# FLORIDA HOUSE OF REPRESENTATIVES FINAL BILL ANALYSIS

This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.					
BILL #: <u>HB 4023</u>			COMPANION BILL: None		
TITLE: Officers and Employees of North Springs			LINKED BILLS: None		
Improvement District, Broward County			RELATED BILLS: None		
SPONSOR(S): Hunschofsky					
FINAL HOUSE FLOOR ACTION:	116 <b>Y's</b>	0 <b>N's</b>	GOVERNOR'S ACTION:	Pending	
SUMMARY					

## Effect of the Bill:

The bill amends the charter of the North Springs Improvement District (District), a water control district in Broward County, to prohibit officers and employees of the District from having an employment or contractual relationship with businesses or agencies regulated by or doing business with the District or where the relationship would create a conflict of interest to their work for the district.

### Fiscal or Economic Impact:

The Economic Impact Statement for the bill states the District will incur costs of approximately \$1,200 for administrative expenditures related to implementation.

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# ANALYSIS

## **EFFECT OF THE BILL:**

The bill amends the charter of the <u>North Springs Improvement District</u> (District), an independent <u>special district</u> providing <u>water control</u> services, to prohibit officers and employees of the district from having an employment or contractual relationship with a business or agency that is regulated by the District or does business with the District. The bill further prohibits officers or employees of the District from employment or contractual relationships that represent a continuing or recurring conflict of interest that hinders their work for the District. These provisions are notwithstanding an exception in general law concerning <u>conflicting employment and</u> <u>contractual relationships</u> for employees of water control districts. (Section <u>1</u>)

Subject to the Governor's veto powers, the effective date of this bill is upon becoming a law. (Section 2)

## FISCAL OR ECONOMIC IMPACT:

## LOCAL GOVERNMENT:

The Economic Impact Statement for the bill states the District will incur an insignificant negative fiscal impact of approximately \$1,200 for administrative expenditures related to implementation.

# **RELEVANT INFORMATION**

## **SUBJECT OVERVIEW:**

## 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

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

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

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 generalpurpose 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 single municipality.<sup>6</sup>

Special districts are governed generally by the Uniform Special District Accountability Act (USDAA).<sup>7</sup> The USDAA centralizes provisions governing special districts and applies to the formation,<sup>8</sup> governance,<sup>9</sup> administration,<sup>10</sup> supervision,<sup>11</sup> merger,<sup>12</sup> and dissolution<sup>13</sup> of special districts, unless otherwise expressly provided in law.<sup>14</sup> The USDAA requires notice and publication of tentative budgets and final budgets.<sup>15</sup> Certain budget amendments are allowed up to 60 days following the end of the fiscal year.<sup>16</sup>

Special districts do not possess "home rule" powers and may impose only those taxes, assessments, or fees authorized by special or general law. The special act creating an independent special district may provide for funding from a variety of sources while prohibiting others. For example, ad valorem tax authority is not mandatory for a special district.<sup>17</sup>

## Water Control Districts

Chapter 298, F.S., governs the creation and operation of water control districts (WCD). A WCD has authority and responsibility to construct, complete, operate, maintain, repair, and replace any and all works and improvements necessary to execute the water control plan adopted by that district.<sup>18</sup> A WCD may build and construct any other works and improvements deemed necessary to preserve and maintain the works in or out of said district. A WCD also may acquire, construct, operate, maintain, use, purchase, sell, lease, convey, or transfer real or personal

<sup>&</sup>lt;sup>3</sup> Intergovernmental Affairs Subcommittee, Local Government Formation Manual, p. 56 (last visited Feb. 27, 2025). <sup>4</sup> The method of financing a district must be stated in its charter. Ss. <u>189.02(4)(g)</u> and <u>189.031(3), F.S.</u> 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.,* <u>ch. 2023-335, s. 6(1), Laws of Fla.</u> (East River Ranch Stewardship District). *See also, e.g.,* ss. <u>190.021</u> (community development districts), <u>191.009</u> (independent fire control districts), <u>197.3631</u> (non-ad valorem assessments), <u>298.305</u> (water control districts), and <u>388.221, F.S.</u> (mosquito control), and <u>ch. 2004-397, s. 3(27), Laws of Fla.</u> (South Broward Hospital District).

<sup>&</sup>lt;sup>5</sup> S. <u>189.012(2), F.S.</u>

<sup>&</sup>lt;sup>6</sup> S. <u>189.012(3), F.S.</u>

<sup>&</sup>lt;sup>7</sup> S. <u>189.01, F.S.</u>, *but see* ch. 190, F.S. (community development districts), ch. 191, F.S. (independent special fire control districts), ch. 298, F.S. (water control districts), ch. 388, F.S. (mosquito control districts), and ch. 582, F.S. (soil and water conservation districts).

 <sup>&</sup>lt;sup>8</sup> See ss. <u>189.02</u> (creation of dependent special districts) and <u>189.031, F.S.</u> (creation of independent special districts).
<sup>9</sup> See s. <u>189.0311, F.S.</u> (charter requirements for independent special districts).

<sup>&</sup>lt;sup>10</sup> See s. <u>189.019</u>, F.S. (requiring codification of charters incorporating all special acts for the district).

<sup>&</sup>lt;sup>11</sup> See s. 189.0651, F.S. (oversight for special districts created by special act of the Legislature).

<sup>&</sup>lt;sup>12</sup> Ss. <u>189.071</u> and <u>189.074</u>, F.S.

<sup>&</sup>lt;sup>13</sup> Ss. <u>189.071</u> and <u>189.072, F.S.</u>

<sup>&</sup>lt;sup>14</sup> See, e.g., <u>s. 190.004, F.S.</u> (Ch. 190, F.S. as "sole authorization" for creation of community development districts).

<sup>&</sup>lt;sup>15</sup> S. <u>189.016(4), F.S.</u>

<sup>&</sup>lt;sup>16</sup> S. <u>189.016(6), F.S.</u>

<sup>&</sup>lt;sup>17</sup> See, e.g., <u>ch. 2006-354</u>, <u>Laws of Fla.</u> (Argyle Fire District may impose special assessments, but has no ad valorem tax authority).

<sup>&</sup>lt;sup>18</sup> S. <u>298.22, F.S.</u>

property, including pumping stations, pumping machinery, motive equipment, electric lines and all appurtenant or auxiliary machines, devices, or equipment.<sup>19</sup>

#### **Conflicting Employment or Contractual Relationship**

The Code of Ethics generally prohibits a public officer or agency employee from having an employment or contractual relationship with a business entity or agency that is subject to the regulation of, or is doing business with, his or her agency.<sup>20</sup> A public officer or agency employee is further prohibited from having an employment or a contractual relationship that will create a continuing or frequently recurring conflict between his or her private interests and the performance of his or her public duties or that would impede the full and faithful discharge of his or her public duties.<sup>21</sup>

However, when the public agency is a WCD or special tax district created by general or special law that is limited specifically to constructing, maintaining, managing, and financing improvements in the land area over which the agency has jurisdiction, such a relationship is not considered a conflict of interest per se.<sup>22</sup> Instead, the Code of Ethics provides that a conflict of interest occurs when the conduct of the officer or employee is prohibited by, or otherwise frustrates the intent of, the standards of conduct for public employees.

#### North Springs Improvement District

The North Springs Improvement District (District) is an independent special district in Broward County, created by a circuit court decree in 1971, with a charter codified by a special act the same year and recodified in 2005.<sup>23</sup> The District is a WCD that provides water treatment, wastewater collection, and stormwater management services to approximately 40,000 residents in the cities of Coral Springs and Parkland.<sup>24</sup> The District's water and sewer system operating and maintenance budget for Fiscal Year 2024-25 is \$28.4 million, with \$24.4 million in operation and maintenance expenses.<sup>25</sup>

The District is governed by a board of supervisors. Board members serve four-year terms, must be landowners within the District, and a majority of the members must be residents of Broward County.<sup>26</sup> Each landowner may cast one vote, in person or by proxy, for each acre he or she owns, as well as one vote for any fraction of the acre owned.<sup>27</sup> In the event of a vacancy, the other members of the District's board may appoint a new member to serve the remainder of the unexpired term.<sup>28</sup>

Currently, the District is governed by a three-member board of supervisors, with one member elected by and from the landowners of the District whose property is within the City of Parkland, one member elected by and from the landowners of the District whose property is within the City of Coral Springs, and one member elected at-large.<sup>29</sup> In 2024, qualified electors in the District voted to approve an amendment to the District's charter that increased the size of the District's board from three members to five members, effective after the 2030 general election.<sup>30</sup> The amendment also provides that one current member of the board will be popularly-elected starting with the 2026 general election and a second will be popularly-elected starting with the 2028 general election. The remaining board member, as well as the two new board members, will be popularly-elected starting with the 2030 general election.

<sup>&</sup>lt;sup>19</sup> S. <u>298.22(3), F.S.</u>

<sup>&</sup>lt;sup>20</sup> S. <u>112.313(7)(a), F.S.</u>

<sup>&</sup>lt;sup>21</sup> Id.

<sup>&</sup>lt;sup>22</sup> S. <u>112.313(7)(a)1., F.S.</u>

<sup>&</sup>lt;sup>23</sup> Ch. 2005-341, ss. 2 and 3(1), Laws of Fla.

<sup>&</sup>lt;sup>24</sup> North Springs Improvement District, <u>*About Us*</u> (last visited Feb. 27, 2025).

<sup>&</sup>lt;sup>25</sup> North Springs Improvement District, <u>Annual Budgets and Assessments: Fiscal Year 2025</u> (last visited Feb. 27, 2025).

<sup>&</sup>lt;sup>26</sup> Ch. 2005-341, s. 3(5)(1), Laws of Fla.

<sup>&</sup>lt;sup>27</sup> Ch. 2005-341, s. 3(5)(2), Laws of Fla.

<sup>&</sup>lt;sup>28</sup> <u>Ch. 2005-341, s. 3(5)(5)</u>, Laws of Fla.

<sup>&</sup>lt;sup>29</sup> <u>Ch. 2005-341, s. 3(5)(2), Laws of Fla.</u>

<sup>&</sup>lt;sup>30</sup> <u>Ch. 2021-256, Laws of Fla.</u>, see also Broward County Supervisor of Elections, <u>2024 General Election Results</u> (last visited Feb. 27, 2025).

#### **Local Bill Forms**

The Florida Constitution prohibits the passage of any special act unless a notice of intention to seek enactment of the bill has been published as provided by general law or the act is conditioned to take effect only upon approval by referendum vote of the electors in the area affected.<sup>31</sup> A legal advertisement of the proposed bill must be placed in a newspaper of general circulation or published on a publicly accessible website<sup>32</sup> at least 30 days prior to the introduction of the local bill in the House or Senate.<sup>33</sup> The bill was noticed in the <u>Sun-Sentinel on January 10, 2025</u>.

The House local bill policy requires a completed and signed Local Bill Certification Form and Economic Impact Statement Form be filed with the Clerk of the House at the time the local bill is filed or as soon thereafter as possible.<sup>34</sup> Under the policy, a committee or subcommittee may not consider a local bill unless these forms have been filed. The following forms have been submitted for the bill:

- Local Bill Certification Form
- <u>Economic Impact Statement Form</u>

<sup>&</sup>lt;sup>31</sup> Art. III, s. 10, Fla. Const.

<sup>&</sup>lt;sup>32</sup> S. <u>50.0311(2), F.S.</u>

<sup>&</sup>lt;sup>33</sup> S. <u>11.02, F.S.</u> If there is no newspaper circulated throughout or published in the county and no publicly accessible website has been designated, notice must be posted for at least 30 days in at least three public places in the county, one of which must be at the courthouse.

<sup>&</sup>lt;sup>34</sup> Intergovernmental Affairs Subcommittee, *Local Bill Policies and Procedures Manual*, p. 11 (last visited Feb. 27, 2025).