

1 A bill to be entitled
 2 An act relating to municipal utilities; amending s.
 3 166.201, F.S.; authorizing a municipality to fund or
 4 finance general government functions with a portion of
 5 revenues from utility operations; establishing limits
 6 on utility revenue transfers for municipal utilities;
 7 amending s. 180.191, F.S.; modifying provisions
 8 relating to permissible rates, fees, and charges
 9 imposed by municipal water and sewer utilities on
 10 customers located outside the municipal boundaries;
 11 providing an effective date.

12
 13 Be It Enacted by the Legislature of the State of Florida:

14
 15 Section 1. Section 166.201, Florida Statutes, is amended
 16 to read:

17 166.201 Taxes and charges.—

18 (1) A municipality may raise, by taxation and licenses
 19 authorized by the constitution or general law, or by user
 20 charges or fees authorized by ordinance, amounts of money which
 21 are necessary for the conduct of municipal government and may
 22 enforce their receipt and collection in the manner prescribed by
 23 ordinance not inconsistent with law.

24 (2)(a) A municipality that owns and operates an electric,
 25 natural gas, water, or wastewater utility may fund or finance

26 general government functions using a portion of the revenues
27 generated from rates, fees, and charges for the provision of
28 such utility service. The portion of utility revenues that may
29 be used during a fiscal year to fund or finance general
30 government functions, after payment of all utility expenses, may
31 not exceed:

32 1. For revenues generated from electric utility
33 operations, a transfer rate equal to the amount derived by
34 applying the average of the midpoints of the rates of return on
35 equity approved by the Public Service Commission for each
36 investor-owned electric utility in the state to the municipal
37 electric utility's revenues.

38 2. For revenues generated from natural gas utility
39 operations, a transfer rate equal to the amount derived by
40 applying the average of the midpoints of the rates of return on
41 equity approved by the Public Service Commission for each
42 investor-owned natural gas utility in the state to the municipal
43 natural gas utility's revenues.

44 3. For revenues generated from water or wastewater
45 operations, a transfer rate equal to the amount derived by
46 applying the rate of return on equity established by the Public
47 Service Commission under s. 367.081(4)(f) to the revenues of the
48 municipal water or wastewater utility.

49 (b) Except as provided in paragraph (c), the transfer rate
50 applied to municipal utility revenues under subparagraphs (a)1.-

51 3. shall be reduced as follows:

52 1. If more than 15 percent of a municipal utility's retail
53 customers, as measured by total meters served, are located
54 outside the municipal boundaries, the transfer rate applied to
55 utility revenues shall be reduced by 150 basis points.

56 2. If more than 30 percent of a municipal utility's retail
57 customers, as measured by total meters served, are located
58 outside the municipal boundaries, the transfer rate applied to
59 utility revenues shall be reduced by 300 basis points.

60 3. If more than 45 percent of a municipal utility's retail
61 customers, as measured by total meters served, are located
62 outside the municipal boundaries, the transfer rate applied to
63 utility revenues shall be reduced by 450 basis points.

64 (c) The reductions specified in paragraph (b) shall not
65 apply to a municipal utility service if the utility service is
66 governed by a utility authority board that, through the election
67 of voting members from outside the municipal boundaries,
68 provides for representation of retail customers located outside
69 the municipal boundaries approximately proportionate to the
70 percentage of such customers, as measured by total meters
71 served, that receive service from the utility.

72 Section 2. Subsection (1) of section 180.191, Florida
73 Statutes, is amended to read:

74 180.191 Limitation on rates charged consumer outside city
75 limits.-

76 (1) Any municipality within the state operating a water or
 77 sewer utility outside of the boundaries of such municipality
 78 shall charge consumers outside the boundaries rates, fees, and
 79 charges determined in one of the following manners:

80 (a) It may charge the same rates, fees, and charges as
 81 consumers inside the municipal boundaries. ~~However, in addition~~
 82 ~~thereto, the municipality may add a surcharge of not more than~~
 83 ~~25 percent of such rates, fees, and charges to consumers outside~~
 84 ~~the boundaries.~~ Fixing of such rates, fees, and charges in this
 85 manner shall not require a public hearing except as may be
 86 provided for service to consumers inside the municipality.

87 (b)1. It may charge rates, fees, and charges that are just
 88 and equitable and which are based on the same factors used in
 89 fixing the rates, fees, and charges for consumers inside the
 90 municipal boundaries. ~~In addition thereto, the municipality may~~
 91 ~~add a surcharge not to exceed 25 percent of such rates, fees,~~
 92 ~~and charges for said services to consumers outside the~~
 93 ~~boundaries. However, the total of all~~ Such rates, fees, and
 94 charges for the services to consumers outside the boundaries
 95 shall not be more than 25 ~~50~~ percent greater than ~~in excess of~~
 96 the total amount the municipality charges consumers served
 97 within the municipality for corresponding service. No such
 98 rates, fees, and charges shall be fixed until after a public
 99 hearing at which all of the users of the water or sewer systems;
 100 owners, tenants, or occupants of property served or to be served

CS/HB 1331

2023

101 thereby; and all others interested shall have an opportunity to
102 be heard concerning the proposed rates, fees, and charges. Any
103 change or revision of such rates, fees, or charges may be made
104 in the same manner as such rates, fees, or charges were
105 originally established, but if such change or revision is to be
106 made substantially pro rata as to all classes of service, both
107 inside and outside the municipality, no hearing or notice shall
108 be required.

109 2. Any municipality within the state operating a water or
110 sewer utility that provides service to consumers within the
111 boundaries of a separate municipality through the use of a water
112 treatment plant or sewer treatment plant located within the
113 boundaries of that separate municipality may charge consumers in
114 the separate municipality no more than the rates, fees, and
115 charges imposed on consumers inside its own municipal
116 boundaries.

117 Section 3. This act shall take effect July 1, 2024.