

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 1135

Everglades Restoration Bonds

**SPONSOR(S):** Mayfield

**TIED BILLS:**

**IDEN./SIM. BILLS:** SB 1552

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Environment & Natural Resources Council		Deslatte / Perkins	Dixon / Hamby
2) Policy & Budget Council			
3)			
4)			
5)			

**SUMMARY ANALYSIS**

The bill extends the authorized issuance and maturity of Everglades restoration bonds, which are deposited into the Save Our Everglades Trust Fund, by an additional ten years and increases the annual bonding amount by an additional \$100 million, to not exceed \$200 million per fiscal year unless the Department of Environmental Protection (DEP) has requested additional amounts in order to achieve cost savings or accelerate the purchase of land. The issuance of a series of Everglades restoration bonds may not be issued unless an amount equal to the debt service coming due in the year of issuance has been appropriated by the Legislature.

The bill has an effective date of July 1, 2008.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

**Provide limited government:** The bill extends the authorized issuance and maturity of Everglades restoration bonds, which are deposited into the Save Our Everglades Trust Fund, by an additional ten years and increases the annual bonding amount by an additional \$100 million, to not exceed \$200 million per fiscal year unless the DEP has requested additional amounts in order to achieve cost savings or accelerate the purchase of land. The issuance of a series of Everglades restoration bonds may not be issued unless an amount equal to the debt service coming due in the year of issuance has been appropriated by the Legislature.

#### B. EFFECT OF PROPOSED CHANGES:

##### **Current Situation**

In 2007, the Florida Legislature passed SB 392, which changed the Lake Okeechobee Protection Program to the Northern Everglades and Estuaries Protection Program. Legislative findings were revised to reflect:

- Reflect the expansion of the program;
- Economic, natural habitat and biodiversity functions of the system;
- The effects of loss of surface water storage;
- The significance of pollutants other than phosphorous to water quality;
- The use of total maximum daily load requirements to address water quality; and
- The need to expeditiously implement the program to improve the quality, quantity, timing, and distribution of water in the Northern Everglades ecosystem.

The bill expanded the program to include protection of the Lake Okeechobee Watershed and the Caloosahatchee & St. Lucie Rivers Watersheds; provided for the Lake Okeechobee and Caloosahatchee and St. Lucie River Watershed Protection Program, which includes a Protection Plan, Construction Project, Watershed Pollutant Control Program, and Research, Water Quality, and Habitat Monitoring Program; and provided new or revised definitions for "Caloosahatchee River Watershed," "Lake Okeechobee Watershed," "Northern Everglades," "River Watershed Protection Plans," and "St. Lucie River Watershed." The bill provided for implementation and evaluation within the Protection Plans, and for protection permits; required the Department of Environmental Protection (DEP) to develop total maximum daily loads for the Caloosahatchee River and estuary and basin management action plans for the Lake Okeechobee Watershed and estuaries; and revised requirements relating to the annual progress report of the South Florida Water Management District (SFWMD).

The bill required that a modified Phase II technical plan of the Lake Okeechobee Water Construction Project be submitted to the Legislature for ratification during the 2008 regular session, and required the River Watershed Protection Plans to be submitted to the Legislature for ratification during the 2009 session. The bill provided that if the Legislature takes no action on the Phase II technical plan during the 2008 Legislative session, it is deemed approved and may be implemented.

In February 2008, the SFWMD submitted the required Lake Okeechobee Watershed Construction Project Phase II Technical Plan. The Plan identifies construction projects, along with on-site measures that prevent or reduce pollution at its source such as agricultural and urban best management practices (BMPs), needed to achieve water quality targets for the lake. In addition, it includes other projects for increasing water storage north of Lake Okeechobee to achieve healthier lake levels and reduce harmful

discharges to the Caloosahatchee and St. Lucie estuaries. Components of the multi-phase preferred Plan include:

- Implementing agricultural management practices on more than 1.7 million acres of farmland;
- Adopting new regulations that will reduce the impacts of development on water quality and flow;
- Building treatment wetlands to clean water flowing into the lake;
- Using other innovative “green” nutrient control technologies to reduce phosphorus loads from the watershed; and
- Creating between 900,000 and 1.3 million acre-feet of water storage north of the lake through a combination of above-ground reservoirs, underground storage and alternative water storage projects on public and private lands.

Comprised of local and regional projects, the preferred Plan consolidates, builds upon and dovetails with many on-going restoration activities. In addition to augmenting and enhancing efforts under way in the remnant Everglades south of Lake Okeechobee, it builds upon environmental improvements currently being implemented north of the lake as a part of the state-federal Comprehensive Everglades Restoration Plan (CERP). It also consolidates the numerous initiatives currently under way through Florida’s Lake Okeechobee Protection Plan (LOPP) and Lake Okeechobee and Estuary Recovery Plan (LOER).

The proposed implementation schedule calls for a phased approach-designed to provide progressive water quality and quantity improvements to benefit the lake and downstream estuaries. Initial measures outlined by the preferred Plan call for an additional investment of up to \$320 million beyond the State’s 50 percent cost-share for land acquisition and construction projects as part of CERP. While the cost of non-CERP features will be primarily borne by the SFWMD and the State, CERP investments are eligible for up to a 50% cost share with the federal government.

Furthermore, the bill provided for the expanded uses of bonds issued for Everglades restoration to include the Lake Okeechobee Watershed Protection Plan and the River Watershed Protection Plans. The bill also expanded the use of Save Our Everglades Trust Fund appropriations through Fiscal Year 2019-2020 to be used for the Lake Okeechobee Protection Plan and Caloosahatchee and St. Lucie River Watershed Protection Plans. In addition, the bill extended the SFWMD’s match requirements for the life of the trust fund; allowed funds to be distributed for implementation of the River Watershed Protection Plans, including a local match requirement for Lee and Martin counties; and allowed funds to be distributed to the Department of Agriculture and Consumer Services for implementation of agricultural nonpoint source controls.

Currently, Everglades restoration bonds, except refunding bonds, may only be issued through 2009-2010 and may not be issued in an amount exceeding \$100 million per fiscal year. The maturity of the bonds must mature by December 31, 2030.

### **Effect of Proposed Changes**

The bill extends the authorized issuance and maturity of Everglades restoration bonds, which are deposited into the Save Our Everglades Trust Fund, by an additional ten years and increases the annual bonding amount by an additional \$100 million, to not exceed \$200 million per fiscal year unless the Department of Environmental Protection (DEP) has requested additional amounts in order to achieve cost savings or accelerate the purchase of land. The issuance of a series of Everglades restoration bonds may not be issued unless an amount equal to the debt service coming due in the year of issuance has been appropriated by the Legislature.

#### **C. SECTION DIRECTORY:**

Section 1. Amends s. 215.619, F.S., extending the period during which bonds may be issued and increasing the amount of bonds that may be issued each fiscal year.

Section 2. Provides an effective date of July 1, 2008.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See Fiscal Comments

2. Expenditures:

See Fiscal Comments

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Contractors and other business activities associated with the Comprehensive Everglades Restoration Plan, the Lake Okeechobee Watershed Plan, and the Caloosahatchee and St. Lucie Rivers Protection Plans may see an increase in business opportunities as a result of an increase in bonding and funding.

### D. FISCAL COMMENTS:

The bill extends the authorized issuance and maturity of Everglades restoration bonds, which are deposited into the Save Our Everglades Trust Fund, by an additional ten years and increases the annual bonding amount by an additional \$100 million, not to exceed \$200 million per fiscal year unless DEP has requested additional amounts in order to achieve cost savings or accelerate the purchase of land. The issuance of a series of Everglades restoration bonds may not be issued unless an amount equal to the debt service coming due in the year of issuance has been appropriated by the Legislature.

According to the SFWMD, the total cost to complete Lake Okeechobee and Caloosahatchee and St. Lucie Rivers Protection Plans is as follows:

Lake Okeechobee	\$2.1 billion
Caloosahatchee River	\$300 million
St. Lucie River	\$300 million

The costs will be shared on a 50/50 basis between the state and the water management districts. The districts share would include funds generated from local governments.<sup>1</sup>

The 2007 State Debt Affordability Study, presented at the January 2008 Cabinet meeting, indicated that although there is \$12.6 billion in available debt capacity within the targeted 6 percent capacity over the next ten years, no debt service capacity is available over the next three years.

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<sup>1</sup> s. 373.470, F.S.

### III. COMMENTS

#### A. CONSTITUTIONAL ISSUES:

##### 1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities.

##### 2. Other:

None

#### B. RULE-MAKING AUTHORITY:

None

#### C. DRAFTING ISSUES OR OTHER COMMENTS:

None

#### D. STATEMENT OF THE SPONSOR

No Sponsor Statement Submitted

### IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

N/A