

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

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Prepared By: Community Affairs Committee

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BILL: SJR 1210

INTRODUCER: Senator Lawson

SUBJECT: Ad Valorem Taxes/Water Management

DATE: April 13, 2006

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Branning</u>	<u>Kiger</u>	<u>EP</u>	<u>Favorable</u>
2.	<u>Vickers</u>	<u>Yeatman</u>	<u>CA</u>	<u>Pre-meeting</u>
3.	_____	_____	<u>GE</u>	_____
4.	_____	_____	<u>GA</u>	_____
5.	_____	_____	<u>RC</u>	_____
6.	_____	_____	_____	_____

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## I. Summary:

This joint resolution provides for an amendment to the State Constitution to be placed on the November 2006 general election ballot to standardize the maximum millage rate allowed to be assessed for ad valorem taxes for water management purposes. The joint resolution also removes an exception to the statewide millage rate cap, and includes the actual ballot language.

## II. Present Situation:

In 1976, a constitutional amendment was approved which allowed the state's five water management districts to levy ad valorem taxes for water management purposes. The original amendment proposal would have allowed each water management district to levy no more than one mill of ad valorem taxes on the assessed value of real property within the district's boundaries. However, there was a strong sentiment in the Northwest Florida area to provide only minimal funding. As a result, the constitutional amendment that was passed allowed for up to one mill (\$1 per \$1,000 of value) to be levied in the Suwannee River Water Management District, the St. Johns River Water Management District, the Southwest Florida Water Management District and the South Florida Water Management District. The Northwest Florida Water Management District, however, is limited to a constitutional millage cap of .05 mill (5 cents per \$1,000 of value).

Section 373.503, F.S., provides the statutory millage caps for the water management districts within the constitutional cap. In 1976, ch. 76-243, L.O.F., established the original statutory millage caps for the water management districts as follows:

- Northwest Florida Water Management District – .05 mill
- Suwannee River Water Management District – .75 mill

- St. Johns River Water Management District – .375 mill
- Southwest Florida Water Management District –1.0 mill
- South Florida Water Management District – .8 mill

In 1985, ch. 85-211, L.O.F., authorized the St. Johns River Water Management District to levy an additional .225 mill which could only be used for land acquisitions and capital projects associated with such acquisitions. However, in 1987, ch. 87-97, L.O.F., removed the restriction for the use of the additional .225 mill by the St. Johns River Water Management and allowed the full .6 mill to be levied for any district purpose.

The following indicates the current constitutional and statutory millage caps for the five water management districts.

CAPS	NFWWMD	SRWMD	SJRWMD	SWFWMD	SFWMD
Constitutional	0.05	1.00	1.00	1.00	1.00
Statutory	0.05	0.75	0.60	1.00	0.80

Each district’s governing board sets the millage rate for its district within the statutory cap. The actual millage rates for each of the districts are as follows:

- **SFWMD** – The current millage rate for all property owners within the district’s boundaries is the district-at-large rate of .284 mills. In addition, property owners within the Okeechobee Basin are assessed both the Okeechobee Basin tax rate of .313 mills and the Everglades Construction Project tax rate of .1 mill, for a combined tax assessment of .697 mills. Property owners within the Big Cypress Basin are assessed the Big Cypress Basin millage rate of .2425 mills and the district-at-large rate of .284 mills, for a combined tax assessment of .5265 mills.<sup>1</sup>
- **SWFWMD** – The district-wide millage rate is .422 mills. In addition, there are special revenue funds for each of the eight basins in the district. They are: Alafia River Basin, .24 mills; Coastal Rivers Basin, .235 mills; Hillsborough River Basin, .285 mills; Manasota Basin, .16 mills; Northwest Hillsborough Basin, .268 mills; Peace River Basin, .195 mills; Pinellas-Anclote River Basin, .4 mills; and Withlacoochee River Basin, .265 mills.<sup>2</sup>
- **SJRWMD** – The millage rate is .462 mills.<sup>3</sup>
- **SRWMD** –The millage rate is .4914 mills.<sup>4</sup>
- **NFWWMD** – The millage rate is the statutory cap of .05 mills.<sup>5</sup>

<sup>1</sup> [www.sfwmd.gov/images/pdfs/E\\_AppendixFY06.pdf](http://www.sfwmd.gov/images/pdfs/E_AppendixFY06.pdf)

<sup>2</sup> Southwest Florida Water Management District Fiscal Year 2006 Budget in Brief (pamphlet)

<sup>3</sup> [http://sjr.state.fl.us/programs/mgmt\\_admin/exec\\_dir/budget/bdgthome.html](http://sjr.state.fl.us/programs/mgmt_admin/exec_dir/budget/bdgthome.html)

<sup>4</sup> [www.srwmd.state.fl.us/about+the+district/business+and+financial/default1.htm](http://www.srwmd.state.fl.us/about+the+district/business+and+financial/default1.htm)

<sup>5</sup> [www.nfwfmd.state.fl.us/admin/0506eog.pdf](http://www.nfwfmd.state.fl.us/admin/0506eog.pdf)

Since the NFWWMD has limited ad valorem taxing ability, the district relies heavily on state and other funds to carry out its duties and required programs. For FY 2005-2006, ad valorem tax revenues (approximately \$3.2 million) comprise approximately 5.6 percent of the district's total revenue.<sup>6</sup>

### **Environmental Resource Permit**

In 1993, the Legislature enacted ch. 93-213, L.O.F., which combined the Department of Environmental Regulation and the Department of Natural Resources into one department – the Department of Environmental Protection (DEP). In addition, the act sought to streamline governmental services and provide for the delivery of services to the public in a timely, cost-efficient manner. As a result, the act created the “Environmental Resource Permit” (ERP) which was intended to consolidate all permits for activities involving dredging and filling and the management and storage of surface water (MSSW), including stormwater control, into a single type of permit. The water management districts assumed the lead role for the issuance of these permits. Four of the five water management districts have established ERP programs. While the Northwest Florida Water Management District (NFWWMD) has had the authority to operate an ERP program pursuant to ch. 373, F.S., the district has never fully operated such a program due to its funding limitations.

The NFWWMD lacks the necessary financial resources to undertake full implementation of all legislatively mandated programs.<sup>7</sup> Consequently, s. 373.4145, F.S., was created to provide for an interim environmental permitting program for the NFWWMD. Since the district was financially unable to implement an ERP program, the DEP operates a limited permitting program in this water management district with state financial subsidies for the district. The annual state subsidies amount to approximately \$1.344 million. Within the NFWWMD, the DEP's permitting authority is limited to wetland permitting rules which were in effect under the Henderson Wetland Act of 1984. The DEP is, therefore, prohibited from implementing a complete ERP program on behalf of the water management district. These interim dredge-and-fill and stormwater permitting provisions for the NFWWMD have been extended until July 1, 2010.<sup>8</sup>

Since 1983, several commissions, task forces, and reports have recommended that the State Constitution be amended to place the NFWWMD on a par with the other water management districts. Those commissions, task forces, and reports included the following:

- Speaker's Task Force on Water Issues – 1983
- Environmental Efficiency Study Commission – 1988
- Environmental Efficiency Study Commission Minority Report – 1988
- A Review of Selected Functions of Water Management Districts – Senate Natural Resources and Conservation Committee – 1988

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<sup>6</sup> [www.nfwwmd.state.fl.us/admin/0506eog.pdf](http://www.nfwwmd.state.fl.us/admin/0506eog.pdf), NFWWMD Standard Format Tentative Budget Submission, August 1, 2005.

<sup>7</sup> “The Constitutional Millage Cap of the Northwest Florida Water Management District” Review and Recommendations, Executive Office of the Governor, January 30, 1998. Page 7.

<sup>8</sup> Ch. 2005-273, Laws of Florida.

- Report on the Sundown Act Review of the Water Management District Governing Boards and Basin Boards Scheduled for Repeal – House Natural Resources Committee – 1989
- Governor’s Water Resource Commission – 1989
- A Review of Water Management Districts and Recommendations of the Environmental Study Commission – Senate Natural Resources and Conservation Committee – 1989
- A Review of the Water Resources Management Program Administered by the Department of Environmental Protection and the Water Management Districts – Office of Program Policy Analysis and Government Accountability – 1994
- Water Management District Review Commission – 1995
- Governor’s Water Supply Development and Funding Work Group – 1997
- The Constitutional Millage Cap of the Northwest Florida Water Management District Review and Recommendations – Executive Office of the Governor – 1998

However, the constitutional millage cap has never been revised.

### **III. Effect of Proposed Changes:**

This is a joint resolution to place an amendment on the ballot to amend the State Constitution to provide a standard maximum millage rate for ad valorem taxes for water management purposes by removing an exception to the statewide millage rate cap. The maximum constitutional millage rate would be 1.0 mill for the entire state. Currently, the maximum constitutional millage cap for all of the water management districts except the NFWFMD is 1.0 mill or \$1 per \$1,000 of assessed value. The NFWFMD, however, is capped at .05 mill, or 5 cents per \$1,000 of assessed value. This bill would remove the exception for the NFWFMD, thereby providing that the constitutional maximum cap of 1.0 mill would apply in the NFWFMD.

If approved by the voters, the proposed constitutional amendment would take effect on January 1, 2007.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

This bill does not require cities and counties to expend funds or limit their authority to raise revenue or receive state-shared revenues as specified by s. 18, Art. VII, State Constitution.

#### **B. Public Records/Open Meetings Issues:**

None.

#### **C. Trust Funds Restrictions:**

None.

**V. Economic Impact and Fiscal Note:****A. Tax/Fee Issues:**

If approved by the voters, the constitutionally allowable maximum millage rate for ad valorem taxes for water management purposes in the NFWWMD would be increased from 0.05 mill to 1.0 mill. For the actual millage rate to increase, the Legislature would have to amend s. 373.503, F.S., to increase the statutory cap, which is currently the constitutional cap of .05 mill (5 cents per \$1,000). The actual millage rate would be set by the NFWWMD's governing board, subject to the statutory cap.

**B. Private Sector Impact:**

No immediate impact. If approved by the voters, the Legislature would have to amend s. 373.503, F.S., to increase the statutory cap, which is currently the constitutional cap of .05 mill (5 cents per \$1,000). The actual millage rate would be set by the Northwest Florida Water Management District's governing board. Currently, the district is assessing at the maximum constitutional and statutory cap of .05 mill.

**C. Government Sector Impact:**

There will be a cost to advertise the proposed constitutional amendment in each county prior to the 2006 general election.

If this measure is adopted by the voters and the Legislature increases the statutory cap, the NFWWMD may no longer require subsidies from the state to carry out water management activities in the district.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

If the proposed constitutional amendment is adopted, the Legislature would have to revise the NFWWMD's statutory cap before the district could increase the ad valorem rate.



## **VIII. Summary of Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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