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## FOR CONSIDERATION By the Committee on Budget

576-03177A-12 20127092

A bill to be entitled An act relating to water management districts; amending s. 373.503, F.S.; revising the maximum millage rates that may be levied by each water management district for district and basin purposes; specifying the district and basin purposes; specifying the maximum millage rate levied for district and basin purposes used to fund the core areas of water supply and water resource development projects, water quality, flood protection and floodplain management, and natural systems; directing the Legislature to annually review each water management district's preliminary budget and set a maximum millage rate for certain purposes; specifying the use of the revenues; revising the review process for budgets of the water management districts; prohibiting a district from including in its budget or expending funds from any source for certain programs and activities during the next fiscal year under certain circumstances; removing a provision requiring that the maximum property tax revenue for water management districts revert to the amount authorized for the prior year if the Legislature does not set the amount; removing the maximum revenues for the 2011-2012 fiscal year; creating s. 373.535, F.S.; providing for the process, manner, and timing by which water management districts must submit a preliminary budget request to the Legislature and the Governor; requiring the Executive Office of the Governor and the appropriations

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committees of the Legislature to jointly develop preliminary budget instructions from which each water management district shall prepare the budget requests; providing criteria for the budget instructions; prescribing information that the preliminary budget must contain; requiring the Executive Office of the Governor to analyze each preliminary budget as to the adequacy of fiscal resources and certain expenditures; requiring the Executive Office of the Governor to provide to the Legislature by a certain time each water management district's preliminary budget, together with the adequacy analysis; requiring that the Legislature annually review and approve, limit, or disapprove specified portions of the preliminary budget for each water management district; requiring that the Legislature, in appropriating funds for water management districts, authorize a level of expenditure for each approved program and activity; prohibiting a water management district from expending any funds on a program or activity not authorized by the Legislature; authorizing the Legislature to review and take action on other provisions of the preliminary budget of each water management district; providing that if the Legislature does not take action under certain circumstances, provisions of the preliminary budget are deemed approved; providing criteria; requiring that the first funding obligation of a water management district is payment of debt service for bonds and certificates of participation, if

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applicable; requiring a water management district to receive prior approval from the Legislature before incurring additional bonded indebtedness; providing that the preliminary budget reviewed by the Legislature is the basis for developing the tentative budget of each water management district; limiting the authority of a district to fund proposed expenditures reviewed by the Legislature to the amount authorized by the Legislature, the Governor, or the Legislative Budget Commission; amending s. 373.536, F.S.; requiring that budget amendments greater than a certain amount be reviewed and approved by the Executive Office of the Governor and that the Executive Office of the Governor notify the Legislative Budget Commission of the approval; requiring that a water management district provide a description of the budget control mechanisms to the Executive Office of the Governor for approval; providing that, upon providing notice to the Legislative Budget Commission and subject to prior review and approval by the Executive Office of the Governor, a water management district may amend unanticipated funds into its final budget; requiring the Executive Office of the Governor and the Legislative Budget Commission to be notified if the governing board of a water management district expends available funds for a disaster or emergency; requiring that a water management district provide a monthly financial statement to its governing board and make

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such monthly financial statement available for public access on its website; removing obsolete provisions relating to review and approval by the Executive Office of the Governor and the Legislative Budget Commission of the tentative budget of a water management district; providing for the approval or disapproval of the tentative budget by the Executive Office of the Governor; providing criteria for the Legislative Budget Commission to use in disapproving the tentative budget of a water management district; prohibiting a water management district from acting on a rejected provision without the approval of the Executive Office of the Governor or the Legislative Budget Commission; providing for the Chief Financial Officer to withhold state funds from a district that fails to obtain prior approval; requiring that the tentative budget be based on certain criteria; requiring the Executive Office of the Governor to consult with the Legislature to develop a standard format for the tentative budget; revising the information required for the tentative budget; revising the information required for the 5-year water resource development work program; providing an effective date.

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Be It Enacted by the Legislature of the State of Florida:

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Section 1. Subsections (3) and (4) of section 373.503, 116 Florida Statutes, are amended to read:

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373.503 Manner of taxation.-

- (3) The districts may levy ad valorem taxes on property within the district solely for the purposes of this chapter and of chapter 25270, 1949, Laws of Florida, as amended, and chapter 61-691, Laws of Florida, as amended. If appropriate, taxes levied by each governing board may be separated by the governing board into a millage necessary for the purposes of the district and a millage necessary for financing basin functions specified in s. 373.0695.
- (a) Notwithstanding any other general or special law, and subject to subsection (4), the maximum total millage rate for district and basin purposes which may be used solely for the purposes of funding the core water management district mission areas of water supply, including alternative water supply and the water resource development projects, water quality, flood protection and floodplain management, and natural systems, shall be:
- 1. Northwest Florida Water Management District:  $0.04 \ 0.05$  mill.
- 2. Suwannee River Water Management District:  $\underline{0.80}$  0.75 mill.
- 3. St. Johns River Water Management District: 0.80 0.6 mill.
- 4. Southwest Florida Water Management District: 0.80 1.0 mill.
  - 5. South Florida Water Management District: 0.80 mill.
- (b) As provided in s. 373.535 and subject to the limits established by s. 9(b), Art. VII of the State Constitution, the Legislature shall annually review the preliminary budget of each

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146 water management district and shall separately set, in addition to the rate set in paragraph (a), a maximum millage rate or maximum revenue limit for each district which may be used to 149 fund regulation, outreach, management, and administration programs and activities.

- (c) The maximum authorized millage rates or revenue limits separately established in paragraphs (a) and (b) shall be used to fund only the core mission areas and programs and activities specified those paragraphs. If the Legislature fails to set a revenue limit or the maximum amount of millage that may be levied for the programs and activities specified in paragraph (b), a district may not include in its budget or expend funds from any source for those programs and activities during the next fiscal year.
- (d) (b) The apportionment in the South Florida Water Management District shall be a maximum of 40 percent for district purposes and a maximum of 60 percent for basin purposes, respectively.
- (e) (c) Within the Southwest Florida Water Management District, the maximum millage assessed for district purposes may not exceed 50 percent of the total authorized millage if there are one or more basins in the district, and the maximum millage assessed for basin purposes may not exceed 50 percent of the total authorized millage.
- (4) (a) To ensure that taxes authorized by this chapter continue to be in proportion to the benefits derived by the parcels of real estate within the districts, the Legislature shall annually review the preliminary budget for each district for the next fiscal year as provided in s. 373.535 and the

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authorized millage rate for each district. Based upon this review, the Legislature shall set the authorized maximum millage rate or the maximum amount of revenue to be raised by each district in the next fiscal year from the taxes levied. Except as provided in paragraph (b), 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.

(b) For the 2011-2012 fiscal year, the total ad valorem taxes levied may not exceed \$3,946,969 for the Northwest Florida Water Management District, \$5,412,674 for the Suwannee River Water Management District, \$85,335,619 for the St. Johns Water Management District, \$107,766,957 for the Southwest Florida Water Management District, and \$284,901,967 for the South Florida Water Management District.

Section 2. Section 373.535, Florida Statutes, is created to read:

373.535 Preliminary district budget; development, legislative review, and authority granted.—

(1) PRELIMINARY BUDGET DEVELOPMENT.-

(a) In preparation for the legislative budget review, each water management district shall submit a preliminary budget request to the Legislature and to the Governor in the form and manner prescribed in the budget instructions and at such time as specified by the Executive Office of the Governor based on the district's independent judgment of its needs. However, a water management district may not submit its complete preliminary budget request later than December 15 unless an alternative date is agreed to be in the best interest of the state by the

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204 Governor and the chairs of the legislative appropriations committees.

- (b) The Executive Office of the Governor and the appropriations committees of the Legislature shall jointly develop preliminary budget instructions for preparing the exhibits and schedules that make up the budget from which each district shall prepare their budget request. The preliminary budget instructions must be transmitted to each district by October 1 of each year, unless an alternative date is agreed to be in the best interest of the state by the Governor and the chairs of the legislative appropriations committees.
- (c) The preliminary budget request must contain for each
  program:
- 1. A section that clearly identifies and provides justification for each proposed expenditure listed in s. 373.536(5)(d)4.d.-f. and that identifies the source of funds for each expenditure.
- 2. A section that provides, by core mission area of responsibility, justification for proposed expenditures and that identifies the source of funds needed for activities related to water supply, including alternative water supply and water resource development projects identified in the district's regional water supply plans, water quality, flood protection and floodplain management, and natural systems.
- 3. A section that reviews the adopted budget allocations by program area and the performance metrics for the prior year.
- (d) The Executive Office of the Governor shall analyze each preliminary budget to determine the adequacy of fiscal resources available to the district and the adequacy of proposed district

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expenditures related to the core mission areas of responsibility for water supply, including alternative water supply and water resource development projects identified in the district's regional water supply plans, water quality, flood protection and floodplain management, and natural systems. This analysis shall be based on the particular needs within each water management district in the core mission areas of responsibility. The water supply analysis must specifically include a determination of the adequacy of each district's fiscal resources provided in the district's preliminary budget to meet appropriate progress toward meeting the districtwide 20-year projected water supply demands, including funding for alternative water supply development and conservation projects.

- (e) The Executive Office of the Governor shall provide the preliminary budget for each water management district together with the adequacy analysis specified in paragraph (d) to the Legislature not later than 30 days before the start of each legislative session.
  - (2) PRELIMINARY BUDGET; LEGISLATIVE REVIEW AND APPROVAL.—
- (a)1. The Legislature must annually review and approve, limit, or disapprove each portion of the preliminary budget for each water management district for those items in s.

  373.536(5)(d)4.d.-f. specific to regulation, outreach, management, and administration programs and activities.
- 2. After the annual review, the Legislature shall appropriate for each district funds for the proposed expenditures, set a maximum amount of revenue that may be raised to fund the programs and activities for those items in s.

  373.536(5)(d)4.d.-f., or set the maximum millage rate that may

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be levied to fund these programs and activities. The
appropriation, revenue limit, or millage rate authorized by the
Legislature for the programs and activities reviewed under this
paragraph may not exceed 20 percent of a district's total
preliminary budget.

- 3. If the Legislature does not appropriate funds, set the maximum amount of revenue, or set the maximum millage rate pursuant to subparagraph 2., the water management district may not include in its budget or expend funds from any source for such programs and activities during the ensuing fiscal year.
- (b) The Legislature may also review and take action on any other aspect of the preliminary budget for each water management district. If the Legislature does not take any action pursuant to this paragraph, those portions of the preliminary budget of the water management district are deemed approved.
- (c) If applicable, the preliminary budget for each water management district must specify that the district's first obligation for payment is the debt service on bonds and certificates of participation. In addition, a water management district must receive approval from the Legislature before it may incur additional bond indebtedness.
  - (3) PRELIMINARY BUDGET; AUTHORITY GRANTED.—
- (a) Each water management district shall use the preliminary budget as reviewed, and as may be amended, by the Legislature pursuant to this section and s. 373.503 as the basis for developing the tentative budget for the next fiscal year as provided in s. 373.536(5).
- (b) The Legislature's action pursuant to subsection (2), the approval pursuant to paragraph (2)(b), or the action by the

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Governor or Legislative Budget Commission pursuant to the provisions of s. 373.536(4) and (5) constitutes the only authority for a district to fund proposed expenditures for the next fiscal year. A district may not include in its tentative budget or expend any funds from any source for its programs and activities during the next fiscal year without such authorization.

Section 3. Subsections (4), (5), and (6) of section 373.536, Florida Statutes, are amended to read:

373.536 District budget and hearing thereon.-

- (4) BUDGET CONTROLS; FINANCIAL INFORMATION.-
- (a) The final adopted budget for the district <u>is</u> will thereupon be the operating and fiscal guide for the district for the ensuing year; however, transfers of funds may be made within the budget by action of the governing board at a public meeting of the governing board. <u>Budget amendments greater than \$1</u> million must be reviewed and approved by the Executive Office of the Governor. The Executive Office of the Governor shall provide to the Legislative Budget Commission notice of such approval.
- (b) The district shall control its budget, at a minimum, by funds and shall provide to the Executive Office of the Governor for approval a description of its budget control mechanisms.
- (c) If Should the district receives receive unanticipated funds after the adoption of the final budget, the final budget may be amended, following review and approval by the Executive Office of the Governor, by including such funds, if so long as notice of intention to amend is provided to the Legislative Budget Commission and is published in the Notice of the governing board meeting at which the amendment will be

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considered, pursuant to s. 120.525. The notice shall set forth a summary of the proposed amendment.

- (d) However, In the event of a disaster or of an emergency arising to prevent or avert the same, the governing board is shall not be limited by the budget but may expend shall have authority to apply such funds as may be available for the disaster or emergency therefor or as may be procured for such purpose. In such an event, the governing board shall notify the Executive Office of the Governor and the Legislative Budget Commission as soon as practical, but no later than 30 days after the governing board's action.
- (e) (d) By September 1, 2012 2011, each water management district shall provide a monthly financial statement in the form and manner prescribed by the Department of Financial Services to the district's its governing board and make such monthly financial statement available for public access on its website.
- (5) TENTATIVE BUDGET CONTENTS AND SUBMISSION; REVIEW AND APPROVAL.—
- (a) The Executive Office of the Governor <u>may approve or and the Legislative Budget Commission are authorized to</u> disapprove, in whole or in part, the budget of each water management district. The Executive Office of the Governor shall analyze each budget as to the adequacy of fiscal resources available to the district and the adequacy of district expenditures related to water supply, including water resource development projects identified in the district's regional water supply plans; water quality; flood protection and floodplain management; and natural systems. This analysis shall be based on the particular needs within each water management district in those four areas of

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responsibility and shall be provided to the Legislative Budget Commission.

- (b) The Executive Office of the Governor, the Legislative Budget Commission, and the water management districts shall develop a process to facilitate review and communication regarding water management district tentative budgets, as necessary. If the Legislative Budget Commission determines that the tentative budget of a water management district has been significantly modified from a preliminary budget reviewed by the Legislature pursuant to s. 373.535, the Legislative Budget Commission may review, and may disapprove, any part of the tentative budget of the water management district. Unless otherwise authorized by the Legislature in the preliminary budget review conducted pursuant to s. 373.535, the Legislative Budget Commission must approve any water management district budget proposal that includes any of the following:
- 1. Except for land exchanges, any single purchase of land in excess of \$10 million.
- 2. Any cumulative purchase of land during a single fiscal year in excess of \$50 million.
  - 3. Any issuance of debt on or after July 1, 2012.
- 4. Program expenditures as described in sub-subparagraphs (d)4.d.-f. in excess of 20 percent of a district's total annual budget.

Written disapproval of any provision in the tentative budget must be received by the district at least 5 business days <u>before</u> prior to the final district budget adoption hearing conducted under s. 200.065(2)(d). If written disapproval of any portion of

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the budget is not received at least 5 business days before prior to the final budget adoption hearing, the governing board may proceed with final adoption. Any provision rejected by the Executive Office of the Governor or the Legislative Budget Commission may shall not be included in a district's final budget and may not be acted upon through any other means without prior approval of the entity rejecting the provision. Upon written request of the Governor or the Legislative Budget Commission, the Chief Financial Officer shall withhold state funds from a water management district that fails to comply with these requirements.

- (c) Each water management district shall, by August 1 of each year, submit for review a tentative budget to the Governor, the President of the Senate, the Speaker of the House of Representatives, the Legislative Budget Commission, the secretary of the department, and the governing body of each county in which the district has jurisdiction or derives any funds for the operations of the district. The tentative budget must be posted on the water management district's official website at least 2 days before budget hearings held pursuant to s. 200.065 or other law.
- (d) The tentative budget <u>must be based on the preliminary</u> budget as reviewed, and as may be amended, by the <u>Legislature</u> pursuant to ss. 373.503 and 373.535 and must set forth the proposed expenditures of the district, to which may be added an amount to be held as reserve. The tentative budget must include, but is not limited to, the following information for the preceding fiscal year and the current fiscal year, and the proposed amounts for the upcoming fiscal year, in a standard

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format prescribed by the Executive Office of the Governor, in consultation with the Legislature:

- 1. The estimated amount of funds remaining at the beginning of the fiscal year which have been obligated for the payment of outstanding commitments not yet completed.
- 2. The estimated amount of unobligated funds or net cash balance on hand at the beginning of the fiscal year, an accounting of the source, balance, and projected future use of the unobligated funds, and the estimated amount of funds to be raised by district taxes or received from other sources to meet the requirements of the district.
- 3. The millage rates and the percentage increase above the rolled-back rate, together with a summary of the reasons the increase is required, and the percentage increase in taxable value resulting from new construction within the district.
- 4. The salaries and benefits, expenses, operating capital outlay, number of authorized positions, and other personal services for the following program areas of the district:
  - a. Water resource planning and monitoring;
  - b. Land acquisition, restoration, and public works;
  - c. Operation and maintenance of works and lands;
  - d. Regulation;
- e. Outreach for which the information provided must contain a full description and accounting of expenditures for water resources education; public information and public relations, including public service announcements and advertising in any media; and lobbying activities related to local, regional, state and federal governmental affairs, whether incurred by district staff or through contractual services; and

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f. Management and administration.

In addition to the program areas reported by all water management districts, the South Florida Water Management District shall include in its budget document separate sections on all costs associated with the Everglades Construction Project and the Comprehensive Everglades Restoration Plan.

- 5. The total estimated amount in the district budget for each area of responsibility listed in subparagraph 4. and for water resource, water supply, and alternative water supply development projects identified in the district's regional water supply plans.
- 6. A description of each new, expanded, reduced, or eliminated program.
- 7. The funding sources, including, but not limited to, ad valorem taxes, Surface Water Improvement and Management Program funds, other state funds, federal funds, and user fees and permit fees for each program area.
- (e) The Executive Office of the Governor shall annually, on or before December 15, file with the Legislature a report that summarizes its review of the water management districts' tentative budgets and displays the adopted budget allocations by program area. The report must identify the districts that are not in compliance with the reporting requirements of this section. State funds shall be withheld from a water management district that fails to comply with these reporting requirements.
- (6) FINAL BUDGET; ANNUAL AUDIT; CAPITAL IMPROVEMENTS PLAN; WATER RESOURCE DEVELOPMENT WORK PROGRAM.—
  - (a) Each district must, by the date specified for each

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item, furnish copies of the following documents to the Governor, the President of the Senate, the Speaker of the House of Representatives, the chairs of all legislative committees and subcommittees having substantive or fiscal jurisdiction over the districts, as determined by the President of the Senate or the Speaker of the House of Representatives as applicable, the secretary of the department, and the governing board of each county in which the district has jurisdiction or derives any funds for the operations of the district:

- 1. The adopted budget, to be furnished within 10 days after its adoption.
- 2. A financial audit of its accounts and records, to be furnished within 10 days after its acceptance by the governing board. The audit must be conducted in accordance with the provisions of s. 11.45 and the rules adopted thereunder. In addition to the entities named above, the district must provide a copy of the audit to the Auditor General within 10 days after its acceptance by the governing board.
- 3. A 5-year capital improvements plan, to be included in the consolidated annual report required by s. 373.036(7). The plan must include expected sources of revenue for planned improvements and must be prepared in a manner comparable to the fixed capital outlay format set forth in s. 216.043.
- 4. A 5-year water resource development work program to be furnished within 30 days after the adoption of the final budget. The program must describe the district's implementation strategy and funding plan for the water resource, water supply, and alternative water supply development components component of each approved regional water supply plan developed or revised

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under s. 373.709. The work program must address all the elements of the water resource, water supply, and alternative water supply development components component in the district's approved regional water supply plans and must identify which projects in the work program which will provide water; explain how each water resource, water supply, and alternative water supply development project will produce additional water available for consumptive uses; estimate the quantity of water to be produced by each project; and provide an assessment of the contribution of the district's regional water supply plans in providing sufficient water needed to timely meet the water supply needs of existing and future reasonable-beneficial uses for a 1-in-10-year drought event.

(b) Within 30 days after its submittal, the department shall review the proposed work program and submit its findings, questions, and comments to the district. The review must include a written evaluation of the program's consistency with the furtherance of the district's approved regional water supply plans, and the adequacy of proposed expenditures. As part of the review, the department shall give interested parties the opportunity to provide written comments on each district's proposed work program. Within 45 days after receipt of the department's evaluation, the governing board shall state in writing to the department which of the changes recommended in the evaluation it will incorporate into its work program submitted as part of the March 1 consolidated annual report required by s. 373.036(7) or specify the reasons for not incorporating the changes. The department shall include the district's responses in a final evaluation report and shall

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submit a copy of the report to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

(c) (b) If any entity listed in paragraph (a) provides written comments to the district regarding any document furnished under this subsection, the district must respond to the comments in writing and furnish copies of the comments and written responses to the other entities.

 $\underline{\text{(d)}}$  The final adopted budget must be posted on the water management district's official website within 30 days after adoption.

Section 4. This act shall take effect July 1, 2012.