

STORAGE NAME: h1577a.gga.doc
DATE: April 11, 2001

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
GENERAL GOVERNMENT APPROPRIATIONS
ANALYSIS**

BILL #: HB 1577
RELATING TO: Water Management District Fiscal Matters
SPONSOR(S): Representative(s) Machek
TIED BILL(S):

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

- (1) NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION YEAS 10 NAYS 0
 - (2) GENERAL GOVERNMENT APPROPRIATIONS YEAS 13 NAYS 0
 - (3) COUNCIL FOR READY INFRASTRUCTURE
 - (4)
 - (5)
-

I. SUMMARY:

HB 1577 revises and reorganizes statutory provisions related to water management district (WMD) fiscal matters, including budgeting, auditing, capital improvement planning, and fiscal reporting requirements.

The bill provides that the act will take effect July 1, 2001.

On April 4, 2001, the Committee on Natural Resources and Environmental Protection adopted one amendment to HB 1577. The amendment, which is traveling with the bill, is explained in the "Amendments or Committee Substitute Changes" section of the analysis.

On April 11, 2001, the General Government Appropriations Committee adopted an amendment that is explained in the "Amendments or Committee Substitute Changes" section of the analysis.

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 type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" 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:

B. PRESENT SITUATION:

There are a number of statutory provisions related to financial accountability of the water management districts (WMDs). Section 373.536(5), F.S., authorizes the Governor to review and approve, in whole or in part, the budgets of the WMDs. A number of reports and submissions to the Governor, Legislature and others are also required. Currently, budget review requirements are found in ss. 373.079, 373.507, 373.536 and 373.589, F.S. Some statutory requirements are duplicative and unnecessary, and prescribed schedules are not entirely consistent. For example, these statutes currently require the WMDs to submit two separate five-year capital improvement plans to the Governor, Legislature, Department of Environmental Protection (Department), and others, one in August and one in November. The WMDs are required to submit a report each November concerning their past fiscal year's expenditures even though that year's expenditures have not yet been finalized and audited. (The WMD fiscal year ends on September 30.) At a later date, as required by another section, the WMDs are required to submit audited financial statements of that same fiscal year to the Legislature. Located in several places and not necessarily in sequence regarding the timing of responsibilities, these provisions can be confusing. The Executive Office of the Governor (EOG), the Department, and the WMDs have jointly worked to revise the existing requirements to eliminate duplication and house all budget review provisions in a single statute to increase efficiency. Their efforts resulted in proposed statutory changes that are reflected in HB 1577.

C. EFFECT OF PROPOSED CHANGES:

HB 1577 reorganizes s. 373.536, F.S., to contain the budget review provisions currently contained in several separate provisions, i.e., ss. 373.079(4)(b)3., 373.507, and 373.589, F.S., which are repealed. Specifically the bill:

- o Re-orders the subsections in 373.536, F.S., to be in logical sequence: notice of budget hearings and workshops; budget controls; tentative budget submission, review and approval; final budget and other annual report submission.
- o Recognizes the appropriate means by which the WMDs budget (by funds) and provides for WMD submission to the EOG of information concerning WMD budget control mechanisms.
- o Allows the WMDs to publish a notice of any budget amendment in the notice of the governing board meeting at which the amendment will be considered. Such notice will include a summary of the proposed amendment.

- Requires the South Florida WMD to include in its budget document separate sections on the costs associated with both the Everglades Construction Project and the Comprehensive Everglades Restoration Plan.
- Clarifies that the EOG will complete a report each December 15 concerning its just-concluded review of the WMD budgets for the current fiscal year.
- Eliminates the requirement that the WMDs submit a financial report in November concerning their expenditures for the fiscal year just completed on September 30. (These reports are, of necessity, unaudited, and are, therefore, not very useful. The WMDs will continue to submit audited financial statements to the Governor, Legislature, Department, Auditor General, and others within 10 days of the statements' acceptance by WMD governing boards, usually early in the calendar year.)
- Eliminates one of the five-year capital improvement plan reporting requirements, so that the districts will submit a single annual plan each year. Requires submission of the districts' five-year capital improvement plans and five-year Water Resource Development Work Plans within 45 days following adoption of a final budget.
- Changes the responsibility for completion of the review of the 5-year Water Resource Development Work Plans from the Governor's Office to the Department. (The Department has been performing the review for the past two years.)

The bill provides that the act will take effect July 1, 2001.

D. SECTION-BY-SECTION ANALYSIS:

This section need be completed only in the discretion of the Committee.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

N/A

2. Expenditures:

These changes would result in cost savings for the water management districts (WMDs), Executive Office of the Governor (EOG) and the Department of Environmental Protection (DEP) due to the reduction of reports and fewer hours spent on the review of those reports. The statutes currently require that these duplicative reports be mailed to many offices—EOG, DEP the Legislature, county commissions, etc.—so there would be considerable postage savings as well. The WMDs would also realize savings on overtime paid to employees currently required to create the November financial report on unaudited end-of-year numbers during a crucial time period for accounting staff. The districts' audited financial reports (produced around the first of the year) would be a much more appropriate reporting document. The elimination of budget amendmnets advertisements separate from regular meeting advertisements could save districts considerable funds (up to \$15,000 - \$20,000 per advertisement) in the event of a budget amendment.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

N/A

2. Expenditures:

Savings would be realized by County commissions in reduction of staff time spent in reviewing duplicative reports.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

N/A

D. FISCAL COMMENTS:

N/A

III. 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 expend funds, nor does it require counties or municipalities to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

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

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

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

IV. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

N/A

V. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On April 4, 2001, the Committee on Natural Resources and Environmental Protection adopted one amendment to HB 1577, a technical amendment to correct a reference to the "Comprehensive Everglades Restoration Plan." The Committee then passed HB 1577 as amended.

On April 11, 2001, the General Government Appropriations Committee adopted one amendment that states that funds appropriated for a specific water management district project shall be transferred to the water management district after the project has been reviewed by the secretary of the pertinent state agency and upon receipt of a governing board resolution requesting such funds.

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VI. SIGNATURES:

COMMITTEE ON NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION:

Prepared by:

Staff Director:

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AS REVISED BY THE COMMITTEE ON GENERAL GOVERNMENT APPROPRIATIONS:

Prepared by:

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