

# FLORIDA HOUSE OF REPRESENTATIVES BILL ANALYSIS

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**BILL #:** [HB 11](#)

**TITLE:** Municipal Water and Sewer Utility Rates

**SPONSOR(S):** Robinson, F.

**COMPANION BILL:** [SB 202](#) (Jones)

**LINKED BILLS:** None

**RELATED BILLS:** None

## Committee References

[Economic Infrastructure](#)

18 Y, 0 N



[Intergovernmental Affairs](#)

16 Y, 0 N



[Commerce](#)

## SUMMARY

### Effect of the Bill:

The bill states that a municipality which operates a water or sewer utility outside its municipal boundaries must charge consumers outside its boundaries the same rates, fees, and charges as it charges consumers within its boundaries if:

- The consumers are located in a separate municipality, and
- The municipality providing service uses a water or sewer treatment plant located in the separate municipality to serve those consumers.

### Fiscal or Economic Impact:

The bill may have an indeterminate negative impact on certain local government revenues.

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## ANALYSIS

### **EFFECT OF THE BILL:**

The bill provides that a [municipally owned utility](#) which provides water or sewer services outside of its municipal boundaries must charge consumers outside its boundaries the same [rates, fees, and charges](#) as it charges consumers within its boundaries if:

- The consumers are located in a separate municipality, and
- The municipality providing service uses a water or sewer treatment plant located in the separate municipality to serve those consumers. (Section [1](#)).

The bill provides an effective date of July 1, 2025. (Section [2](#)).

### **FISCAL OR ECONOMIC IMPACT:**

#### LOCAL GOVERNMENT:

The bill may have a negative fiscal impact on municipalities which own and operate water or sewer utilities and serve consumers located in another municipality with facilities located in the recipient municipality, as it reduces the amount that those municipal water and sewer utilities that use such facilities can charge such consumers.

#### PRIVATE SECTOR:

The bill may result in cost savings for certain municipal water and sewer utility consumers located outside of municipal boundaries.

**STORAGE NAME:** h0011c.IAS

**DATE:** 3/12/2025

## RELEVANT INFORMATION

### SUBJECT OVERVIEW:

#### [Municipally Owned Utilities](#)

Pursuant to [Art. VIII, s. 2\(b\), of the Florida Constitution](#), municipalities have the governmental, corporate, and proprietary powers to enable them to conduct municipal government, perform municipal functions, and render municipal services. Municipalities may exercise any power for municipal purposes, except when expressly prohibited by law.<sup>1</sup> The legislative body of each municipality has the power to enact legislation on any subject upon which the state Legislature may act with certain exceptions.<sup>2</sup> Under their home rule power and as otherwise provided or limited by law or agreement, municipalities may provide utilities to citizens and entities within the municipality's corporate boundaries, in unincorporated areas, and even in other municipalities.

Municipalities are authorized by general law to provide water and sewer utility services.<sup>3</sup> With respect to public works projects, including water and sewer utility services,<sup>4</sup> municipalities may extend and execute their corporate powers outside of their corporate limits as "desirable or necessary for the promotion of the public health, safety and welfare."<sup>5</sup> A municipality may not extend or apply these corporate powers within the corporate limits of another municipality.<sup>6</sup> However, it may permit any other municipality and the owners of lands outside its corporate limits or within the limits of another municipality to connect with its water and sewer utility facilities and use its services upon agreed terms and conditions.<sup>7</sup> An informal study conducted in 2014 indicated that approximately 250 municipalities provided water service and approximately 220 municipalities provided wastewater service. Of these municipalities, the study found that approximately 140 provided water and/or wastewater services to consumers outside of their municipal boundaries, which may have included consumers in unincorporated areas of counties or in other municipalities.<sup>8</sup> These utility systems are exempt from the jurisdiction of the Florida Public Service Commission.<sup>9</sup>

#### [Municipal Utility Rates, Fees, and Charges Outside of Municipal Boundaries](#)

A municipality that operates a water or sewer utility outside of its municipal boundaries may impose higher rates, fees, and charges on consumers receiving service outside of its corporate boundaries as compared to the rates, fees, and charges imposed on consumers within its boundaries. The municipality can accomplish this in two ways:

- First, for consumers outside of its boundaries, it may add a surcharge of up to 25 percent of the rates, fees, and charges imposed on consumers within its boundaries. This mechanism does not require a public hearing.<sup>10</sup>
- Second, it may set separate rates, fees, and charges for consumers outside its boundaries based on the same factors used to set rates for consumers within its boundaries. It may add a surcharge of up to 25 percent of

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<sup>1</sup> Section [166.021\(2\), F.S.](#), provides that any activity or power which may be exercised by the state or its political subdivisions is considered a municipal purpose.

<sup>2</sup> Pursuant to [s. 166.021\(3\), F.S.](#), a municipality may not enact legislation on the following: the subjects of annexation, merger, and exercise of extraterritorial power, which require general law or special law; any subject expressly prohibited by the constitution; any subject expressly preempted to state or county government by the constitution or by general law; and any subject preempted to a county pursuant to a county charter adopted under the authority of the State constitution.

<sup>3</sup> Pursuant to [s. 180.06, F.S.](#), a municipality may "provide water and alternative water supplies;" "provide for the collection and disposal of sewage, including wastewater reuse, and other liquid wastes;" and "construct reservoirs, sewerage systems, trunk sewers, intercepting sewers, pumping stations, wells, siphons, intakes, pipelines, distribution systems, purification works, collection systems, treatment and disposal works" to accomplish these purposes.

<sup>4</sup> Other public works projects authorized under [s. 180.06, F.S.](#), include alternative water supplies, maintenance of water flow and bodies of water for sanitary purposes, garbage collection and disposal, airports, hospitals, jails, golf courses, gas plants and distribution systems, and related facilities.

<sup>5</sup> S. [180.02\(2\), F.S.](#)

<sup>6</sup> *Id.*

<sup>7</sup> S. [180.19, F.S.](#)

<sup>8</sup> Analysis of House Bill 813 (2014), Florida House of Representatives.

<sup>9</sup> S. [367.022\(2\), F.S.](#)

<sup>10</sup> S. [180.191\(1\)\(a\), F.S.](#)

these charges, provided that the total of all such rates, fees, and charges for service to consumers outside its boundaries may not exceed the total charges to consumers within its boundaries by more than 50 percent for corresponding service. Rates set in this manner require a public hearing at which all users served or to be served by the water or sewer utilities and all other interested persons will have an opportunity to be heard concerning the proposed rates.<sup>11</sup>

There is no central repository for information concerning municipal water or sewer service rates that identifies municipalities that impose higher rates on consumers outside of the municipal boundaries, the specific mechanism used by such municipalities to establish such rates, or the level of any additional charge or surcharge imposed.

**Additional Relevant Information**

[Art. VII, s. 18\(b\), of the Florida Constitution](#) states that the legislature may not enact any law that would reduce the authority municipalities or counties have to raise revenues in the aggregate, except upon approval of two-thirds of the membership of each house of the legislature.

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**BILL HISTORY**

<b>COMMITTEE REFERENCE</b>	<b>ACTION</b>	<b>DATE</b>	<b>STAFF DIRECTOR/ POLICY CHIEF</b>	<b>ANALYSIS PREPARED BY</b>
<a href="#">Economic Infrastructure Subcommittee</a>	18 Y, 0 N	3/5/2025	Keating	Bauldree
<a href="#">Intergovernmental Affairs Subcommittee</a> <a href="#">Commerce Committee</a>	16 Y, 0 N	3/12/2025	Darden	Burgess

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<sup>11</sup> S. [180.191\(1\)\(b\), F.S.](#)