

By Senator McClain

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A bill to be entitled  
An act relating to municipal water and sewer utility rates, fees, and charges; amending s. 180.191, F.S.; deleting a limitation on the amount of rates, fees, and charges municipal water and sewer utilities are authorized to impose on consumers for such services outside the boundaries of the municipality; providing for the continuance and phase out of certain bond covenant surcharges; requiring municipalities operating such utilities to submit a specified rate study every 7 years to the Department of Environmental Protection which evaluates certain information; authorizing certain municipalities to apply for an extension to complete such study; authorizing the department to grant such extensions under certain conditions; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (1) of section 180.191, Florida Statutes, is amended, and subsection (5) is added to that section, to read:

180.191 Limitation on rates charged consumer outside city limits.—

(1) Any municipality within this ~~the~~ state which operates ~~operating~~ a water or sewer utility outside of the boundaries of the ~~such~~ municipality shall charge consumers outside the boundaries rates, fees, and charges determined in one of the following manners:

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(a) It may charge the same rates, fees, and charges as consumers inside the municipal boundaries. ~~However, in addition thereto, the municipality may add a surcharge of not more than 25 percent of such rates, fees, and charges to consumers outside the boundaries. Fixing of such rates, fees, and charges in this manner shall not require a public hearing except as may be provided for service to consumers inside the municipality.~~

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

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60 Notwithstanding paragraphs (a) and (b), a municipality may  
61 continue to impose a surcharge on consumers outside the  
62 municipal boundaries only to the extent necessary to comply with  
63 the terms of bond covenants in effect as of July 1, 2024. Such  
64 surcharges must be phased out upon retirement, expiration, or  
65 refinancing of the applicable debt obligation.

66 (5) (a) By January 1, 2028, and every 7 years thereafter,  
67 each municipality subject to subsection (1) shall submit a rate  
68 study to the Department of Environmental Protection which, at a  
69 minimum, evaluates all of the following:

70 1. The utility's future capital investment needs.

71 2. Whether the utility's rates are expected to generate  
72 sufficient revenues to cover its operating and maintenance  
73 costs, to satisfy its existing debt service obligations, and to  
74 support current and planned capital investments.

75 3. Whether costs are equitably distributed among all  
76 customer classes.

77 (b) A municipality serving fewer than 10,000 water or sewer  
78 customers may petition the department for an extension of up to  
79 2 years to complete the required rate study. The department may  
80 grant such extension upon a showing of undue financial or  
81 administrative burden.

82 Section 2. This act shall take effect July 1, 2026.