

HOUSE OF REPRESENTATIVES
FINAL BILL ANALYSIS

BILL #: SB 2142

FINAL HOUSE FLOOR ACTION:
83 Y's 34 N's

SPONSOR: Budget

GOVERNOR'S ACTION: Approved

COMPANION BILLS: N/A

SUMMARY ANALYSIS

SB 2142 passed the House on May 7, 2011. The bill was approved by the Governor on May 26, 2011, chapter 2011-67, Laws of Florida, and took effect May 26, 2011. The House did not have a companion bill to SB 2142.

The bill substantially amends current law regarding oversight of the authority of water management districts to levy ad valorem taxes and the development of water management district budgets. Specifically, the bill does the following:

- Requires the Legislature to annually review the preliminary budget for each water management district and set the maximum amount of revenue a district may raise through its ad valorem tax. If the annual maximum amount of property tax revenue is not set by the Legislature on or before July 1 of each year, the maximum property tax revenue that may be raised reverts to the amount authorized in the prior year.
- Limits revenue collection by the water management districts for Fiscal Year 2011-2012.
- Requires each water management district to provide a monthly financial statement to its governing board and make such information available to the public through the district's website.
- Revises provisions relating to the review of district budgets to allow the Executive Office of the Governor and the Legislative Budget Commission to disapprove, in whole or in part, the budget of each water management district.

The bill does not appear to have a fiscal impact on state government. The fiscal impact of the bill limits revenue collection by the water management districts for Fiscal Year 2011-2012 by \$210.5 million. Property owners will experience a reduction in 2011 property taxes in all areas of the state, except those located in the Northwest Florida Water Management District's territory.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Present Situation

Water management districts are funded from several different revenue sources. They are unique in that they may be authorized by law to levy ad valorem taxes, as provided under Florida Const. Art. VII, s. 9(b). In addition, the constitution further specifies that the maximum levy for water management purposes is up to 1.0 mill, with the exception of the Northwest Florida Water Management District, which is limited to 0.05 mill.

As permitted by the Constitution, the Legislature has authorized, in s. 373.503, F.S., the levy of ad valorem taxes and placed limits on the districts' ad valorem millage rates as follows:

- 0.05 mill - Northwest Florida
- 0.75 mill - Suwannee River
- 0.6 mill - St. Johns River
- 1.0 mill - Southwest Florida
- 0.8 mill - South Florida

The status of the districts' budget for Fiscal Year 2010-11, including millage rate information, total budget and the percentage that ad valorem revenue contributes to each budget is reflected in the table below:

Water Management District	Constitution (millage cap)	Florida Statutes (millage cap)	Actual Millage	FY 10-11 Adopted Budget (All Sources)*	Ad valorem percentage
Northwest Florida WMD	.05 mill	.05 mill	.0450 mill	\$117.1 million	3.4%
Suwannee River WMD	1 mill	.75 mill	.4399 mill	\$56.5 million	10.4%
St. Johns River WMD	1 mill	.6 mill	.4158 mill	\$254.7 million	43.5%
Southwest Florida WMD	1 mill	1 mill	.3770 mill	\$279.8 million	57.5%
Basin Board Range+			.1481-.2600 mill		
South Florida WMD	1 mill	.8 mill	.2549 mill	\$1,072.8 million	31%
Basin Board Range+			.0894-.2797 mill		

+Basin board millage may be in addition to regular district millage rate.

*Information obtained from the "Review of Water Management District Budgets for Fiscal Year 2010-11, December 15, 2010" by the Executive Office of the Governor.

The current statutory framework for development, review, and oversight of district budgets is specified in s. 373.536, F.S. The review and oversight process was summarized by the Office of Program Policy Analysis and Government Accountability (OPPAGA) as follows¹:

- The districts must submit their proposed annual budgets to several entities, including the Governor, the President of the Senate, the Speaker of the House of Representatives, and the chairs of all substantive and fiscal committees by

¹ OPPAGA Sunset Memorandum, Report No. 07-S35, Florida Water Management District Budgets Options for Legislative and Governing Board Consideration, February 15, 2008.

August 1 of each year. The House and Senate appropriation committee chairs may submit comments and objections to each district on their proposed budgets by September 5. In adopting their final budget, the district governing board must include a written response to any comments and objections of the appropriation chairs.

- The Executive Office of the Governor is required to review the districts' proposed budgets and may veto all or part of these proposed budgets. The office must report annually to the Legislature the results of its review of the districts' proposed budgets; the report also identifies those districts that do not comply with reporting requirements. State funds can be withheld from a water management district that fails to comply with these reporting requirements.

Effect of Proposed Changes

The bill substantially amends current law regarding oversight of the authority of water management districts to levy ad valorem taxes and the development of water management district budgets.

Specifically, the bill does the following:

- Requires the Legislature to annually review the preliminary budget for each water management district and set the maximum amount of revenue a district may raise through its ad valorem tax. If the annual maximum amount of property tax revenue is not set by the Legislature on or before July 1 of each year the maximum property tax revenue that may be raised reverts to the amount authorized in the prior year.
- Limits revenue collection by the water management districts for Fiscal Year 2011-2012;
- Requires each water management district to provide a monthly financial statement to its governing board and make such information available to the public through the district's website; and
- Revises provisions relating to the review of district budgets to allow the Executive Office of the Governor and the Legislative Budget Commission to disapprove, in whole or in part, the budget of each water management district.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The bill limits the ability of water management districts to raise property tax revenues by specifying the amount that each district will be allowed to levy for the fiscal year beginning October 1, 2011. These amounts are: Northwest Florida: \$3,946,969; Suwannee:

\$5,412,674; St. Johns River: \$85,335,619; Southwest Florida: \$107,766,957; and South Florida: \$284,901,967.

These limitations result in the reductions shown in the following table.

District	Current Year Millage Rate	Ad Valorem Revenue Taxes Levied For FY 2010-11	Proposed Ad Valorem Reduction (dollars)	Proposed Ad Valorem Reduction (percent)
Northwest	0.0450	\$3,946,969	\$0	0%
Suwannee River	0.4399	\$5,912,674	(\$500,000)	8%
St. Johns River	0.4158	\$115,335,619	(\$30,000,000)	26%
Southwest	0.3770	\$167,766,957	(\$60,000,000)	36%
South Florida	0.2549	\$404,901,967	(\$120,000,000)	30%
Total		\$697,864,186	(\$210,500,000)	30%

2. Expenditures:

Water management districts may use unrestricted reserve funds to maintain current spending levels or may reduce expenditures.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Property owners will experience a reduction in 2011 property taxes in all areas of the state, except those located in the Northwest Florida Water Management District's territory.

D. FISCAL COMMENTS:

None.