

# FLORIDA HOUSE OF REPRESENTATIVES

## BILL ANALYSIS

*This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.*

**BILL #:** [CS/HB 1451](#)

**TITLE:** Utility Services

**SPONSOR(S):** Busatta

**COMPANION BILL:** [CS/CS/SB 1724](#) (Martin)

**LINKED BILLS:** None

**RELATED BILLS:** None

### Committee References

[Economic Infrastructure](#)

14 Y, 0 N, As CS

[Intergovernmental Affairs](#)

12 Y, 3 N

[Commerce](#)

## SUMMARY

### Effect of the Bill:

The bill requires certain public meetings and reporting for municipalities that provide utility service or intend to provide utility service in areas outside of their municipal boundaries. The bill also limits the rates, fees, and charges that a municipal water or sewer utility may impose on customers outside the boundaries of the municipality to no more than 25 percent in excess of those imposed on customers within the boundaries.

### Fiscal or Economic Impact:

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

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## ANALYSIS

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

The bill establishes terms related to the provision of municipal utility services in areas outside a municipality's boundaries.

### **Extension of Utility Service**

Under the bill, a municipality that intends to offer retail electric, natural gas, water, or sewer [utility service](#) in another municipality or unincorporated area outside of the municipality's boundaries must hold a public meeting in conjunction with the governing body of each municipality or unincorporated area to be served. The bill provides that this meeting does not need to be a separate public meeting conducted specifically for this purpose. The public meeting must take place before a new agreement to provide such service, or a renewal, extension, or material amendment of an existing agreement, may take effect. The public meeting must be held within each municipality and unincorporated area to be served for the purpose of providing information and soliciting public input on each of the following:

- The nature of the service to be provided or changes to the service being provided.
- The rates, fees, and charges to be imposed for the services provided or intended to be provided, including:
  - Any differential with the rates, fees, and charges imposed for the same service on customers located within the boundaries of the serving municipality;
  - The basis for the differential; and
  - The length of time that the differential is expected to exist.
- The extent to which revenues generated from the provision of the service will be used to fund or finance non-utility government functions or services.
- Any other matters deemed relevant by the parties to the agreement. (Section [1](#))

Further, the bill requires that a new agreement to provide these utility services beyond a municipality's boundaries, or an extension, renewal, or material amendment to an existing agreement, must be in writing. (Section [1](#))

**STORAGE NAME:** h1451c.IAS

**DATE:** 2/12/2026

The bill requires that an appointed representative<sup>1</sup> of each municipality providing utility service in another municipality or unincorporated area outside of the municipality's boundaries must conduct an annual customer meeting in conjunction with the governing body of each municipality and unincorporated area in which it provides service. The purpose of this meeting is to receive public input on utility-related matters, including rates and service. The bill provides that this meeting does not need to be a separate public meeting conducted specifically for this purpose. (Section 1)

### **Water and Sewer Rates and Charges**

The bill removes the provision from current law allowing a municipal water or sewer utility to add, for customers outside the municipal boundaries, a surcharge of up to 25 percent of the rates, fees, and charges imposed on customers within its boundaries without a public meeting. Furthermore, the bill changes the limit on the rates, fees, and charges such utilities can impose on customers outside of municipal boundaries to no more than 25 percent in excess of the rates, fees, and charges that the municipal water or sewer utility charges customers within the municipal boundaries, provided rates for outside customers are set in a public hearing using the same methods used to set rates for customers within the municipal boundaries. (Section 2).

### **Reporting**

The bill requires that by January 1, 2027, and annually thereafter, each municipality that provides utility service outside its municipal boundaries must report to the Public Service Commission (PSC), for each type of utility service it provides outside of municipal boundaries, the following information:

- The number and percentage of customers that receive utility service provided by the municipality at a location outside the boundaries of the municipality;
- The volume and percentage of sales made to such customers, and the gross revenues generated from such sales; and
- Whether the rates, fees, and charges imposed on customers that receive service at a location outside the municipality's boundaries are different than the rates, fees, and charges imposed on customers within the boundaries of the municipality, and, if so, the amount and percentage of the differential. (Section 3)

The bill provides that a municipality that fails to file this report is subject to the penalties provided in [s. 366.095, F.S.](#) (Section 3)

The bill requires the PSC to compile this information and report it to the Speaker of the House of Representatives, the Senate President, and the Governor by March 31, 2027, and annually thereafter. The bill provides that it does not modify or extend the authority of the PSC otherwise provided by law with respect to any municipal utility that must report this information. (Section 3)

The effective date for these reporting provisions is July 1, 2026. (Section 3)

The bill provides an effective date of July 1, 2027, for all other provisions of the bill. (Section 4)

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

#### **LOCAL GOVERNMENT:**

The bill may have an indeterminate negative impact on local government expenditures associated with the public meeting and reporting requirements for municipalities that provide utility service in areas outside of their municipal boundaries. The bill may also have an indeterminate negative impact on the revenues of municipalities that currently levy a surcharge in excess of 25 percent

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<sup>1</sup> The appointed representative must be an executive-level leadership employee of the municipality, or the municipality's utility authority, board, or commission, specifically appointed by the governing body of the municipality to serve as its representative for the purpose of the meeting.

## RELEVANT INFORMATION

### SUBJECT OVERVIEW:

#### Municipal Utility Service

Pursuant to s. 2(b), Art. VIII of the State 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>2</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>3</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.

Many municipalities own and operate electric utilities and natural gas utilities and govern the operation of those utilities through ordinance, code, or policies. Currently, there are 35 municipal electric utilities in the state and 27 municipally owned natural gas utilities.<sup>4</sup> Municipal electric and natural gas utility rates are not directly regulated by the Florida Public Service Commission (PSC), however, the PSC does have jurisdiction over municipal electric utilities for matters related to rate structure, power plant transmission line site certification, general reporting jurisdiction, service territory and territory disputes, energy efficiency reporting, ten-year site plans, reporting on system hardening and resiliency, reporting on net metering, audits related to regulatory assessment fees, monitoring renewable energy, reporting on facilities inspection and vegetation management, and ensuring a reliable, coordinated power grid.<sup>5</sup> Many of these utilities provide service to customers located outside of the municipality's boundaries.

Municipalities are authorized by general law to provide water and sewer utility services.<sup>6</sup> With respect to public works projects, including water and sewer utility services,<sup>7</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>8</sup> A municipality may not extend or apply these corporate powers within the corporate limits of another municipality.<sup>9</sup> In general, however, local governments may enter into mutually advantageous agreements to provide services or facilities to other localities.<sup>10</sup> Further, the law specifically authorizes a municipality to permit any other municipality and the owners of lands outside its corporate limits or within the limits of another

<sup>2</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>3</sup> Pursuant to section [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>4</sup> Florida Public Service Commission, *Facts & Figures of the Florida Utility Industry* (2025), p. 1, 14, available at <https://www.psc.state.fl.us/reports> (last visited Feb. 9, 2026).

<sup>5</sup> Presentation on *Florida Public Power*, Florida Municipal Electric Association (Feb. 9, 2023), slide 3, available at <https://www.flhouse.gov/Sections/Documents/loaddoc.aspx?PublicationType=Committees&CommitteeId=3226&Session=2023&DocumentType=Meeting+Packets&FileName=ecc+2-9-23.pdf> (last visited Feb. 9, 2026).

<sup>6</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>7</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>8</sup> [S. 180.02\(2\), F.S.](#)

<sup>9</sup> *Id.*

<sup>10</sup> See [s. 163.01, F.S.](#)

municipality to connect with its water and sewer utility facilities and use its services upon agreed terms and conditions.<sup>11</sup> Municipal water and sewer utility systems are exempt from PSC jurisdiction.<sup>12</sup>

### ***Rates for Municipal Water and Sewer Service***

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

- First, for customers outside of its boundaries, it may add a [surcharge](#) of up to 25 percent of the rates, fees, and charges imposed on customers within its boundaries. This mechanism does not require a public hearing.<sup>13</sup>
- Second, it may set separate rates, fees, and charges for customers outside its boundaries based on the same factors used to set rates for customers within its boundaries. It may add a surcharge of up to 25 percent of these charges, provided that the total of all such rates, fees, and charges for service to customers outside its boundaries may not exceed the total charges to customers 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>14</sup>

There is no central [repository for information](#) concerning municipal water or sewer service rates that identifies municipalities that impose higher rates on customers 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.

### ***Utility Penalties***

Florida law grants the PSC power to impose a [penalty](#) upon any entity subject to its jurisdiction under ch. 366, F.S., that is found to have refused to comply with or to have willfully violated any lawful rule or order of the PSC or any provision of that chapter.<sup>15</sup> The penalty may not exceed \$5,000, but each day that such refusal or violation continues constitutes a separate offense. Each penalty shall be a lien upon the real and personal property of the entity, enforceable by the PSC.<sup>16</sup>

### **RECENT LEGISLATION:**

YEAR	BILL #/SUBJECT	HOUSE/SENATE SPONSOR(S)	OTHER INFORMATION
2025	<a href="#">CS/CS/HB 1523</a> - Utility Services	Busatta	Died in Senate

<sup>11</sup> [S. 180.19](#), F.S.

<sup>12</sup> [S. 367.022\(2\)](#), F.S.

<sup>13</sup> [S. 180.191\(1\)\(a\)](#), F.S.

<sup>14</sup> [S. 180.191\(1\)\(b\)](#), F.S.

<sup>15</sup> [S. 366.095](#), F.S.

<sup>16</sup> *Id.*

## BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
<a href="#">Economic Infrastructure Subcommittee</a>	14 Y, 0 N, As CS	2/4/2026	Keating	Rubottom
THE CHANGES ADOPTED BY THE COMMITTEE:	<ul style="list-style-type: none"> <li>• Removed a provision of the bill related to limitations on the use and transfer of utility revenues.</li> <li>• Limited the rates, fees, and charges that a municipal water or sewer utility may impose on customers outside the boundaries of the municipality to no more than 25 percent in excess of those imposed on customers within the boundaries.</li> <li>• Established a penalty for failure to file the annual report required by the bill.</li> </ul>			
<a href="#">Intergovernmental Affairs Subcommittee</a>	12 Y, 3 N	2/12/2026	Darden	Burgess
<a href="#">Commerce Committee</a>				

**THIS BILL ANALYSIS HAS BEEN UPDATED TO INCORPORATE ALL OF THE CHANGES DESCRIBED ABOVE.**