SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: CS/SJR 488

SPONSOR: Natural Resources Committee and Senator Lawson

SUBJECT: Ad Valorem Taxes/Water Management

DATE: January 6, 2004 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Branning	Kiger	NR	Favorable/CS
2.			CP	
3.			FT	
4.			AGG	
5.			AP	
6.			RC	

I. Summary:

This joint resolution provides for an amendment to the State Constitution to be placed on the November 2004 general election ballot to standardize the maximum millage rate allowed to be assessed for ad valorem taxes for water management purposes. Removes an exception to the statewide millage rate cap. Provides the actual ballot language.

II. Present Situation:

In 1976, a constitutional amendment was approved which allowed the water management districts to levy ad valorem taxes for water management purposes. The original amendment proposal would have allowed each water management district to levy no more than one mill of ad valorem taxes on the assessed value of real property within the district's boundaries. However, there was a strong sentiment in the Northwest Florida area to provide only minimal funding. As a result, the constitutional amendment that was passed allowed for up to one mill ($1 per $1,000 of value) to be assessed in the Suwanee River Water Management District, the St. Johns River Water Management District, the Southwest Florida Water Management District and the South Florida Water Management District. The Northwest Florida Water Management District, however, is limited to a constitutional millage cap of .05 mill (5 cents per $1,000 of value).

Section 373.503, F.S., provides the statutory millage caps for the water management districts within the constitutional cap. In 1976, ch. 76-243, L.O.F., established the original statutory millage caps for the water management districts as follows:

- Northwest Florida Water Management District – .05 mill
- Suwannee River Water Management District – .75 mill

- St. Johns River Water Management District – .375 mill
- Southwest Florida Water Management District –1.0 mill
- South Florida Water Management District – .8 mill

In 1985, ch. 85-211, L.O.F., authorized the St. Johns River Water Management District to levy an additional .225 mill which could only be used for land acquisitions and capital projects associated with such acquisitions. However, in 1987, ch. 87-97, L.O.F., removed the restriction for the use of the additional .225 mill by the St. Johns River Water Management and allowed the full .6 mill to be levied for any district purpose.

The following indicates the current constitutional and statutory millage caps for the five water management districts.

CAPS	NWFWMD	SRWMD	SJRWMD	SWFWMD	SFWMD
Constitutional	0.05	1.00	1.00	1.00	1.00
Statutory	0.05	0.75	0.60	1.00	0.80
Current Rate	0.05	0.4914	0.462	0.678*	0.612**

*Average overall assessment for the district including 8 basins

**Average overall assessment for the district including the Okeechobee Basin and the Big Cypress Basin

Each district's governing board sets the millage rate for its district within the statutory cap.

In 1993, the Legislature enacted ch. 93-213, L.O.F., which combined the Department of Environmental Regulation and the Department of Natural Resources into one department – the Department of Environmental Protection (DEP). In addition, the act sought to streamline governmental services and provide for the delivery of services to the public in a timely, cost-efficient manner. As a result, the act created the "Environmental Resource Permit" (ERP) which was intended to consolidate all permits for activities involving dredging and filling, and management and storage of surface water (MSSW), including stormwater control, into a single type of permit. The water management districts assumed the lead role for the issuance of these permits. Four of the five water management districts have established ERP programs. While the Northwest Florida Water Management District (NWFWMD) has had the authority to operate a ERP program pursuant to ch. 373, F.S., the district has never fully operated such a program due to its funding limitations.

The NWFWMD lacks the necessary financial resources to undertake full implementation of all legislatively mandated programs.[1] Consequently, s. 373.4145, F.S., was created to provide for an interim environmental permitting program for the NWFWMD. Since the district was financially unable to implement an ERP program, the DEP operates a limited permitting program in this water management district with state financial subsidies for the district. Within the NWFWMD, the DEP's permitting authority is limited to wetland permitting rules which were in effect under the Henderson Wetland Act of 1984. The DEP was, therefore, prohibited from implementing a complete ERP program on behalf of the water management district. These interim dredge-and-fill and stormwater permitting provisions for the NWFWMD have been extended until July 2, 2005.

[1] "The Constitutional Millage Cap of the Northwest Florida Water Management District" Review and Recommendations, Executive Office of the Governor, January 30, 1998. Page 7.

Since 1983, several commissions, task forces, and reports have recommended that the State Constitution be amended to place the NWFWMD on a par with the other water management districts. Those commissions, task forces, and reports included the following:

- Speaker's Task Force on Water Issues – 1983
- Environmental Efficiency Study Commission – 1988
- Environmental Efficiency Study Commission Minority Report – 1988
- A Review of Selected Functions of Water Management Districts – Senate Natural Resources and Conservation Committee – 1988
- Report on the Sundown Act Review of the Water Management District Governing Boards and Basin Boards Scheduled for Repeal – House Natural Resources Committee – 1989
- Governor's Water Resource Commission – 1989
- A Review of Water Management Districts and Recommendations of the Environmental Study Commission – Senator Natural Resources and Conservation Committee – 1989
- A Review of the Water Resources Management Program Adminsitered by the Department of Environmental Protection and the Water Management Districts – Office of Program Policy Analysis and Government Accountability – 1994
- Water Management District Review Commission – 1995
- Governor's Water Supply Development and Funding Work Group – 1997
- The Constitutional Millage Cap of the Northwest Florida Water Management District Review and Recommendations – Executive Office of the Governor – 1998

However, the constitutional millage cap has never been revised.

III. Effect of Proposed Changes:

This is a joint resolution to place an amendment on the ballot to amend the State Constitution to provide a standard maximum millage rate for ad valorem taxes for water management purposes by removing an exception to the statewide millage rate cap. The maximum constitutional millage rate would be 1.00 mill for the entire state. Currently, the maximum constitutional millage cap for all of the water management districts except the NWFWMD is 1.00 mill or $1 per $1,000 of assessed value. An exception exists for the NWFWMD which is capped at 5 cents per $1,000 of assessed value. This bill would remove the exception for the NWFWMD, thereby providing that the constitutional maximum cap of 1.00 mill would apply in the NWFWMD.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

If approved by the voters, the constitutionally allowable maximum millage rate for ad valorem taxes for water management purposes in the Northwest Florida Water Management District would be increased from 0.05 mill to 1.00 mill.

B. Private Sector Impact:

No immediate impact. If approved by the voters, the Legislature would have to amend s. 373.503, F.S., to increase the statutory cap, which is currently the constitutional cap of .05 mill (5 cents per $1,000). The actual millage rate would be set by the Northwest Florida Water Management District's governing board. Currently, the district is assessing at the maximum constitutional and statutory cap of .05 mill.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

If the proposed constitutional amendment is adopted, the Legislature would have to revise the NWFWMD's statutory cap before the district could increase the ad valorem rate.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.