

HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

BILL #: HB 619 CS Nassau County Ocean Highway and Port Authority
SPONSOR(S): Bean
TIED BILLS: None. **IDEN./SIM. BILLS:** None.

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Local Government Council</u>	<u>7 Y, 0 N, w/CS</u>	<u>Smith</u>	<u>Hamby</u>
2) <u>Transportation Committee</u>	<u>14 Y, 0 N, w/CS</u>	<u>Pugh</u>	<u>Miller</u>
3) <u>Finance & Tax Committee</u>	<u></u>	<u>Monroe</u>	<u>Diez-Arguelles</u>
4) <u></u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

The Ocean Highway and Port Authority (Authority) is an independent special district located in Nassau County. The Authority was created by ch. 21418 (1941), L.O.F., which has been amended by subsequent special acts.

This bill codifies, or reenacts, all prior special acts of the district into a single act, as required by s. 189.429, F.S. Reenactment of existing law is permitted by this section, although this reenactment is not to be construed as a grant of additional authority.

The bill deletes outdated language and organizes previously authorized powers of the Authority. The bill also makes minor, stylistic changes to some of the language of the charter.

The bill also, contains provisions which do not simply codify existing law, but amend the charter of the Authority, including:

- increasing the salary for the commissioners from \$12,000 to \$24,000 per annum; and
- increasing the interest rate at which the Authority may borrow money or issue revenue bonds or certificates from a rate not exceeding 8 percent to a rate not exceeding the maximum rate authorized by law.

No fiscal impacts are anticipated according to the Economic Impact Statement.

This bill takes effect upon becoming a law.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

The bill does not appear to implicate any of the House Principles.

B. EFFECT OF PROPOSED CHANGES:

Ocean Highway and Port Authority

The Ocean Highway and Port Authority (Authority) is an independent special district located in Nassau County. The Authority was created by ch. 21418 (1941), L.O.F., which has been amended by subsequent special acts.

According to Mr. Marshall Wood, Esq., council for the Authority, "the primary purpose of the Ocean Highway and Port Authority ("Authority") is to operate the Port of Fernandina, a Florida Seaport with access to the Atlantic Ocean. The Authority owns land and docking facilities in Fernandina Beach, on Amelia Island, in Nassau County, and services cargo ships, including loading and unloading bulk and container cargo. In addition, the Authority has jurisdiction over inland waters in and around Amelia Island, and has authority to assist in economic development in Nassau County, including the issuance of industrial revenue bonds. Initially, the Authority was established in the 1940's to acquire land and construct an ocean highway, which today links Duval and Nassau Counties via coastal road."

The Authority is governed by a five-member board of commissioners, serving staggered terms of four years. Each commissioner represents one of five districts conterminous with the districts of the Board of County Commissioners of Nassau County. The port commissioners must reside in each district and be elected by the qualified electors of the district.

The Authority has the power to establish and collect rates of wharfage, dockage, warehousing, storage, and port and terminal charges and rates and charges for the use of all improvements, port or harbor facilities located within the county and owned or operated by the Authority. The Authority may issue bonds.

This bill codifies, or reenacts, all prior special acts of the district into a single act, as required by s. 189.429, F.S. Reenactment of existing law is permitted by this section, although this reenactment is not to be construed as a grant of additional authority.

The bill deletes outdated language, such as original references to the Authority constructing "turnpike projects" that are inappropriate and confusing, now that a Florida Turnpike Enterprise exists to build state-owned tolled roads. The bill also organizes previously authorized powers of the Authority and makes minor, stylistic changes to some of the language of the charter.

Changes to the Ocean Highway and Port Authority Charter

There are, however, provisions of this bill which do not simply codify existing law, but amend the charter of the Authority:

- increasing the salary for the commissioners from \$12,000 to \$24,000 per annum; and
- increasing the interest rate at which the Authority may borrow money or issue revenue bonds or certificates from a rate not exceeding 8 percent to a rate not exceeding the maximum rate authorized by law.

Charter of District

In recreating and reenacting the charter for the Authority, the bill:

- Section 1:¹ Provides for the popular name of the Authority.
- Section 2:² Provides for the definition of “Authority” and “Board.”
- Section 3:³ Provides for the creation of the Authority; provides for the five-member board of port commissioners; provides for 4-year term limits; provides for the boundaries of the Authority; provides for the election of the board commissioners; provides for vacancies; and provides for the membership of the board of commissioners.
- Section 4:⁴ Provides for the adoption of rules and bylaws by the commissioners; provides for a quorum; provides the board will have exclusive control over the funds of the Authority including the withdrawal and investment of the funds.
- Section 5:⁵ Provides for the compensation of each board member, the port director, agents and employees of the Authority; provides for a retirement plan and health insurance plan for the employees of the Authority.
- Section 6:⁶ States the Authority is a body politic and corporate and a political subdivision of the state and gives the corporate title of the Authority; provides the Authority may adopt and use a common seal and alter the same at pleasure; provides the Authority may contract and be contracted with; and provides the district may sue and be sued.
- Section 7:⁷ Provides for the powers of the Authority, including the power to:
- (1) acquire by grant, purchase, gift, condemnation, exchange, or otherwise and convey such real and personal property as the board deems proper or expedient to carry out the purposes of this act; states the power of condemnation is exercised and carried out in the manner provided by general law;
 - (2) lay out, construct, condemn, purchase, own, acquire, add to, extend, enlarge, maintain, conduct, operate, build, equip, manage, furnish, replace, enlarge, improve, lease, sell, regulate, finance, control, repair, and establish office and administrative buildings to be used and occupied by the Authority; perform all customary services of all commodities and cargoes received or shipped through any port or harbor within the jurisdiction of the Authority;
 - (3) improve and develop Fernandina Harbor and all waters within the county of Nassau; create and improve harbor purposes; regulate, control, and improve all waters and waterways within the county; construct inlets and turning basins and dredge and deepen natural or artificial waterways within the county; apply for permission from the federal government to create, improve, regulate, and control all waters and natural and artificial waterways within the county; enact, adopt, and establish, by resolution , rules and regulations for the Authority;

¹ HB 619 s. 1 (2005).

² HB 619 s. 2 (2005).

³ See ch. 21418 (1941), L.O.F. § 1; ch. 24733 (1947), L.O.F. § 1; ch. 83-474, L.O.F. § 1; ch. 84-486, L.O.F. § 1; ch. 86-371, L.O.F. § 1; ch. 91-347, L.O.F. § 1.

⁴ See ch. 21418 (1941), L.O.F. § 2; ch. 24733 (1947), L.O.F. § 2.

⁵ See ch. 21418 (1941), L.O.F. § 3; ch. 24733 (1947), L.O.F. § 3; ch. 83-471, L.O.F. § 1; ch. 87-439, L.O.F. § 1; ch. 91-347, L.O.F. § 2.

⁶ See ch. 21418 (1941), L.O.F. § 2; ch. 24733 (1947), L.O.F. § 2.

⁷ See ch. 21418 (1941), L.O.F. § 5; ch. 24733 (1947), L.O.F. § 5; ch. 26048 (1949), L.O.F. § 1; ch. 67-1739, L.O.F. § 1; ch. 69-1328, L.O.F. § 1.

- (4) apply to appropriate federal agencies to establish a free port and enter into agreements and payments to create same;
- (5) fix rates of wharfage, dockage, warehousing, storage, and port and terminal charges and rates and charges for the use of all improvements, located within the county and owned or operated by the Authority;
- (6) input, construct, condemn, purchase, own, acquire, add to, maintain, etc., a variety of transportation facilities and other facilities and improvements inside and outside the county; establish, charge, and collect necessary and reasonable fees, admissions, tolls, rates, rentals, and charges for any or all of the services or facilities of any works, undertakings, or properties; finance the cost of any project, from the proceeds of revenue obligations issued pursuant to this act;
- (7) perform and carry out all duties, functions, and purposes of the Housing Cooperation Law, contained under ch. 422, F.S.;
- (8) exercise police powers over the improvements and facilities; and
- (9) borrow money on the anticipated receipt of funds from any source and in evidence thereof issue notes, warrants, or debentures bearing interest at a rate not exceeding the maximum rate authorized by law.

Section 8:⁸ Declares the Authority serves a public purpose.

Section 9:⁹ Provides the Authority the power to apply for and to accept grants or loans from or to enter into any contracts or agreements deemed advisable with the U.S., the State of Florida, the State of Georgia, or any political subdivision, public body, or agency; provides the Authority may enter into covenants and agreements with the holders of any bonds, certificates, or obligations issued by the Authority concerning the use and disposition of any grants or loans received by it from any parties.

Section 10:¹⁰ Provides the Authority is exempt from all taxation by the state or by any county, municipality, or political subdivision.

Section 11:¹¹ Provides for eminent domain powers.

Section 12:¹² Exempts the Authority from certain state and local government regulation.

Section 13:¹³ Authorizes the Authority to use any state rights-of-way, easements, lands under water, or other similar property right, subject to approval by the state or appropriate state agency.

Section 14:¹⁴ Authorizes the Authority to acquire property in the state of Georgia.

Section 15:¹⁵ Provides all contracts and agreements executed or entered into by the Authority, and all proceedings or acts of the Authority taken or had, prior to June 13, 1949, [the effective date of ch. 26048 (1949), L.O.F.] be and the same are hereby ratified, confirmed, and validated as valid and legally binding contracts, agreements, proceedings, and acts of the Authority.

⁸ See ch. 21418 (1941), L.O.F. § 12.

⁹ See ch. 26048 (1949), L.O.F. § 3.

¹⁰ See ch. 26048 (1949), L.O.F. § 3.

¹¹ See ch. 26048 (1949), L.O.F. § 3.

¹² See ch. 26048 (1949), L.O.F. § 3.

¹³ See ch. 26048 (1949), L.O.F. § 3.

¹⁴ See ch. 26048 (1949), L.O.F. § 3.

¹⁵ See ch. 26048 (1949), L.O.F. § 5.

- Section 16:¹⁶ Provides authority for the issuance of bonds or certificates.
- Section 17:¹⁷ Provides election procedures to authorize the borrowing of money or the issuance of bonds or certificates; provides elections are to be held and conducted in the manner provided by the general laws of Florida applicable to the holding and conducting of elections under the provisions of ¹⁸section 12 of Article VII of the State Constitution.
- Section 18:¹⁹ Preserves the validity of bonds, and provides the validity of bonds may be determined in proceedings in circuit court as provided by general law.
- Section 19:²⁰ Provides for the covenants and conditions of bonds or certificates.
- Section 20:²¹ Provides for the security of revenue bonds.
- Section 21:²² Provides for the rights of bondholders.
- Section 22:²³ Provides that the bonds of the Authority constitute legal investments and securities.
- Section 23:²⁴ Provides for receivership of Authority property in the event of a default.
- Section 24:²⁵ Provides for the issuance of refunding bonds, certificates, or obligations.
- Section 25:²⁶ Provides a state covenant with debtors.
- Section 26:²⁷ Provides a declaration regarding the acquisition, extension, expansion, enlargement, construction, and equipping by the Authority of a pulp and paper mill.
- Section 27:²⁸ Authorizes Authority to acquire, construct, extend, enlarge and equip a pulp and paper mill and related facilities.
- Section 28:²⁹ Authorizes the Authority to lease a pulp and paper mill and related facilities.
- Section 29:³⁰ Authorizes the issuance of revenue bonds for pulp and paper mill and related facilities.

¹⁶ See ch. 21418 (1941), L.O.F. § 6; ch. 24733 (1947), L.O.F. § 6; ch. 26048 (1949), L.O.F. § 2; ch. 69-1328, L.O.F. § 2.

¹⁷ See ch. 21418 (1941), L.O.F. § 7.

¹⁸ Note.—current authority states s. 6 of Article 6 of Article IX of the Constitution of Florida, however, s. 6, Art. IX of the State Constitution of 1885 was superseded pursuant to s. 1, Art. XII of the State Constitution as revised in 1968.

¹⁹ See ch. 21418 (1941), L.O.F. § 8.

²⁰ See ch. 21418 (1941), L.O.F. § 9.

²¹ See ch. 21418 (1941), L.O.F. § 10.

²² See ch. 21418 (1941), L.O.F. § 11.

²³ See ch. 26048 (1949), L.O.F. § 3.

²⁴ See ch. 26048 (1949), L.O.F. § 3.

²⁵ See ch. 26048 (1949), L.O.F. § 3.

²⁶ See ch. 26048 (1949), L.O.F. § 3.

²⁷ See ch. 67-1748, L.O.F. §§ 1, 2, 3, 4, and 6.

²⁸ *Id.*

²⁹ *Id.*

³⁰ *Id.*

- Section 30:³¹ Provides a declaration regarding the acquisition, construction, and equipping by the Authority of an oil refinery.
- Section 31:³² Authorizes Authority to acquire, construct, and equip an oil refinery and related facilities.
- Section 32:³³ Authorizes the Authority to lease an oil refinery and related facilities.
- Section 33:³⁴ Authorizes the issuance of revenue bonds for an oil refinery and related facilities.
- Section 34:³⁵ Authorizes the Authority to construct a toll road in a certain area.
- Section 35:³⁶ Authorizes the sale of bonds for toll roads.
- Section 36:³⁷ Provides for lease-purchase agreements for revenue-producing projects, within the State of Florida and partly within the State of Georgia.
- Section 37:³⁸ Provides for the lease-purchase agreements with the state of Florida and the state of Georgia.
- Section 38:³⁹ Provides the Florida Department of Transportation is authorized to contract by lease-purchase with the Authority.
- Section 39:⁴⁰ Provides for the legality of lease-purchase agreements, bonds, and other agreements; provides for the rights of the bondholders.
- Section 40:⁴¹ Provides that the provisions of this act shall not affect any lease-purchase agreements entered into between the Authority and the Florida Department of Transportation relative to projects wholly within the state; provides that no other law shall have application to revenue-producing projects located partly within the state and partly within Georgia which are financed under the provisions of this act.

Background

Codification

Codification is the process of bringing a special act up-to-date. After a special district is created, special acts often amend or alter the special district's charter provisions. To ascertain the current status of a special district's charter, it is necessary to research all amendments or changes made to the charter since its inception or original passage by the Legislature. Codification of special district charters is important because it allows readers to more easily determine the current charter of a district.

Codification of special district charters was initially authorized by the 1997 Legislature and is codified in s. 189.429, F.S. and s. 191.015, F.S. The 1998 Legislature subsequently amended both sections of

³¹ See ch. 67-1737, L.O.F. §§ 1, 2, 3, 4, and 6.

³² *Id.*

³³ *Id.*

³⁴ *Id.*

³⁵ See ch. 30290 (1955), L.O.F. §§ 1, 2, and 3.

³⁶ *Id.*

³⁷ See ch. 27763 (1951), L.O.F. §§ 2, 3, 4, 5, 6 and 7.

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *Id.*

statute. Current law provides for codification of all special district charters by December 1, 2004. The 1998 law allows for the adoption of the codification schedule provided for in an October 3, 1997, memorandum issued by the Chair of the Committee on Community Affairs. Any codified act relating to a special district must provide for the repeal of all prior special acts of the Legislature relating to the district. Additionally, the 2001 Legislature amended s. 189.429, F.S., to provide that reenactment of existing law pursuant to s. 189.429, F.S.: (1) shall not be construed to grant additional authority nor to supersede the authority of an entity; (2) shall continue the application of exceptions to law contained in special acts reenacted pursuant to the section; (3) shall not be construed to modify, amend, or alter any covenants, contracts, or other obligations of any district with respect to bonded indebtedness; and (4) shall not be construed to affect a district's ability to levy and collect taxes, assessments, fees, or charges for the purpose of redeeming or servicing the district's bonded indebtedness.

Since the enactment of ss. 189.429 and 191.015, F.S., 173 special districts have codified their charters.

Status Statement Language

Section 189.404(5), F.S., provides that after October 1, 1997, the charter of any newly created special district shall contain and, as practical, the charter of a preexisting special district shall be amended to contain, a reference to the status of the special district as dependent or independent. When necessary, the status statement shall be amended to conform to the department's determination or declaratory statement regarding the status of the district.

C. SECTION DIRECTORY:

- Section 1.** Provides that the bill constitutes the codification of all special acts relating to the Authority; provides legislative intent.
- Section 2.** Codifies, reenacts, amends and repeals chapters 21418 (1941), 24733 (1947), 26048 (1949), 27763 (1951), 30290 (1955), 67-1737, 67-1739, 67-1748, 69-1328, 83-471, 83-474, 84-486, 86-371, 87-439, and 91-347, L.O.F.
- Section 3.** Recreates and reenacts the charter of the Authority.
- Section 4.** Repeals chapters 21418 (1941), 24733 (1947), 26048 (1949), 27763 (1951), 30290 (1955), 67-1737, 67-1739, 67-1748, 69-1328, 83-471, 83-474, 84-486, 86-371, 87-439, and 91-347, L.O.F.
- Section 5.** Provides for the bill to take effect upon becoming law.

II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes No

IF YES, WHEN? November 24, 2004

WHERE? *News Leader*, Fernandina Beach, Nassau County, Florida

B. REFERENDUM(S) REQUIRED? Yes No

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes, attached [X] No []

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached [X] No []

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

The following existing exemption from taxation, which includes an exemption from ad valorem taxation, is codified in section 10 of the charter:

As long as the authority shall own the works, undertakings, and properties provided for in this act, all properties of the authority, real or personal, and all revenues and income derived from the services and facilities of the authority shall be exempt from all taxation by the state or by any county, municipality, or political subdivision thereof. Bonds, certificates, or other obligations issued pursuant to this act shall, together with the income thereon, be exempt from all taxation by the state or any county, municipality, or other political subdivision thereof.

Property owned by governmental entities is subject to ad valorem taxation unless immune or exempt, and such exemptions are strictly construed against the party claiming them. Immunity from taxation precludes the power to tax, while an exemption from taxation presupposes the existence of the power to tax but the power is limited by a constitutional or statutory provision.⁴² The Legislature is without authority to grant an exemption from taxes where the exemption does not have a constitutional basis.⁴³

Special districts are not immune from taxation. Therefore, property owned by special districts is taxable unless the Legislature enacts an exemption from taxation that is consistent with the Florida Constitution. Section 189.403(1), F.S., provides that special districts are treated as municipalities for purposes of s. 196.199(1), F.S., which exempts from ad valorem taxation property owned by a municipality and used for "governmental, municipal, or public purposes". Thus, property owned by a special district may be entitled to exemption only if used for a governmental or public purpose.

If a private entity leases government owned property from an exempt governmental entity, such as a special district, the actual use of the property determines whether a valid exemption from ad valorem taxation continues to apply. If public property is leased to a private entity, but is not used for a "public purpose", the fee interest in the property is taxable. The "public purpose" standard applicable in tax exemption cases is the "governmental-governmental" standard under which property leased to private entities for "governmental-proprietary" activities is not tax exempt.⁴⁴ Non-exempt "governmental-proprietary" use occurs when a nongovernmental lessee utilizes public property for proprietary and for-profit aims to promote the comfort, convenience, safety and happiness of citizens. Conversely, exempt "governmental-governmental" use occurs when a lease of public property concerns the administration of some phase of government. It should be noted that the leasehold interest in leased public property may be subject to the intangibles tax regardless of whether the leased property itself is subject to ad valorem taxation.⁴⁵

B. RULE-MAKING AUTHORITY:

The bill grants rule-making authority to the Authority.

C. DRAFTING ISSUES OR OTHER COMMENTS:

⁴² See *Orange State Oil Co. v. Amos*, 139 So.2d 707 (Fla. 1930).

⁴³ See *Sebring Airport Authority v. McIntyre*, 783 So.2d 238 (Fla. 2001).

⁴⁴ *Id.*

⁴⁵ See *Capitol City Country Club v. Tucker*, 448 So.2d 613 (Fla. 1993).

Notice

The published notice of intent to seek legislation states that this act is re-codifying the existing charter of the Ocean Highway and Port Authority (of Nassau County) as required by section 189.429, F.S.; the notice does not state that the charter is being amended.

Comments from the Florida Department of Transportation

The department has expressed concern that the several references to "turnpike projects" in the bill may create confusion over whether the Ocean Highway and Port Authority has control over Florida Turnpike roads within its boundaries or review and approval over any future projects. The department has proposed a series of amendments to address these concerns.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

Council on Local Government

The Council adopted a strike-all amendment on March 23, 2005. The strike-all amendment:

- corrects erroneous wording;
- repeals ch. 26048 (1949), L.O.F., one of the Authority's previous special acts;
- includes a status statement pursuant to s. 189.404(5), F.S.;
- makes the name of the Authority consistent through-out the bill; and
- clarifies that the bill only ratifies all prior actions of the Authority prior to the effective date of ch. 26048 (1949), L.O.F.

The bill, as amended, was reported favorably with committee substitute.

Transportation Committee

At its April 5, 2005, meeting, the Transportation Committee adopted without objection five amendments. These amendments were requested by the Florida Department of Transportation to dispel any future confusion that the Ocean Highway and Port Authority has unlimited control over public rights-of-way and the Florida Turnpike Authority. Specifically:

- Amendment #1: Removed overly broad reference to the State granting the Authority permission to use any lands, rights-of-way, etc. that may be vested in the state or its agencies.
- Amendment #2: Deleted references to overly broad powers of the Authority concerning use of rights-of-way, and provides for state or agency approval of Authority request to use public lands.
- Amendments #3-5: Removed references to "turnpike" and "turnpike project" to eliminate any confusion that the Authority has control over the Florida Turnpike and its projects.

The committee then voted 14-0 to report the bill as favorable with a CS.

The bill's sponsor said he is having the amended bill re-advertised to try and conform with local-bill requirements.