WATER & RESOURCE MANAGEMENT
FINAL ANALYSIS**

BILL #: HJR 631

RELATING TO: Ad Valorem Taxation/Water Management

SPONSOR(S): Representatives Ritchie, Maygarden and others

TIED BILL(S): HB 1747 by Representative Ritchie

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

- (1) WATER & RESOURCE MANAGEMENT YEAS 8 NAYS 0
 - (2) REAL PROPERTY AND PROBATE YEAS 6 NAYS 3
 - (3) FINANCE & TAXATION
 - (4) GENERAL GOVERNMENT APPROPRIATIONS
 - (5)
-

I. SUMMARY:

HJR 631 proposed an amendment to Section 9, Article VII, of the State Constitution, to remove the ad valorem tax cap of .05 mill for water management purposes that applies only to the northwest portion of the state, thereby equalizing the constitutional millage limitation for water management purposes at 1.0 statewide.

HJR 631 also proposed the creation of Section 26, in Article XII, of the State Constitution, to provide that if adopted at the November 2000 General Election, the amendment to Section 9, Article VII, of the State Constitution would take effect on January 1, 2001.

HJR 631 would have needed a three-fifths vote of each chamber of the Legislature for passage.

(NOTE: HJR 631 died in the House Finance and Taxation Committee when the Legislature adjourned on May 5, 2000.)

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|---|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

*The passage of this joint resolution would have given voters the opportunity to decide if the cap on the ad valorem tax rate should be increased. Had the resolution been successful, and had the Legislature enacted implementing legislation, the district's board of governors would still have had to take action to raise the tax rate.

B. PRESENT SITUATION:

Florida's five water management districts were created in 1972 at the same time that the Legislature adopted the "Florida Water Resources Act" which was designed to create a comprehensive administrative system of water regulation within the state. The district boundaries were based on hydrogeologic data as well as political considerations, but in the end, the following water management districts were established:

- Northwest Florida Water Management District (NFWWMD)
- Suwannee River Water Management District (SRWMD)
- St. Johns River Water Management District (SJRWMD)
- Southwest Florida Water Management District (SWFWMD)
- South Florida Water Management District (SFWMD)

During the 1975 legislative session, the Legislature provided for a special election on a proposed constitutional amendment to set limits on ad valorem tax assessments levied by local governments. Among the limits proposed was a 1-mill cap (\$1 for every \$1,000 of assessed value) on ad valorem taxes which could be levied for water management purposes in the rest of the state, but which was limited to .05 mill (5 cents per \$1,000 of assessed value) for the northwest portion of the state. At the time, the Legislature heard testimony that water supplies in the northwest part of the state were plentiful and water problems were believed to be much less severe.¹

The proposed constitutional amendment passed with a vote of 55 percent to 45 percent, and in 1976, the Legislature amended s. 373.503, F.S., to implement the provisions of the constitutional amendment. The water management districts were authorized to impose the

¹ "A History of Water Management Districts' Ad Valorem Taxing Power Under the Florida Constitution", by L.M. "Buddy" Blain, in The Pump, the newsletter of the NFWWMD newsletter, April 1986.

ad valorem tax assessment beginning in 1977, but the Legislature placed statutory caps on the amounts that could be levied by each district.

The governing boards of the districts are authorized to split the taxes levied into a millage necessary to support district activities, and a millage necessary to support the activities of basin boards contained within each district. The actual millage rate for each district is set by the district governing board during its annual budgeting process, however, the district millage in combination with the millage for each individual basin within the district may not exceed the statutory cap. While the other four water management districts have had room to grow, the NFWWMD has been statutorily and constitutionally capped at .05 mill since 1976.

The following chart compares the millage rates, ad valorem tax revenues, general revenue and the total budget of each of the five water management districts (WMD's).

Comparison of the WMDs' Different Millage Rates, Ad Valorem Tax Revenues, General Revenue, and Total Budget for FY 1999-2000 October 1, 1999 - September 30, 2000					
	NFWWMD	SFWMD	SWFWMD	SJRWMD	SRWMD
Constitutional Cap	.05 mill	1 mill	1 mill	1 mill	1 mill
Statutory Cap	.05 mill	.80 mill	1 mill	.60 mill	.75 mill
FY 99-00 District Millage Rate	.05 mill	.284 mill	.422 mill	.482 mill	.4194 mill
FY 99-00 Basin Boards Millage Rate	-0-	.697 mill in the Okeechobee Basin (High) .562 in the Big Cypress Basin (Low)	.823 mill in the Pinellas-Anclote River Basin (High) .582 in the Manasota Basin (Low)	-0-	-0-
Ad Valorem Tax Revenue	\$1,837,367	\$271,600,000	\$99,153,543	\$63,893,038	\$3,060,000
General Revenue from State for operations	\$1,099,922	-0-	-0-	-0-	\$1,099,922
Total Budget from all sources ²	\$ 33,497,809	\$469,121,657	\$197,010,640	\$173,559,937	\$23,545,900

² This total budget figure includes federal and state grants, permit fees and income from operations.

C. EFFECT OF PROPOSED CHANGES:

HJR 631 proposed to amend Section 9, Article VII, of the State Constitution to repeal the ad valorem tax millage cap of .05 mill (5 cents for every \$1,000 of assessed value) placed on the northwest portion of the state, thereby equalizing the constitutional millage rate cap for all water management districts at 1.0 mill (\$1 for every \$1,000 of assessed value).

HJR 631 also proposed to create Section 26 in Article XII of the State Constitution, to provide that if adopted at the November 2000 General Election, the amendment to Section 9, Article VII, of the State Constitution would take effect on January 1, 2001.

D. SECTION-BY-SECTION ANALYSIS:

None.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

In past years, the NFWFMD received general revenue funds from the state for its operating budget. For the 1999-2000 fiscal year, the state appropriated approximately \$1.1 million in general revenue for district operations, and \$300,000 in general revenue for wetlands protection. Also, for fiscal year 1998-1999, DEP spent \$1.96 million in general revenue to operate the wetlands permitting program in the Panhandle.

2. Expenditures:

Since HJR 631 failed to pass the Legislature, the state may have to continue supporting district operations and wetland permitting programs through general revenue appropriations. For fiscal year 2000-2001, the Legislature appropriated \$1.1 million from general revenue to support district operations.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

If HJR 631 passed as an amendment to the State Constitution, and if the Legislature had enacted implementing legislation to amend the statutory millage cap in the NFWFMD, the governing board of the district could have taken action to raise the millage rate. Ad valorem revenues might have risen from the \$1.9 million currently collected to as much as \$38 million if the district was able to levy at the maximum millage rate.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The taxpayers of the NFWFMD would have been directly impacted by the successful passage and implementation of HJR 631, both as voters and as property owners. Although the residents of the Panhandle would have had the opportunity to vote to increase their property taxes, so would all voters participating in the November 2000 General Election.

Using a taxable property value of \$50,000, a property owner in the Panhandle now pays \$2.50 in ad valorem taxes to the NFWFMD. If the governing board had been authorized to assess at a value of 1 mill, the same property owner would have paid \$50 in ad valorem taxes to the district.

D. FISCAL COMMENTS:

None.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

A mandates analysis is not applicable to a joint resolution that is a proposed constitutional amendment.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

A mandates analysis is not applicable to a joint resolution that is a proposed constitutional amendment.

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

A mandates analysis is not applicable to a joint resolution that is a proposed constitutional amendment.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

Section 1, Article XI of the State Constitution provides that proposals to amend one or more articles of the State Constitution must be agreed to by three-fifths of the membership of each house of the Legislature.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

Comments by the Committee on Water & Resource Management

HJR 631 provides voters in the state with the opportunity to raise the constitutional cap of .05 mill on ad valorem assessments in the NFWFMD to 1.0 mill. It should be noted that the constitutional amendment is not self-implementing. Should the voters approve the proposed amendment, the Legislature would have to implement the provisions of the amendment by raising the statutory cap for the NFWFMD, which is set at .05 mill in s. 373.503(3), F.S.

It should also be noted that the voters of the entire state will vote on an amendment affecting only the taxpayers of the NFWFMD.

Comments by the Committee on Real Property & Probate

This joint resolution is similar to SJR 1200. HB 1747, the implementing legislation to this joint resolution, is similar to SB 1452.

The 1998 Annual Report of the NFWFMD states:

The District's Governing Board forwarded a resolution to the Constitution Revision Commission requesting that the District's ad valorem tax millage rate be set at a level equal to those of the other four water management districts. This constitutional inequity in funding has existed since 1976. As a result, the Northwest Florida Water Management District has not been able to implement many of the legislatively mandated and expanded water resource management programs due to limited funding. While the District was hopeful that its long-standing millage rate inequity would be corrected by the Constitution Revision Commission, it was not approved for placement on the November ballot. As water resource concerns continue to grow in the northwest, this funding inequity will increasingly prove to be a major obstacle in providing for the continuing protection of our important water resources.³

HJR 631 amends Article VII, Section 9, of the Florida Constitution, to raise the millage cap to 1.0 mills for the Northwest portion of the state. This amendatory language is identical to the language in Proposal 120 considered by the Constitution Revision Commission. On February 25, 1998, Proposal 120 failed 13-15.⁴

Final Comments of the Committee on Water & Resource Management

HJR 631 died in the House Committee on Finance & Taxation. A similar joint resolution filed in the Senate, SJR 1200, died in the Senate Committee on Rules & Calendar.

³ <http://www.state.fl.us/nwfwmd/pubs/annrpt98/AnReport98.htm>

⁴ Transcript of Constitution Revision Commission, February 25, 1998, at page 92.

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VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON WATER & RESOURCE MANAGEMENT:

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AS REVISED BY THE COMMITTEE ON REAL PROPERTY AND PROBATE:

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FINAL ANALYSIS PREPARED BY THE COMMITTEE ON WATER & RESOURCE MANAGEMENT:

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