

By Senator Brodeur

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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 consumers 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 to
16 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

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30 government functions, after payment of all utility expenses, may
31 not exceed:

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

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59 utility revenues must 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 must be reduced by 450 basis points.

64 (c) The reductions specified in paragraph (b) do not apply
65 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 this ~~the~~ state operating a
77 water or sewer utility outside of the boundaries of such
78 municipality shall charge consumers outside the boundaries
79 rates, fees, and charges determined in one of the following
80 manners:

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

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88 provided for service to consumers inside the municipality.

89 (b)1. It may charge rates, fees, and charges that are just
90 and equitable and which are based on the same factors used in
91 fixing the rates, fees, and charges for consumers inside the
92 municipal boundaries. ~~In addition thereto, the municipality may~~
93 ~~add a surcharge not to exceed 25 percent of such rates, fees,~~
94 ~~and charges for said services to consumers outside the~~
95 ~~boundaries. However, the total of all~~ Such rates, fees, and
96 charges for the services to consumers outside the boundaries may
97 ~~shall~~ not be more than 25 ~~50~~ percent greater than ~~in excess of~~
98 the total amount the municipality charges consumers served
99 within the municipality for corresponding service. ~~No~~ Such
100 rates, fees, and charges may not ~~shall~~ be fixed until after a
101 public hearing at which all of the users of the water or sewer
102 systems; owners, tenants, or occupants of property served or to
103 be served thereby; and all others interested shall have an
104 opportunity to be heard concerning the proposed rates, fees, and
105 charges. Any change or revision of such rates, fees, or charges
106 may be made in the same manner as such rates, fees, or charges
107 were originally established, but if such change or revision is
108 to be made substantially pro rata as to all classes of service,
109 both inside and outside the municipality, a ~~no~~ hearing or notice
110 is not ~~shall~~ be required.

111 2. A municipality within this state operating a water or
112 sewer utility that provides service to consumers within the
113 boundaries of a separate municipality through the use of a water
114 treatment plant or sewer treatment plant located within the
115 boundaries of that separate municipality may not charge
116 consumers in the separate municipality more than the rates,

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117 fees, and charges imposed on consumers inside its own municipal
118 boundaries.

119 Section 3. This act shall take effect July 1, 2025.