

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Appropriations Committee on Agriculture, Environment, and General Government

BILL: CS/SB 1566

INTRODUCER: Community Affairs Committee and Senator DiCeglie

SUBJECT: Local Government Spending

DATE: February 24, 2026 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Shuler</u>	<u>Fleming</u>	<u>CA</u>	<u>Fav/CS</u>
2.	<u>Sanders</u>	<u>Betta</u>	<u>AEG</u>	<u>Pre-meeting</u>
3.	_____	_____	<u>RC</u>	_____

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 1566 provides that the act may be cited as the “Local Government Financial Transparency and Accountability Act.”

The bill requires county and municipal tentative and final budgets, and budget amendments be posted on their official websites to allow the public to search, review, filter, download, and compare data and view graphs. The bill revises timeframes for posting budget information and noticing public budget hearings.

The bill requires county and municipalities to reinvest utility service revenues back into the utility for purposes of operational integrity and specifies permissible investments. The bill provides Legislative intent that counties and municipalities provide utility services affordably, transparently, and reliably. County and municipal utilities are required to develop budget forecasts and strategies every five years that ensure maintenance and strategic improvements and anticipate increased demands.

The bill has an indeterminate effect on state revenues and expenditures. *See Section V., Fiscal Statement.*

The bill takes effect July 1, 2026.

II. Present Situation:

Florida Public Service Commission

The Florida Public Service Commission (PSC) is an arm of the legislative branch of government.¹ The role of the PSC is to ensure Florida's consumers receive utility services, including electric, natural gas, telephone, water, and wastewater, in a safe and reliable manner and at fair prices.² In order to do so, the PSC exercises authority over utilities in one or more of the following areas: rate base or economic regulation; competitive market oversight; and monitoring of safety, reliability, and service issues.³

Electric and Gas Utilities

The PSC monitors the safety and reliability of the electric power grid⁴ and may order the addition or repair of infrastructure as necessary.⁵ The PSC has broad jurisdiction over the rates and service of investor-owned electric and gas utilities⁶ (defined as “public utilities” under ch. 366, F.S.).⁷ However, the PSC does not fully regulate municipal electric utilities (utilities owned or operated on behalf of a municipality) or rural electric cooperatives.⁸ The PSC does have jurisdiction over these types of utilities with regard to rate structure, territorial boundaries, and bulk power supply operations and planning.⁹ For municipal gas utilities, the PSC has authority over territorial boundary disputes and agreements.¹⁰

Municipally-owned utility rates and revenues are regulated by their respective local governments or local utility boards.¹¹ Rates and revenues for a cooperative utility are regulated by its governing body elected by the cooperative's membership.¹²

Municipal Electric and Gas Utilities, and Special Gas Districts, in Florida

A municipal electric or gas utility is an electric or gas utility owned and operated by a municipality. A “special gas district” is a dependent or independent special district, set up pursuant to ch. 189, F.S., to provide natural gas service.¹³ Chapter 366, F.S., provides the majority of electric and gas utility regulations for Florida. While ch. 366, F.S., does not provide a definition, per se, for a “municipal utility,” variations of this terminology and the concept of these types of utilities appear throughout the chapter. Currently, Florida has 33 municipal electric

¹ Section 350.001, F.S.

² See Florida Public Service Commission, *Florida Public Service Commission Homepage*, <http://www.psc.state.fl.us> (last visited Feb. 18, 2026).

³ Florida Public Service Commission, *About the PSC*, <https://www.psc.state.fl.us/about> (last visited Feb. 18, 2026).

⁴ Section 366.04(5) and (6), F.S.

⁵ Section 366.05(1) and (8), F.S.

⁶ Section 366.05, F.S.

⁷ Section 366.02(8), F.S.

⁸ See s. 366.02(8), F.S.

⁹ Florida Public Service Commission, *About the PSC*, *supra* note 3.

¹⁰ *Id.*

¹¹ Section 180.13, F.S.

¹² Section 425.04, F.S.

¹³ See s. 366.02(8), F.S. Section 189.012(6), F.S., defines a “special district” as “a unit of local government created for a special purpose, as opposed to a general purpose, which has jurisdiction to operate within a limited geographic boundary and is created by general law, special act, local ordinance, or by rule of the Governor and Cabinet.”

utilities that serve over 14 percent of the state’s electric utility customers.¹⁴ Florida also has 27 municipally-owned gas utilities and four special gas districts.¹⁵

Current law authorizes municipalities to raise amounts of money which are necessary for the conduct of the municipal government. A municipality may do so by taxation and licenses authorized by Florida’s constitution or general law, or by user charges or fees authorized by ordinance.¹⁶ Municipalities routinely transfer a portion of their utility earnings to their general funds for non-utility purposes, though the amounts and percentages may vary widely among municipalities.¹⁷ These transfers may be limited in some circumstances by ordinance, but they are not governed by state law.

Water and Wastewater Utilities

Florida’s Water and Wastewater System Regulatory Law, ch. 367, F.S., regulates water and wastewater systems in the state. Section 367.011, F.S., grants the PSC exclusive jurisdiction over each utility with respect to its authority, service, and rates. For the chapter, a “utility” is defined as “a water or wastewater utility and, except as provided in s. 367.022, F.S., includes every person, lessee, trustee, or receiver owning, operating, managing, or controlling a system, or proposing construction of a system, who is providing, or proposes to provide, water or wastewater service to the public for compensation.”¹⁸ In 2024, the PSC had jurisdiction over 153 investor-owned water and wastewater utilities in 40 of Florida’s 67 counties.¹⁹

Section 367.022, F.S., exempts certain types of water and wastewater operations from the PSC jurisdiction and the provisions of ch. 367, F.S. (except as expressly provided in the chapter). Such exempt operations include: water and wastewater systems owned, operated, managed, or controlled by governmental authorities; public lodging systems that only provide service to their guests; systems with a 100-person or less capacity; landlords that include service to their tenants without specific compensation for such service; mobile home parks operating both as a mobile home park and a mobile home subdivision that provide service within the park and subdivision to a combination of both tenants and lot owners without specific compensation, and others.²⁰ The PSC also does not regulate utilities in counties that have exempted themselves from the PSC regulation pursuant to s. 367.171, F.S.²¹ However, under s. 367.171(7), F.S., the PSC retains exclusive jurisdiction over all utility systems whose service crosses county boundaries, except for utility systems that are subject to interlocal utility agreements.

¹⁴ Florida Municipal Electric Association, *About Us*, <https://www.flpublicpower.com/about-us> (last visited Feb. 18, 2026).

¹⁵ Florida Public Service Commission, *Facts and Figures of the Florida Utility Industry (2025)*, pg. 14, <https://www.floridapsc.com/pscfiles/website-files/PDF/Publications/Reports/General/FactsAndFigures/April%202025.pdf> (last visited Feb. 18, 2026) [hereinafter “2025 Facts and Figures”].

¹⁶ Section 166.201, F.S.

¹⁷ Florida Municipal Electric Association, *FMEA Statement Regarding Proposed Committee Substitute for HB 1331, Amendment to SB 1380*, (Mar. 21, 2023), <https://www.flpublicpower.com/news/fmea-statement-regarding-proposed-committee-substitute-for-hb-1331-amendment-to-sb-1380> (last visited Feb. 18, 2026).

¹⁸ Section 367.021(12), F.S.

¹⁹ 2025 Facts and Figures, *supra* note 15 at 29.

²⁰ Section 367.022, F.S.

²¹ A county may choose, pursuant to adoption of a resolution, to relinquish its authority to regulate its water and sewer utilities to the PSC. Section 367.171, F.S.

Local Water and Sewer Utilities in Florida

A municipality²² may establish a utility by resolution or ordinance under s. 180.03, F.S. A municipality may establish a service area within its municipal boundary or within five miles of its corporate limits of the municipality.²³ A county is authorized to purchase or construct water supply and sewage disposal systems within its own boundaries or any adjoining county pursuant to resolution under s. 153.03, F.S.

The PSC does not generally have jurisdiction over county or municipal water and sewer utilities, and as such, has no authority over the rates or territories for such utilities.²⁴ County- and municipally-owned water and sewer utility rates and revenues are regulated by their respective local governments, sometimes through a utility board or commission.²⁵

County Budget Systems and Information

Chapter 129, F.S., establishes a budget system that controls the finances of the boards of county commissioners of Florida counties. Pursuant to s. 129.01, F.S., each county is required to prepare, approve, adopt, and execute an annual budget each fiscal year. The budget must show for each fund, as required by law and sound financial practices, budgeted revenues and expenditures by organizational unit.²⁶ The level of detail for the budget must meet the level of detail requirements for annual financial reports submitted to the Department of Financial Services under s. 218.32, F.S.²⁷ The budget is approved by the Board of County Commissioners (Board) and must be balanced so that the total of the estimated receipts, including balances brought forward, equals the total of the appropriations and reserves.²⁸ Notwithstanding other provisions of law, the budgets of all county officers must be in sufficient detail and contain such information as the board of county commissioners may require in furtherance of their powers and responsibilities.²⁹

Preparation, Adoption, and Amendment of County Budgets

On or before June 1 of each year, the Sheriff, the Clerk of the Circuit Court and County Comptroller, the Tax Collector, and the Supervisor of Elections each submit to the Board a tentative budget for their respective offices for the ensuing fiscal year.³⁰ Upon receipt of the

²² Defined by s. 180.01, F.S., “as any city, town, or village duly incorporated under the laws of the state.”

²³ Section 180.02, F.S., *see also* s. 180.06, F.S.

²⁴ Section 367.022, F.S. The PSC can consider municipal water or wastewater utility territory when it is granting or amending a certificate of authority for an investor-owned water or wastewater utility to operate within a county under the PSC’s jurisdiction (but it is not bound by such decisions of local government). Section 367.045(5)(b), F.S., provides that, “when granting or amending a certificate of authorization, the commission need not consider whether the issuance or amendment of the certificate of authorization is inconsistent with the local comprehensive plan of a county or municipality unless a timely objection to the notice required by this section has been made by an appropriate motion or application. If such an objection has been timely made, the commission shall consider, but is not bound by, the local comprehensive plan of the county or municipality.”

²⁵ Sections 153.03, and 180.13, F.S., *see also* s. 367.171(8), F.S.

²⁶ Section 129.01(1), F.S.

²⁷ *Id.*

²⁸ Section 129.01(2), F.S.

²⁹ Section 129.021, F.S.

³⁰ Section 129.03(2), F.S. Section 195.087(1) F.S., outlines the budget process for property appraisers in the state.

tentative budgets and any revisions, the board prepares a summary of the adopted tentative budgets.³¹ Public hearings are held to explain tentative and final budgets and to entertain community requests and complaints prior to budget adoption.³² The tentative budget must be posted on the county's official website at least two days before a public hearing and remain on the website for at least 45 days.³³ The final budget must be posted on the website within 30 days after adoption, and remain on the website for at least two years.³⁴ The tentative budgets, adopted tentative budgets, and final budgets are filed in the Office of the County Auditor as a public record.³⁵

A board of county commissioners may amend a budget at any time within a fiscal year for that year's budget or within the first 60 days of a fiscal year for the budget for the prior fiscal year.³⁶ Except for certain amendments for specifically authorized purposes, the Board may adopt an amendment by resolution or ordinance following a public hearing.³⁷ The Board must provide notice at least two days, but not more than five days before the hearing and include each budgetary fund to be amended, the source of the funds, the use of the funds, and the total amount of each fund's appropriations.³⁸ If adopted, the amendment must be posted on the website within five days after adoption and remain on the website for at least two years.³⁹

Municipal Budget Requirements

The preparation, adoption, and website posting of municipal budgets follows a similar process to that of counties. Section 166.241(2), F.S., provides that each municipality must annually adopt a budget by ordinance or resolution unless the municipality has a charter that specifies another method for adoption. The funds available from taxation and other sources, including balances brought forward, must equal the total appropriations for expenditures and reserves.⁴⁰ The tentative budget must be posted on the municipality's official website at least two days before a public hearing and remain on the website for at least 45 days.⁴¹ The final budget must be posted on the website within 30 days after adoption and remain on the website for at least two years.⁴²

If the governing body of a municipality amends the budget, the adopted amendment must be posted on the official website of the municipality within five days after adoption and must remain on the website for at least two years.⁴³

³¹ Section 129.03(3)(b), F.S.

³² Section 129.03(3)(c), F.S., also outlines public hearing practices and subsequent budget website posting and public record requirements.

³³ *Id.*

³⁴ *Id.*

³⁵ *Id.*

³⁶ Section 129.06(2), F.S.

³⁷ Section 129.06(2)(f), F.S.

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ Section 166.241(2), F.S.

⁴¹ Section 166.241(3), F.S.

⁴² *Id.* If the municipality does not operate an official website, the municipality must, within a reasonable period of time as established by the county or counties in which the municipality is located, transmit the tentative budget and final budget to the manager or administrator of such county or counties who shall post the budgets on the county's website. *Id.*

⁴³ Section 166.241(9). Just as with the tentative and final budgets, a municipality without its own website must transmit amendments to the county or counties which posted the budget within a reasonable time. *Id.*

III. Effect of Proposed Changes:

Local Government Budget Procedures

The bill provides that the act may be cited as the “Local Government Financial Transparency and Accountability Act.”

The bill requires any tentative or final budget, as well as any budget amendments, posted to a county or municipality’s official website to allow members of the public to:

- View budget data in a searchable format.
- View and filter data according to categories in the local government's chart of accounts, including, but not limited to, fund, department, division, program, or activity.
- Review revenue and expense trends in the county’s chart of accounts, and view and compare such data on a comparison chart.
- View data submitted to the Office of Economic and Demographic Research (EDR) related to government spending and debt per resident for the previous five fiscal years.
- Download budget data.
- View data in different graphical formats.
- View information for multiple departments, divisions, funds, or financial categories at the same time.
- View the average employee salary, the percentage of the budget spent on salaries and benefits for employees, and all employee salaries in a searchable format.

The bill revises the length of time for which each county and municipality must post certain budget information on its official website. Specifically, the bill would require:

- Tentative budgets to be posted seven days (rather than two days under current law) before the public hearing to adopt the budget;
- Proposed budget amendments to be posted seven days (rather than two days) before the public hearing to adopt the amendment; and
- Final budgets and adopted budget amendments to be posted for five years (rather than two years under current law) following adoption and be incorporated into the budget data required to be posted on the official website.

The bill requires counties to provide public notice of a hearing on a proposed budget amendment at least seven days (rather than two days under current law) before the hearing.

County and Municipal Utility Revenues

The bill provides legislative intent that counties and municipalities provide utility services to residents in an affordable, transparent, and reliable manner that protects public health and state natural resources.

The bill defines “utility” to mean public entities providing water, wastewater, stormwater, electric, and gas utilities.

Counties and municipalities are required to reinvest utility service revenues back into the utility for purposes of operational integrity. Such investments may include building, maintaining, renovating, or otherwise improving the infrastructure of its utility facilities.

County and municipal utilities are required to develop budget forecasts and strategies every five years that ensure maintenance and strategic improvements for optimal service at consistent rates. Forecasts and strategies must anticipate increased demand from population growth and new commercial industries, technology expenditures, and costs from disasters and shortages.

The effective date of the bill is July 1, 2026.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Article VII, section 18(a) of the Florida Constitution provides in part that a county or municipality may not be bound by a general law requiring a county or municipality to spend funds or take an action that requires the expenditure of funds unless certain specified exemptions or exceptions are met. The mandate requirement does not apply to laws having an insignificant impact,⁴⁴ which for Fiscal Year 2026-2027⁴⁵ is forecast at approximately \$2.4 million or less.

The fiscal impact of the bill has not been determined; however, the bill may require municipalities and counties to incur additional costs related to posting budget information. If the impact exceeds the threshold for insignificant impact, the mandate requirements may apply. If the bill does qualify as a mandate, in order to be binding upon cities and counties, the bill must contain a finding of important state interest and be approved by a two-thirds vote of the membership of each house.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

⁴⁴ An insignificant fiscal impact is the amount not greater than the average statewide population for the applicable fiscal year multiplied by \$0.10. See FLA. SENATE COMMITTEE ON COMMUNITY AFFAIRS, *Interim Report 2012-115: Insignificant Impact*, (Sept. 2011), <http://www.flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-115ca.pdf> (last visited Feb. 18, 2026).

⁴⁵ Based on the Demographic Estimating Conference's estimated population adopted on June 30, 2025, <https://edr.state.fl.us/Content/conferences/population/archives/250630demographic.pdf> (last visited Feb. 18, 2026).

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The bill has an indeterminate impact on state revenues and expenditures. Counties and municipalities may incur costs related to the budget data posting and formatting requirements.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The list of permissible investments for county and municipal utility service revenues does not include the full range of operational functions of utilities and may therefore cause confusion in implementation.

VIII. Statutes Affected:

This bill substantially amends sections 129.03, 129.06, and 166.241 of the Florida Statutes.

This bill creates sections 125.483 and 180.1901 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Community Affairs on February 10, 2026:

The committee substitute:

- Adds provisions regulating the use and budgeting of revenues by county and municipal utilities, including:
 - Specifying Legislative intent that counties and municipalities provide services affordably, transparently, and reliably while protecting public health and natural resources.

- Requiring counties and municipalities to reinvest utility service revenues into the utility for operational integrity
- Requiring the utility to budget forecast and strategize every five years for continuous maintenance and strategic improvements. The forecast must anticipate increased demand, technology costs, and disaster costs.
- Revises provisions related to county and municipal tentative and final budget procedures, including:
 - Reducing the advance posting requirement for tentative budgets to seven days before the hearing (rather than 14 days under the bill).
 - Revising the items and manner of display for website budget data posting requirements.
 - Deleting a requirement for a budget-cutting exercise.
 - Deleting an obsolete and redundant requirement for submission of budget data to the Office of Economic and Demographic Research (EDR).
- Removes the section of the bill that would have prohibited local government expenditures on diversity, equity, and inclusion.

B. Amendments:

None.