

**HOUSE OF REPRESENTATIVES STAFF FINAL BILL ANALYSIS**

**BILL #:** HB 1025 Municipal Service District of Ponte Vedra Beach, St. Johns County

**SPONSOR(S):** Stevenson and others

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

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**FINAL HOUSE FLOOR ACTION:** 114 Y's 0 N's **GOVERNOR'S ACTION:** Approved

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**SUMMARY ANALYSIS**

HB 1025 passed the House on February 22, 2022, and subsequently passed the Senate on March 7, 2024.

Special districts are units of local government created for a particular purpose, with jurisdiction to operate within a limited geographic boundary. Special districts are created by general law, special act, local ordinance, or rule of the Governor and Cabinet. A special district has only those powers expressly provided by, or reasonably implied from, the authority provided in the district's charter. Special districts provide specific municipal services in addition to, or in place of, those provided by a municipality or county.

The Municipal Service District of Ponte Vedra Beach (District) is an independent special district in St. Johns County created in 1982. The District was created to provide certain services to the community of the District independent and supplemental to those services provided by St. Johns County. The District is governed by a board composed of seven elected Trustees. Trustees must be residents of the District, are elected to a four-year term, and may not serve more than two consecutive four-year terms.

The District's charter requires all capital projects in excess of \$150,000, including any cost to acquire real or personal property, to be approved by the electors of the District at a referendum. The charter also places a \$200,000 cap on the District's ability to maintain contingency reserves, requiring all funds in excess of that amount be used to reduce the ad valorem millage rate of the District in the following fiscal year.

The bill revises term limits for Trustees to establish a lifetime limit of 12 years.

The bill increases the threshold for capital projects requiring voter approval from \$150,000 to the greater of \$150,000 or 25 percent of the District's current annual budgeted expenses. It also makes a corresponding change to the maximum amount the District may hold as contingency reserves, increasing the limit to the greater of \$200,000 or 25 percent of the District's current annual budgeted expenses.

The bill is not expected to have a fiscal impact on the District.

The bill was approved by the Governor on May 17, 2024, ch. 2024-290, L.O.F., and will become effective on October 1, 2024.

## I. SUBSTANTIVE INFORMATION

### A. EFFECT OF CHANGES:

#### Present Situation

##### Special Districts

A “special district” is a unit of local government created for a particular purpose, with jurisdiction to operate within a limited geographic boundary.<sup>1</sup> Special districts are created by general law, special act, local ordinance, or rule of the Governor and Cabinet.<sup>2</sup> A special district has only those powers expressly provided by, or reasonably implied from, the authority provided in the district’s charter. Special districts provide specific municipal services in addition to, or in place of, those provided by a municipality or county.<sup>3</sup> Special districts are funded through the imposition of ad valorem taxes, fees, or charges on the users of those services as authorized by law.<sup>4</sup>

Special districts may be classified as dependent or independent based on their relationship with local general-purpose governments. A special district is classified as “dependent” if the governing body of a single county or municipality:

- Serves as governing body of the district;
- Appoints the governing body of the district;
- May remove members of the district’s governing body at-will during their unexpired terms; or
- Approves or can veto the budget of the district.<sup>5</sup>

A district is classified as “independent” if it does not meet any of the above criteria or is located in more than one county, unless the district lies entirely within the boundaries of a single municipality.<sup>6</sup>

Special districts do not possess “home rule” powers and may impose only those taxes, assessments, or fees authorized by special or general law.

##### Municipal Service District of Ponte Vedra Beach

The Municipal Service District of Ponte Vedra Beach (District) is an independent special district in St. Johns County created in 1982.<sup>7</sup> The District was created to provide certain services to the community of the District independent and supplemental to the services provided by St. Johns County.<sup>8</sup> The District is authorized to levy an ad valorem tax of up to three mills, provided that any levy in excess of one mill must be approved by the electors of the district.<sup>9</sup> For Fiscal Year (FY) 2023-24, the District levied ad valorem tax of 0.2464 mills and had a budget of \$1,669,389.<sup>10</sup>

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<sup>1</sup> See *Halifax Hospital Medical Center v. State of Fla., et al.*, 278 So. 3d 545, 547 (Fla. 2019).

<sup>2</sup> See ss. 189.02(1), 189.031(3), and 190.005(1), F.S.; see generally ss. 189.012(6), F.S.

<sup>3</sup> Local Administration, Federal Affairs & Special Districts Subcommittee, *The Local Government Formation Manual*, 62, available at <https://myfloridahouse.gov/Sections/Committees/committeesdetail.aspx?CommitteeId=3227> (last visited Jan. 12, 2024).

<sup>4</sup> The method of financing a district must be stated in its charter. Ss. 189.02(4)(g) and 189.031(3), F.S. Independent special districts may be authorized to impose ad valorem taxes as well as non-ad valorem special assessments in the special acts comprising their charters. See, e.g., ch. 2023-335, s. 6 of s. 1, Laws of Fla. (East River Ranch Stewardship District); see also, e.g., ss. 190.021 (community development districts), 191.009 (independent fire control districts), 197.3631 (non-ad valorem assessments), 298.305 (water control districts), and 388.221, F.S. (mosquito control), and ch. 2004-397, s. 27 of s. 3, Laws of Fla. (South Broward Hospital District).

<sup>5</sup> S. 189.012(2), F.S.

<sup>6</sup> S. 189.012(3), F.S.

<sup>7</sup> Ch. 82-375, Laws of Fla., amended by chs. 90-463 and 2002-373, Laws of Fla.

<sup>8</sup> Ch. 82-375, s. 2(1), Laws of Fla., as amended by ch. 90-463, s. 2, Laws of Fla..

<sup>9</sup> Ch. 82-375, s. 2(4)(j), Laws of Fla., as amended by ch. 2002-373, s. 1, Laws of Fla.

<sup>10</sup> Municipal Service District of Ponte Vedra Beach, *Budget 2023-2024*, <https://pvmisd.org/wp-content/uploads/2023/10/FINAL-BUDGET-FOR-SEPTEMBER-20-MEETING.pdf> (last visited Jan. 13, 2024).

The District is governed by a board composed of seven elected Trustees.<sup>11</sup> Trustees must be residents of the District, are elected to a four-year term,<sup>12</sup> and may not serve more than two consecutive four-year terms.

The District is responsible for supplementing the following specialized services and functions within the district:

- The provision of personnel, equipment, and facilities for civil defense, emergency ambulance and rescue service, or funds for such services.
- Parking restrictions and traffic control.
- Refuse collection and disposal.
- Beautification.
- Cable television.
- Fire protection.
- Utilities, including, but not limited to, sewage, water, and lighting.
- Recreation facilities.<sup>13</sup>

The District is authorized to establish a police department comprised of trained law enforcement officers or to contract with St. Johns County to provide enhanced patrols by the county sheriff.<sup>14</sup>

The 2002 revision to the District's charter required all capital projects of the District in excess of \$150,000, including any cost to acquire real or personal property, to be approved by the electors of the District at a referendum.<sup>15</sup> The 2002 revisions also placed a \$200,000 cap on the District's ability to maintain contingency reserves, requiring all funds in excess of that amount be used to reduce the ad valorem millage rate of the District in the following FY.<sup>16</sup>

### **Effect of the Bill**

The bill revises the term limits for Trustees to establish a lifetime limit of 12 years.

The bill increases the threshold for capital projects requiring voter approval from \$150,000 to the greater of \$150,000 or 25 percent of the District's current annual budgeted expenses.<sup>17</sup> The bill makes a corresponding change to the maximum amount the District may hold as contingency reserves, increasing the limit to the greater of \$200,000 or 25 percent of the District's current annual budgeted expenses.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

### **A. FISCAL IMPACT ON STATE GOVERNMENT:**

#### **1. Revenues:**

None.

#### **2. Expenditures:**

None.

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<sup>11</sup> Ch. 82-375, s. 2(a), Laws of Fla.

<sup>12</sup> Ch. 82-375, s. 2(a)-(b), Laws of Fla., as amended by ch. 90-463, s. 2, Laws of Fla.

<sup>13</sup> Ch. 82-375, s. 2(4)(g)1.-8, Laws of Fla., as amended by ch. 90-463, s. 2, Laws of Fla.

<sup>14</sup> Ch. 82-375, ss. 2(4)(p)-(q), Laws of Fla., as amended by ch. 90-463, s. 2, Laws of Fla.

<sup>15</sup> Ch. 2002-373, s. 1, Laws of Fla., amending Ch. 82-375, s. 2(4)(h), Laws of Fla.

<sup>16</sup> Ch. 2002-373, s. 1, Laws of Fla., amending Ch. 82-375, s. 2(5), Laws of Fla.

<sup>17</sup> For FY 2023-24, this figure is approximately \$334,000. See Municipal Service District of Ponte Vedra Beach, *Budget2023-2024*, <https://pvmisd.org/wp-content/uploads/2023/10/FINAL-BUDGET-FOR-SEPTEMBER-20-MEETING.pdf> (last visited Jan. 13, 2024).

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? October 6, 2023.

WHERE? The *St. Augustine Record*, a newspaper of general circulation in St. Johns County, Florida.

E. REFERENDUM(S) REQUIRED? Yes  No

IF YES, WHEN?