

HOUSE OF REPRESENTATIVES STAFF FINAL BILL ANALYSIS

BILL #: CS/HB 1633 Okaloosa Gas District, Okaloosa, Santa Rosa, and Walton Counties

SPONSOR(S): State Affairs Committee; Drake

TIED BILLS: **IDEN./SIM. BILLS:**

FINAL HOUSE FLOOR ACTION: 117 Y's 0 N's **GOVERNOR'S ACTION:** Approved

SUMMARY ANALYSIS

CS/HB 1633 passed the House on April 21, 2021, and subsequently passed the Senate on April 29, 2021.

The Okaloosa Gas District (District) is an independent special district formed in 1953 to own and operate natural gas transmission and distribution systems in Okaloosa County. The service area of the District has since expanded to include portions of Santa Rosa and Walton Counties. The District provides natural gas services to approximately 45,000 residential and commercial customers, as well as several military installations.

A five-member board of directors governs the District, with four members appointed by the city commissions of the members of the District and one member appointed by the Okaloosa County Board of County Commissioners. Members of the board do not receive compensation, but are entitled to reimbursement for expenses and a "director's fee" of up to \$25 per month for board meetings they attend.

The bill expands the service area of the District to include all of Santa Rosa and Walton Counties, clarifying areas that would be included in the present boundaries of the District but for their explicit exclusion in the charter: the City of Milton and its rights to serve gas customers within its territorial grants, the City of DeFuniak Springs and the customers served by its gas distribution system, the Town of Jay, and the City of Gulf Breeze and certain adjoining areas. The bill provides that a defined area that is currently claimed as service area by both the District and City of Gulf Breeze is neither included nor excluded from the service area of the District, but that the Florida Public Service Commission will make a final determination of its status.

The bill also expands the District's board of directors to include members appointed by the county commissions of Santa Rosa and Walton Counties and increases the maximum "director's fee" to \$244 per month.

The bill was approved by the Governor on June 29, 2021, ch. 2021-262, L.O.F., and became effective on that date.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Background

The Okaloosa Gas District (District) is an independent special district formed in 1953 to own and operate natural gas transmission and distribution systems in Okaloosa County.¹ The service area of the District has since expanded to include portions of Santa Rosa and Walton Counties.² The District provides natural gas services to approximately 45,000 residential and commercial customers, as well as several military installations.³ The District also sells natural gas to the cities of Milton and Gulf Breeze for distribution by their municipal utility systems.

The District projects annual revenues for fiscal year 2020-2021 of \$48.6 million, derived almost entirely from gas sale revenues.⁴

The District's charter states that the municipalities of Crestview, Niceville, Valparaiso, and Fort Walton Beach are "members" of the District.⁵ Other municipalities in Okaloosa County may join the District by adopting a resolution, filed with the Secretary of State, requesting to join the District and stating the municipality will be bound by the duties applicable to other members. The board of directors of the District must approve this request for it to take effect. The charter also provides that other municipalities in counties adjoining Okaloosa County may become members of the District if their membership has been authorized by special act.

A five-member board of directors governs the District, with one member appointed by the governing body of each member municipality and one member appointed by the Okaloosa County Board of County Commissioners.⁶ Members of the board serve a four-year term. Elected officials may serve as members of the board, except that no member of the Okaloosa County Board of County Commissioners may serve as a member.

Members of the board of directors do not receive compensation, but are reimbursed for actual expenses incurred in the performance of their official duties and may receive, subject to the discretion of the board, a "director's fee" of up to \$25 for each director's meeting attended, not to exceed one meeting per month.

The City of Milton⁷ provides natural gas services to customers within service areas designated by law in 1961⁸ and 1971.⁹

Effect of Proposed Changes

The bill expands the service area of the District to include all of Santa Rosa and Walton Counties, clarifying areas that would be included in the present boundaries of the District but for their explicit exclusion in the charter: the City of Milton and its rights to serve gas customers within its territorial grants, the City of DeFuniak Springs and the customers served by its gas distribution system, the Town of Jay, and the City of Gulf Breeze and certain adjoining areas. The bill also provides that a defined

¹ Ch. 29334, Laws of Fla. (1953).

² See ch. 2000-443, s. 2(3), Laws of Fla.

³ *About Us*, Okaloosa Gas District, <https://www.okaloosagas.com/about-us> (last visited Mar. 18, 2021).

⁴ *FY 2021 Budget*, Okaloosa Gas District, available at <https://www.okaloosagas.com/district-documents> (last visited Mar. 18, 2021).

⁵ Ch. 2000-443, s. 2(5), Laws of Fla.

⁶ Ch. 2000-443, s. 2(8), Laws of Fla.

⁷ Formerly known as the Town of Milton. See ch. 13105, Laws of Fla. (1927). The City was re-chartered and renamed the City of Milton in 1959. See ch. 59-1574, Laws of Fla.

⁸ Ch. 61-2489, Laws of Fla.

⁹ Ch. 71-773, Laws of Fla.

service area that is presently claimed by both the District and the City of Gulf Breeze is neither included nor excluded from the service area of the District, but the Florida Public Service Commission will make a final determination of its status.

The bill expands the board of directors of the District to include:

- One member appointed by the Santa Rosa County Board of County Commissioners; and
- One member appointed by the Walton County Board of County Commissioners.

The bill increases the maximum “director’s fee” paid to members of the board from \$25 to \$244, reflecting inflation since the initial amount was set in 1953.¹⁰

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:

None.

2. Expenditures:

None.

C. ECONOMIC IMPACT STATEMENT FILED? Yes No

D. NOTICE PUBLISHED? Yes No

IF YES, WHEN? January 31, 2021

WHERE? *The Northwest Florida Daily News*, a daily newspaper of general circulation distributed in Okaloosa, Santa Rosa, and Walton Counties.

E. REFERENDUM(S) REQUIRED? Yes No

IF YES, WHEN?

¹⁰ \$25.00 in January, 1953, had the buying power of approximately \$244.81 in December, 2020. See U.S. Bureau of Labor Statistics, “CPI Inflation Calculator,” at [CPI Inflation Calculator \(bls.gov\)](https://www.bls.gov/inflation-calculator/) (last visited April 15, 2021).