

<b>Tab 1</b>	<b>CS/SB 1244</b> by <b>CU, Hays (CO-INTRODUCERS) Storms, Fasano;</b> (Similar to CS/CS/H 1379) Water and Wastewater Utilities				
333990	D	S	FAV	EP, Latvala	Delete everything after 02/21 10:06 AM

<b>Tab 2</b>	<b>SB 1554</b> by <b>Altman;</b> State Lands				
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<b>Tab 3</b>	<b>CS/SB 1158</b> by <b>CU, Evers;</b> (Compare to CS/CS/CS/H 0695) Development of Oil and Gas Resources				
132080	D	S		EP, Latvala	Delete everything after 02/20 09:50 AM
610102	SD	S		EP, Latvala	Delete everything after 02/20 04:10 PM

**The Florida Senate**  
**COMMITTEE MEETING EXPANDED AGENDA**  
**ENVIRONMENTAL PRESERVATION AND CONSERVATION**  
**Senator Dean, Chair**  
**Senator Oelrich, Vice Chair**

**MEETING DATE:** Tuesday, February 21, 2012

**TIME:** 9:15 —11:15 a.m.

**PLACE:** *Toni Jennings Committee Room, 110 Senate Office Building*

**MEMBERS:** Senator Dean, Chair; Senator Oelrich, Vice Chair; Senators Detert, Jones, Latvala, Rich, and Sobel

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	<b>CS/SB 1244</b> Communications, Energy, and Public Utilities / Hays (Similar CS/CS/H 1379, Compare CS/CS/S 1178)	Water and Wastewater Utilities; Creating the Study Committee on Investor-Owned Water and Wastewater Utility Systems; providing for removal or suspension of members by the appointing authority; requiring the Public Service Commission to provide staff, information, assistance, and facilities that are deemed necessary for the committee to perform its duties; providing for funding from the Florida Public Service Regulatory Trust Fund; providing for public meetings; providing for future termination of the committee, etc.  CU     02/13/2012 Fav/CS EP     02/21/2012 Fav/CS BC	Fav/CS Yeas 6 Nays 0
2	<b>SB 1554</b> Altman	State Lands; Providing for certain individuals and corporations to submit requests to the Board of Trustees of the Internal Improvement Trust Fund to exchange state-owned land for conservation easements over privately held land; providing criteria for consideration of such requests; encouraging certain operations on such lands, etc.  EP     02/21/2012 Temporarily Postponed BC	Temporarily Postponed
3	<b>CS/SB 1158</b> Communications, Energy, and Public Utilities / Evers (Similar CS/CS/H 695)	Development of Oil and Gas Resources; Authorizing a land management agency to enter into a public- private partnership with a business entity to develop oil and gas resources upon onshore state lands if the development yields near-term revenues for the state; providing that the financial, technical, and operational risk for the exploration, development, and production of oil and gas resources is the responsibility of the private business entity; requiring that a business entity seeking a public-private partnership contract submit a business proposal to the agency for review; providing criteria for the public-private partnership contract; requiring a proposed public-private partnership contract to be approved by the Governor and Cabinet sitting as the Board of Trustees of the Internal Improvement Trust Fund, etc.  CU     02/13/2012 Fav/CS EP     02/21/2012 Temporarily Postponed BC	Temporarily Postponed

**COMMITTEE MEETING EXPANDED AGENDA**

Environmental Preservation and Conservation  
Tuesday, February 21, 2012, 9:15 —11:15 a.m.

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TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
		Other related committee meeting documents	

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**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 Environmental Preservation and Conservation Committee

**BILL:** CS/CS/SB 1244

**INTRODUCER:** Environmental Preservation and Conservation Committee; Communications, Energy, and Public Utilities Committee; and Senator Hays and others

**SUBJECT:** Water and Wastewater Utilities

**DATE:** February 21, 2012      **REVISED:** \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wiehle	Carter	CU	<b>Fav/CS</b>
2.	Hinton	Yeatman	EP	<b>Fav/CS</b>
3.			BC	
4.				
5.				
6.				

**Please see Section VIII. for Additional Information:**

- |                              |                                     |                                         |
|------------------------------|-------------------------------------|-----------------------------------------|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes        |
| B. AMENDMENTS.....           | <input type="checkbox"/>            | Technical amendments were recommended   |
|                              | <input type="checkbox"/>            | Amendments were recommended             |
|                              | <input type="checkbox"/>            | Significant amendments were recommended |

**I. Summary:**

The Committee Substitute (CS) creates an 18 member Study Committee on Investor-Owned Water and Wastewater Utility Systems. Members are appointed by the President of the Senate, the Speaker of the House of Representatives, or the Governor, or are designated as members by the CS based on another position they hold, such as Secretary of Environmental Protection or the chair of the Public Service Commission. An appointing authority may remove or suspend a member appointed by it for cause, including failure to attend two or more committee meetings.

Study committee members are to serve until the work of the committee is complete and the committee is terminated, which is June 30, 2013. They serve without compensation, but are entitled to reimbursement for all reasonable and necessary expenses, including travel expenses.

The committee is to meet at times and locations determined by the chair, but must meet a minimum of four times. At least two meetings must be held in an area that is centrally located to utility customers who have recently been affected by a significant increase in water or wastewater utility rates. The public must be given the opportunity to speak at the meetings.

The Public Service Commission is to provide the staff, assistance, and facilities necessary for the committee to carry out its duties. Funding is to be paid from the Florida Public Service Regulatory Trust Fund.

The purpose of the study committee is to identify issues of concern of investor-owned water and wastewater utility systems, particularly small systems, and their customers and to research possible solutions, including specified concerns and considerations.

The committee must prepare and submit a report detailing its findings and making specific legislative recommendations, including proposed legislation intended to implement its recommendations, to the Governor, the President of the Senate, and the Speaker of the House of Representatives by February 15, 2013. If the committee, in its report, finds that an issue may effectively be addressed through agency rulemaking, it must submit to the appropriate agencies its report and recommendations, including proposed rules.

The CS takes effect upon becoming a law.

The CS creates an unnumbered section of law.

## **II. Present Situation:**

In Florida, several entities are responsible for regulating water quality, water supply, and rates and service for water and wastewater utilities. The Department of Environmental Protection (DEP) has primary responsibility for regulating the quality and supply of water.<sup>1</sup> With respect to rates and service, the specific regulatory entities vary. For privately-owned utilities operating within a single county, the county has the option to regulate rates and service or allow the Public Service Commission (PSC or commission) to regulate those utilities.<sup>2</sup> The PSC currently has jurisdiction over privately-owned water and wastewater utilities in 36 of the 67 counties in Florida. Regardless of whether the county has opted to regulate privately-owned utilities, the PSC has jurisdiction over all water or wastewater utility systems whose service transverses county boundaries, except for systems owned and regulated by intergovernmental authorities.<sup>3</sup> Systems owned, operated, managed, or controlled by governmental authorities are not subject to PSC regulation.<sup>4</sup>

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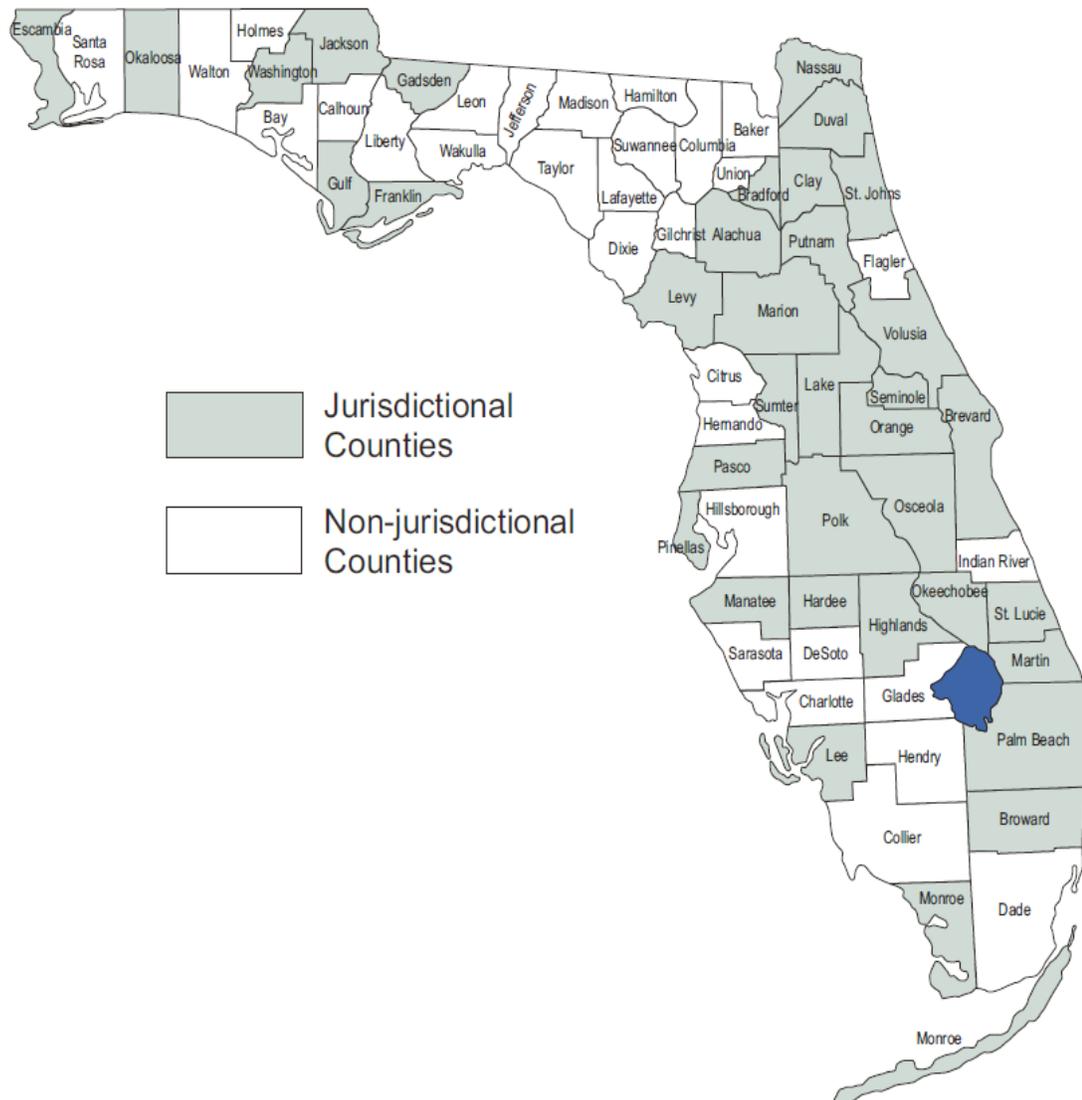
<sup>1</sup> Part VI, Chapter 403, F.S., and Parts I and II, Chapter 373, F.S.

<sup>2</sup> Section 367.171, F.S. If a county chooses to allow regulation by the PSC, it may rescind this choice only after 10 continuous years of PSC regulation.

<sup>3</sup> *Id.*

<sup>4</sup> Section 367.022(2), F.S.

The map below identifies those counties in which the PSC currently exercises jurisdiction.<sup>5</sup>



For regulatory purposes, the PSC classifies utilities into one of three categories based on annual operating revenues:<sup>6</sup>

- Class A – Operating revenues greater than \$1,000,000
- Class B – Operating revenues greater than \$200,000 but less than \$1,000,000
- Class C – Operating revenues less than \$200,000

Currently, there are 15 Class A utilities, 33 Class B utilities, and 96 Class C utilities under the PSC’s jurisdiction. These utilities serve approximately 3 to 4 percent of Florida’s population. The remaining population is served either by private utilities in non-jurisdictional counties, by

<sup>5</sup> This map can be found at <http://www.psc.state.fl.us/utilities/waterwastewater/wawmap.pdf>.

<sup>6</sup> Rules 25-30.110(4) and 25-30.115, F.A.C. As noted in these rules, this classification system is used by the National Association of Regulatory Utility Commissioners for publishing its system of accounts.

statutorily exempt utilities (such as municipal utilities, cooperatives, and non-profits), or by wells and septic tanks. The 15 Class A utilities serve approximately 50% of the customers for all classes. In general, filing requirements, fees, penalties, and regulatory treatment are eased for Class B and C utilities.

On September 29, 2011, the PSC conducted an informal staff workshop in Orlando to address challenges facing the water and wastewater industry. By letter dated September 13, 2011, to all PSC-regulated water and wastewater utilities, the PSC invited the industry stakeholders to this workshop.<sup>7</sup> The letter stated, in part:

As you are well aware, many water and wastewater utilities, particularly the small systems, struggle to achieve economies of scale, financial stability, and technical proficiency. As a result, many utilities have difficulty operating effectively and efficiently, maintaining equipment and infrastructure, complying with federal and state regulations, and providing adequate customer service at reasonable rates. This situation is likely only to worsen as infrastructure replacement needs increase and as new regulatory requirements demand increased investment in water and wastewater systems.

The letter indicated that the workshop would “provide an open forum to look at probable solutions to the many financial and environmental challenges facing utilities” and invited input and discussion concerning currently available options as well as solutions that may require regulatory or statutory changes.

Following the informal staff workshop, the PSC conducted a formal agency workshop in Tallahassee on November 3, 2011, “to discuss ways to increase efficiencies in the water and wastewater industry in order to hold and/or lower rates.”<sup>8</sup> In opening remarks at the workshop, PSC Chairman Art Graham indicated that the main purpose of the workshop was to hear and address ideas to help alleviate financial strains on small water and wastewater utilities.<sup>9</sup>

The PSC heard discussion on several potential mechanisms to address these issues, including, among others, the creation of a legislative study commission comprised of legislators, regulators, industry representatives, local government representatives, and customer representatives.<sup>10</sup> This proposal, drafted by the PSC’s staff, provided that the study commission would be staffed by the PSC staff and have use of the PSC’s facilities. The proposal required that the study commission meet at least four times, with two of those meetings held in areas where utility customers had been impacted by recent rate increases. The proposal required that the study commission submit a report, including specific findings and legislative recommendations, to the Governor and the Legislature by December 31, 2012. The study commission would terminate on June 30, 2012.

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<sup>7</sup> [http://www.psc.state.fl.us/common/controls/workshop09\\_29\\_11.pdf](http://www.psc.state.fl.us/common/controls/workshop09_29_11.pdf) .

<sup>8</sup> <http://www.psc.state.fl.us/library/filings/11/07437-11/07437-11.pdf> .

<sup>9</sup> Workshop Transcript, pp.2-3. <http://www.psc.state.fl.us/library/filings/11/08324-11/08324-11.pdf> .

<sup>10</sup> <http://www.psc.state.fl.us/agendas/workshops/Materials.11.03.2011.pdf> .

### III. Effect of Proposed Changes:

**Section 1** creates the Study Committee on Investor-Owned Water and Wastewater Utility Systems. The study committee is to be composed of 18 members designated and appointed as follows:

#### Voting Members

- A member of the Senate, appointed by the President of the Senate.
- A member of the House of Representatives, appointed by the Speaker of the House of Representatives.
- Two representatives of Class A investor-owned water or wastewater utilities appointed by the Governor.
- One representative of a Class B investor-owned water or wastewater utility appointed by the Governor.
- One representative of a Class C investor-owned water or wastewater utility appointed by the Governor.
- One customer of a Class A investor-owned water or wastewater utility appointed by the Governor.
- One customer of a Class B or Class C investor-owned water or wastewater utility appointed by the Governor.
- One representative of a water management district appointed by the Governor.
- One representative of the Florida Section of the American Water Works Association appointed by the Governor.
- One representative of the Florida Rural Water Association appointed by the Governor.
- One representative of a water or wastewater system owned or operated by a municipal or county government appointed by the Governor.
- One representative of a governmental authority that is created pursuant to chapter 163, Florida Statutes, appointed by the Governor.
- The chair of a county commission that regulates investor-owned water or wastewater utility systems appointed by the Governor.
- One representative of a county health department appointed by the Governor.

#### Non-Voting Members

- The chair of the Public Service Commission, or a commissioner designated by the chair, who shall serve as chair of the committee.
- The Secretary of Environmental Protection or his or her designee.
- The Public Counsel or his or her designee.

An appointing authority may remove or suspend a member appointed by it for cause, including, but not limited to, failure to attend two or more meetings of the committee.

Study committee members are to serve until the work of the committee is complete and the committee is terminated. The section is to expire and the committee to terminate on June 30, 2013. A member of the study committee who is a member because of a another position held by

election, appointment, or employment who no longer serves in that position will be replaced on the study committee by the person replacing him or her in the position.

Members of the committee serve without compensation, but are entitled to reimbursement for all reasonable and necessary expenses, including travel expenses, in the performance of their duties as provided in s. 112.061, F.S.

The committee is to meet at times and locations determined by the chair, but must meet a minimum of four times. At least two meetings must be held in an area that is centrally located to utility customers who have recently been affected by a significant increase in water or wastewater utility rates. The public must be given the opportunity to speak at the meetings.

The Public Service Commission is to provide the staff, information, assistance, and facilities as are deemed necessary for the committee to carry out its duties. Funding for the committee is to be paid from the Florida Public Service Regulatory Trust Fund.

The purpose of the study committee is to identify issues of concern of investor-owned water and wastewater utility systems, particularly small systems, and their customers and to research possible solutions. In addition, the committee must consider:

- The ability of a small investor-owned water or wastewater utility to achieve economies of scale when purchasing equipment, commodities, or services.
- The availability of low interest loans to a small, privately owned water or wastewater utility.
- Any tax incentives or exemptions, temporary or permanent, which are available to a small water or wastewater utility.
- The impact on customer rates if a utility purchases an existing water or wastewater utility system.
- The impact on customer rates of a utility providing service through the use of a reseller.
- Other issues that the committee identifies during its investigation.

The committee must prepare and submit a report detailing its findings and making specific legislative recommendations, including proposed legislation intended to implement its recommendations, to the Governor, the President of the Senate, and the Speaker of the House of Representatives by February 15, 2013. If the committee, in its report, finds that an issue may effectively be addressed through agency rulemaking, it must submit to the appropriate agencies its report and recommendations, including proposed rules.

**Section 2** provides an effective date of upon becoming a law.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. **Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Indeterminate.

C. Government Sector Impact:

The CS requires the Public Service Commission to provide staff, assistance, and facilities to support the study committee. Further, funding for the committee, including funding for travel and other reimbursable expenses of members and rental of necessary meeting facilities, will be paid from the Florida Public Service Regulatory Trust Fund.

VI. **Technical Deficiencies:**

None.

VII. **Related Issues:**

None.

VIII. **Additional Information:**

A. Committee Substitute – Statement of Substantial Changes:

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

**CS by Environmental Preservation and Conservation on February 21, 2012:**

Deletes the provisions of the CS and replaces them with a revised study committee composed of 18 members.

**CS by Communications, Energy, and Public Utilities on February 13, 2012:**

Deletes the provisions of the original bill and replaces them with a revised study committee.

B. Amendments:

None.



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LEGISLATIVE ACTION

Senate	.	House
Comm: FAV	.	
02/21/2012	.	
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The Committee on Environmental Preservation and Conservation (Latvala) recommended the following:

**Senate Amendment (with title amendment)**

Delete everything after the enacting clause and insert:

Section 1. Study Committee on Investor-Owned Water and Wastewater Utility Systems.-

(1) There is created a Study Committee on Investor-Owned Water and Wastewater Utility Systems, which shall be composed of 18 residents of the state designated and appointed as follows:

(a) The chair of the Public Service Commission or a commissioner designated by the chair, who shall serve as chair of the committee and shall be a nonvoting member of the



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13 committee.

14 (b) The Secretary of Environmental Protection or his or her  
15 designee, who shall be a nonvoting member of the committee.

16 (c) The Public Counsel or his or her designee, who shall be  
17 a nonvoting member of the committee.

18 (d) One member of the Senate appointed by the President of  
19 the Senate.

20 (e) One member of the House of Representatives appointed by  
21 the Speaker of the House of Representatives.

22 (f) Two representatives of Class A investor-owned water or  
23 wastewater utilities appointed by the Governor.

24 (g) One representative of a Class B investor-owned water or  
25 wastewater utility appointed by the Governor.

26 (h) One representative of a Class C investor-owned water or  
27 wastewater utility appointed by the Governor.

28 (i) One customer of a Class A investor-owned water or  
29 wastewater utility appointed by the Governor.

30 (j) One customer of a Class B or Class C investor-owned  
31 water or wastewater utility appointed by the Governor.

32 (k) One representative of a water management district  
33 appointed by the Governor.

34 (l) One representative of the Florida Section of the  
35 American Water Works Association appointed by the Governor.

36 (m) One representative of the Florida Rural Water  
37 Association appointed by the Governor.

38 (n) One representative of a water or wastewater system  
39 owned or operated by a municipal or county government appointed  
40 by the Governor.

41 (o) One representative of a governmental authority that is



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42 created pursuant to chapter 163, Florida Statutes, appointed by  
43 the Governor.

44 (p) The chair of a county commission that regulates  
45 investor-owned water or wastewater utility systems appointed by  
46 the Governor.

47 (q) One representative of a county health department  
48 appointed by the Governor.

49 (2) The members shall serve until the work of the committee  
50 is complete and the committee is terminated, except that if a  
51 member no longer serves in the position required for  
52 appointment, the member shall be replaced by the individual who  
53 serves in such position.

54 (3) Members of the committee shall serve without  
55 compensation, but are entitled to reimbursement for all  
56 reasonable and necessary expenses, including travel expenses, in  
57 the performance of their duties as provided in s. 112.061,  
58 Florida Statutes.

59 (4) An appointing authority may remove or suspend a member  
60 appointed by it for cause, including, but not limited to,  
61 failure to attend two or more meetings of the committee.

62 (5) The Public Service Commission shall provide the staff,  
63 information, assistance, and facilities as are deemed necessary  
64 for the committee to carry out its duties under this section.  
65 Funding for the committee shall be paid from the Florida Public  
66 Service Regulatory Trust Fund.

67 (6) The committee shall identify issues of concern of  
68 investor-owned water and wastewater utility systems,  
69 particularly small systems, and their customers and research  
70 possible solutions. In addition, the committee shall consider:



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71           (a) The ability of a small investor-owned water or  
72 wastewater utility to achieve economies of scale when purchasing  
73 equipment, commodities, or services.

74           (b) The availability of low interest loans to a small,  
75 privately owned water or wastewater utility.

76           (c) Any tax incentives or exemptions, temporary or  
77 permanent, which are available to a small water or wastewater  
78 utility.

79           (d) The impact on customer rates if a utility purchases an  
80 existing water or wastewater utility system.

81           (e) The impact on customer rates of a utility providing  
82 service through the use of a reseller.

83           (f) Other issues that the committee identifies during its  
84 investigation.

85           (7) The committee shall meet at the time and location as  
86 the chair determines, except that the committee shall meet a  
87 minimum of four times. At least two meetings must be held in an  
88 area that is centrally located to utility customers who have  
89 recently been affected by a significant increase in water or  
90 wastewater utility rates. The public shall be given the  
91 opportunity to speak at the meetings.

92           (8) By February 15, 2013, the committee shall prepare and  
93 submit to the Governor, the President of the Senate, and the  
94 Speaker of the House of Representatives a report detailing its  
95 findings pursuant to subsection (6) and making specific  
96 legislative recommendations, including proposed legislation  
97 intended to implement its recommendations. If the committee, in  
98 its report, finds that an issue may effectively be addressed  
99 through agency rulemaking, the committee shall submit to the



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100 appropriate agencies its report and recommendations, including  
101 proposed rules.

102 (9) This section expires and the committee terminates June  
103 30, 2013.

104 Section 2. This act shall take effect upon becoming a law.

105

106 ===== T I T L E A M E N D M E N T =====

107 And the title is amended as follows:

108 Delete everything before the enacting clause  
109 and insert:

110 A bill to be entitled  
111 An act relating to water and wastewater utilities;  
112 creating the Study Committee on Investor-Owned Water  
113 and Wastewater Utility Systems; providing for  
114 membership and terms of service; prohibiting  
115 compensation of the members; providing for  
116 reimbursement of the members for certain expenses;  
117 providing for removal or suspension of members by the  
118 appointing authority; requiring the Public Service  
119 Commission to provide staff, information, assistance,  
120 and facilities that are deemed necessary for the  
121 committee to perform its duties; providing for funding  
122 from the Florida Public Service Regulatory Trust Fund;  
123 providing duties of the committee; providing for  
124 public meetings; requiring the committee to report its  
125 findings to the Governor, the Legislature, and  
126 appropriate agencies and make certain recommendations;  
127 providing for future termination of the committee;  
128 providing an effective date.

By the Committee on Communications, Energy, and Public Utilities; and Senators Hays, Storms, and Fasano

579-03307-12

20121244c1

1 A bill to be entitled  
2 An act relating to water and wastewater utilities;  
3 creating the Study Committee on Investor-Owned Water  
4 and Wastewater Utility Systems; providing for  
5 membership and terms of service; prohibiting  
6 compensation of the members; providing for  
7 reimbursement of the members for certain expenses;  
8 providing for removal or suspension of members by the  
9 appointing authority; requiring the Public Service  
10 Commission to provide staff, information, assistance,  
11 and facilities that are deemed necessary for the  
12 committee to perform its duties; providing for funding  
13 from the Florida Public Service Regulatory Trust Fund;  
14 providing duties of the committee; providing for  
15 public meetings; requiring the committee to report its  
16 findings to the Governor, the Legislature, and  
17 appropriate agencies and make certain recommendations;  
18 providing for future termination of the committee;  
19 providing an effective date.

20  
21 Be It Enacted by the Legislature of the State of Florida:

22  
23 Section 1. Study Committee on Investor-Owned Water and  
24 Wastewater Utility Systems.—

25 (1) There is created a Study Committee on Investor-Owned  
26 Water and Wastewater Utility Systems, which shall be composed of  
27 17 members designated and appointed as follows:

28 (a) Two Senators appointed by the President of the Senate,  
29 one of whom shall be appointed as chair by the President of the

579-03307-12

20121244c1

30 Senate.

31 (b) Two Representatives appointed by the Speaker of the  
32 House of Representatives.

33 (c) The Secretary of Environmental Protection or his or her  
34 designee, who shall be a nonvoting member of the committee.

35 (d) The chair of the Public Service Commission or his or  
36 her designee, who shall be a nonvoting member of the committee.

37 (e) A representative of a water management district  
38 appointed by the Governor.

39 (f) A representative of a water or wastewater system owned  
40 or operated by a municipal government appointed by the Governor.

41 (g) A representative of a water or wastewater system owned  
42 or operated by a county government appointed by the Governor.

43 (h) The chair of a county commission that regulates  
44 investor-owned water or wastewater utility systems appointed by  
45 the Governor, who shall be a nonvoting member of the committee.

46 (i) A representative of a county health department  
47 appointed by the Governor, who shall be a nonvoting member of  
48 the committee.

49 (j) A representative of the Florida Rural Water Association  
50 appointed by the Governor.

51 (k) A representative of a small investor-owned water or  
52 wastewater utility appointed by the Governor.

53 (l) A representative of a large investor-owned water or  
54 wastewater utility appointed by the Governor.

55 (m) The Public Counsel or his or her designee.

56 (n) A customer of a Class C water or wastewater utility  
57 appointed by the Governor.

58 (o) A representative of a governmental authority that was

579-03307-12

20121244c1

59 created pursuant to chapter 163, Florida Statutes, appointed by  
60 the Governor.

61 (2) The members shall serve until the work of the committee  
62 is complete and the committee is terminated, except that if a  
63 member no longer serves in the position required for  
64 appointment, the member shall be replaced by the individual who  
65 serves in such position.

66 (3) Members of the committee shall serve without  
67 compensation, but are entitled to reimbursement for all  
68 reasonable and necessary expenses, including travel expenses, in  
69 the performance of their duties as provided in s. 112.061,  
70 Florida Statutes.

71 (4) An appointing authority may remove or suspend a member  
72 appointed by it for cause, including, but not limited to,  
73 failure to attend two or more meetings of the committee.

74 (5) The Public Service Commission shall provide the staff,  
75 information, assistance, and facilities as are deemed necessary  
76 for the committee to carry out its duties under this section.  
77 Funding for the committee shall be paid from the Florida Public  
78 Service Regulatory Trust Fund.

79 (6) The committee shall identify issues of concern of  
80 investor-owned water and wastewater utility systems,  
81 particularly small systems, and their customers and research  
82 possible solutions. In addition, the committee shall consider:

83 (a) The ability of a small investor-owned water or  
84 wastewater utility to achieve economies of scale when purchasing  
85 equipment, commodities, or services.

86 (b) The availability of low interest loans to a small,  
87 privately owned water or wastewater utility.

579-03307-12

20121244c1

88 (c) Any tax incentives or exemptions, temporary or  
89 permanent, which are available to a small water or wastewater  
90 utility.

91 (d) The impact on customer rates if a utility purchases an  
92 existing water or wastewater utility system.

93 (e) The impact on customer rates of a utility providing  
94 service through the use of a reseller.

95 (f) Other issues that the committee identifies during its  
96 investigation.

97 (7) The committee shall meet at the time and location as  
98 the chair determines, except that the committee shall meet a  
99 minimum of four times. At least two meetings must be held in an  
100 area that is centrally located to utility customers who have  
101 recently been affected by a significant increase in water or  
102 wastewater utility rates. The public shall be given the  
103 opportunity to speak at the meetings.

104 (8) By February 15, 2013, the committee shall prepare and  
105 submit to the Governor, the President of the Senate, and the  
106 Speaker of the House of Representatives a report detailing its  
107 findings pursuant to subsection (6) and making specific  
108 legislative recommendations, including proposed legislation  
109 intended to implement its recommendations. If the committee, in  
110 its report, finds that an issue may effectively be addressed  
111 through agency rulemaking, the committee shall submit to the  
112 appropriate agencies its report and recommendations, including  
113 proposed rules.

114 (9) This section expires and the committee terminates June  
115 30, 2013.

116 Section 2. This act shall take effect upon becoming a law.

THE FLORIDA SENATE  
**APPEARANCE RECORD**

2 ✓

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2-21-12

Meeting Date

Topic STATE LANDS

Bill Number 1554  
*(if applicable)*

Name DAVID CULLEN

Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title \_\_\_\_\_

Address 1674 UNIVERSITY PKWY  
*Street*

Phone 941.323.2404

SARASOTA FL 34243  
*City State Zip*

E-mail cullenasea@  
vel.com

Speaking:  For  Against  Information

Representing SIERRA CLUB FLORIDA

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

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S-001 (10/20/11)

THE FLORIDA SENATE  
**APPEARANCE RECORD**



(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2-21-12

Meeting Date

Topic state laws

Bill Number 1554

(if applicable)

Name Julie Wraithmell

Amendment Barcode \_\_\_\_\_  
(if applicable)

Job Title Dir. of Wildlife Conservation

Address 308 N Monroe

Phone \_\_\_\_\_

Street

Tallahassee

32308

City

State

Zip

E-mail jwraithmell@audubon.org

Speaking:  For  Against  Information

Representing Audubon of Florida

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

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**THE FLORIDA SENATE**  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Feb 21 2012

Meeting Date

Topic State Laws

Bill Number 1554  
*(if applicable)*

Name Jane Bowman

Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title Dir of Leg Policy & Strategies

Address 625 N. Adams Street

Phone 251-9406

Tall FL 32301  
City State Zip

E-mail Jane - Bowman

Speaking:  For  Against  Information

*M.L. Dig*

Representing \_\_\_\_\_

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

**This form is part of the public record for this meeting.**

S-001 (10/20/11)

**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.)

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Prepared By: The Professional Staff of the Environmental Preservation and Conservation Committee

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BILL: SB 1554

INTRODUCER: Senator Altman

SUBJECT: State Lands

DATE: February 16, 2012

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Uchino	Yeatman	EP	<b>Pre-meeting</b>
2.			BC	
3.				
4.				
5.				
6.				

**I. Summary:**

The bill allows a private landowner to directly request the Board of Trustees of the Internal Improvement Trust Fund (Board) to transfer state-owned lands to a private landowner in exchange for a conservation easement over the privately held lands. It also specifies the circumstances and time frame for the Board’s consideration of a request.

This bill substantially amends s. 253.42 of the Florida Statutes.

**II. Present Situation:**

**Disposition of State-owned Lands**

Section 253.42, F.S., allows the Board to exchange lands vested or titled in the name of the Board. This section authorizes the Board to set the terms and conditions for land exchanges with various parties. In exchanging conservation lands for which consideration was paid, the Board is required to request of local governments land of equal conservation value. The statute defines “equal value” as the conservation benefit of the lands being offered for exchange being equal or greater in conservation benefit than the state-owned lands. In exchanging lands not acquired by the state through paid consideration, the Acquisition and Restoration Council (ARC) must make a determination of a net-positive conservation benefit, irrespective of appraised value. If the property sought in an exchange is designated as nonconservation lands and was received with no consideration paid, it must first be offered to a local government at no cost, absent a legal instrument prohibiting such a transfer. The local government must also use the land for a public purpose.

An exchange of land requires the land be declared as surplus and the acquisition of replacement lands. Pursuant to article X, section 18 of the Florida Constitution, and ss. 253.42 and 253.034(6), F.S., the Board and ARC must determine that the lands proposed for exchange are no longer needed for conservation purposes. For conservation lands, s. 253.034(6), F.S., also requires the Board to make the determination that the exchange will result in a net-positive conservation benefit. Additionally, s. 253.043(15), F.S., requires the Board to first offer surplus lands proposed for exchange to universities, community colleges and state agencies before they are offered to the general public.

Currently, requests for exchanges are made to the Department of Environmental Protection's (DEP), Division of State Lands, acting on behalf of the Board. All exchanges are handled pursuant to Rule 18-2, Florida Administrative Code (F.A.C.). With regard to exchanges of state-owned lands with private entities, Rule 18-2.018(3)(b)6., F.A.C., states, "exchanges may be applied for by private landowners only if they own or can acquire land on an approved state acquisition list and the parcel sought by the private landowner has been selected for conveyance through the land disposal process."

Conservation easements are defined by s. 704.06, F.S., as a right or interest in real property that retains the land in a natural state, including agriculture uses. Such easements include maintaining the structural integrity or physical appearance of historical, architectural, archeological or culturally significant sites. Certain activities that are detrimental to the natural state, structural integrity or physical appearance are prohibited or limited.

### **Preservation 2000 and Florida Forever Bond Restrictions**

P2000 bonds will be fully retired in fiscal year 2012-13; however, Florida Forever bonds will not be fully retired until December 2030. There are certain restrictions contained in statute that prevent disposition of state-owned lands purchased with bond proceeds. Disposition of lands purchased with Preservation 2000 or Florida Forever bond proceeds is limited by ss. 259.101(6)(c) and 253.618(7), F.S., respectively. Generally, the two sections prohibit the disposition of land if it would cause all or any portion of the interest of such bonds to lose the exclusion from gross income for federal income tax purposes.

Additionally, the disposition of state-owned lands may trigger an IRS regulation regarding private use of state-owned lands. If this occurs, the state must act to remediate the action in order for the bonds to maintain their tax-exempt status. Three provisions, known as safe harbor provisions, govern how the state may remediate the private use of state-owned lands purchased with tax-exempt bond proceeds:

- The consideration for the transfer must be exclusively cash;
- The bond issuer reasonably expects to spend the cash received within two years of the transfer for other qualified uses; and
- Any cash left over must be used to redeem or defease bonds.

If land is surplussed, the yield on investments purchased with disposition proceeds may exceed the yield on the bonds, provided, among other things, there is reasonable expectation the

proceeds will be used to purchase substitute property within two years. Any excess earnings are rebated to the Federal Government.<sup>1</sup>

### III. Effect of Proposed Changes:

**Section 1** amends s. 253.42, F.S., to provide an alternative mechanism for the exchange of state-owned lands to the current process provided by the Florida Constitution, statute and adopted rules. The bill allows a private party to make a request directly to the Board to take title over state-owned lands in exchange for a conservation easement over the private party's land. The private lands must be contiguous to state-owned lands. In addition, if the private lands are surrounded by state-owned lands on at least 30 percent of its perimeter and an exchange will not create an inholding, the Board is required to act on the request within 60 days. The bill requires special consideration be given if the state retains a conservation easement in perpetuity. Finally, the bill strongly encourages low-impact uses on such lands.

**Section 2** provides an effective date of July 1, 2012.

#### Other Potential Implications:

The exchange of state-owned lands, if purchased with tax-exempt bond proceeds, may threaten the tax-exempt status of P2000 and Florida Forever bond proceeds if the safe harbor provisions are not met.

The bill does not require the Board to require a perpetual conservation easement over lands it transfers or over the conservation easements it acquires.

The bill potentially conflicts with existing law that requires certain surplus lands be offered to universities, community colleges and local governments before being offered to the public.

The alternative mechanism provided in the bill removes the ARC from its current role as the recommending body for conservation land use decisions for disposition of state-owned lands.

Public access may be limited if the private landowner does not allow the public on the formerly state-owned lands or privately held lands now subject to a conservation easement.

The bill *strongly encourages* low-impact uses for state-owned lands transferred to a private party but does not require it. More intense land uses may be incompatible with surrounding land uses or the purpose for which the land was originally purchased.

### IV. Constitutional Issues:

#### A. Municipality/County Mandates Restrictions:

None.

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<sup>1</sup> DEP, *White Paper: Private Use on Public Lands Acquired with Bond Funds* (2010) (on file with the Senate Committee on Environmental Preservation and Conservation).

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**D. Other Constitutional Issues:**

The bill does not require the Board to make a finding that the state-owned land is not needed for conservation purposes before an exchange may be executed. This provision may conflict with article X, section 18 of the Florida Constitution. It is assumed the Board would make such a determination before exchanging state-owned lands, but the bill is silent on this point.

**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

The bill may allow certain land owners to receive title to state-owned lands that may not be available for disposition under current law.

If the Board exchanged state-owned lands accessible to the public for a conservation easement on privately held lands, individuals who currently use the state-owned lands would be prohibited from using either the now privately held lands or the new lands subject to a conservation easement. Conservation easements do not inherently contain a public right of access.

**C. Government Sector Impact:**

The bill may result in an increase in conservation easements held by the state but a decrease in lands held in fee simple, which may result in a devaluation of the state's real estate portfolio. However, since this mechanism is permissive, the impact cannot be determined.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

It is not clear in the bill whether the special consideration for perpetual conservation easements provided for in subsection (c) applies to the state-owned lands or the privately held lands in an exchange. The word "retain" could be interpreted to apply to the state retaining perpetual

conservation easement rights to the formerly state-owned lands or, if used more generally, to hold a perpetual conservation easement in the newly acquired easement.

**VIII. Additional Information:**

- A. **Committee Substitute – Statement of Substantial Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

- B. **Amendments:**

None.

---

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

---

By Senator Altman

24-00312B-12

20121554

1                   A bill to be entitled  
2           An act relating to state lands; amending s. 253.42,  
3           F.S.; providing for certain individuals and  
4           corporations to submit requests to the Board of  
5           Trustees of the Internal Improvement Trust Fund to  
6           exchange state-owned land for conservation easements  
7           over privately held land; providing criteria for  
8           consideration of such requests; encouraging certain  
9           operations on such lands; providing an effective date.

10  
11           WHEREAS, the Legislature finds that significant economic  
12           forces compel the state to be innovative in seeking new ways to  
13           expand the protection and conservation of undeveloped lands  
14           while reducing the overall fiscal impact to the state, and

15           WHEREAS, many of these undeveloped lands are held in  
16           private ownership by individuals or by private or public  
17           corporations and are contiguous to existing state-owned land,  
18           and

19           WHEREAS, the Legislature recognizes that these entities may  
20           have additional management resources that would assist in the  
21           conservation and protection of natural resources on such lands  
22           and allow the state to increase the amount of land under  
23           protective covenants, and

24           WHEREAS, it is the intent of the Legislature to encourage  
25           the use of conservation easements over privately held land  
26           through the exchange of state-owned land, to secure the future  
27           of natural resource-based recreation areas, and to ensure the  
28           survival of plant and animal species and the conservation of  
29           finite and renewable natural resources, NOW, THEREFORE,

24-00312B-12

20121554

30  
31 Be It Enacted by the Legislature of the State of Florida:

32  
33 Section 1. Subsection (4) is added to section 253.42,  
34 Florida Statutes, to read:

35 253.42 Board of trustees may exchange lands.—The provisions  
36 of this section apply to all lands owned by, vested in, or  
37 titled in the name of the board whether the lands were acquired  
38 by the state as a purchase, or through gift, donation, or any  
39 other conveyance for which no consideration was paid.

40 (4) (a) An individual or any private or public corporation  
41 that owns privately held land contiguous to state-owned land may  
42 submit a request directly to the board to exchange state-owned  
43 land for conservation easements placed over the privately held  
44 land.

45 (b) If the privately held land is surrounded by state-owned  
46 land on at least 30 percent of its perimeter and the exchange  
47 does not create an inholding, the board shall consider such  
48 request within 60 days after receipt of the request.

49 (c) Special consideration shall be given to a request  
50 submitted pursuant to this subsection which allows the state to  
51 retain a conservation easement in perpetuity. Low-impact  
52 operations, such as grazing, forest management, prescribed  
53 burning, and wildlife management practices, are strongly  
54 encouraged on such lands.

55 Section 2. This act shall take effect July 1, 2012.

THE FLORIDA SENATE

APPEARANCE RECORD

3

T.P.

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2-21-12  
Meeting Date

Topic BILL/GAS DEVELOPMENT Bill Number 1158  
(if applicable)

Name DAVID CULLEN Amendment Barcode \_\_\_\_\_  
(if applicable)

Job Title \_\_\_\_\_

Address 1674 UNIVERSITY PKWY #296 Phone 941-323-2404  
Street

SARASOTA FL 34243 E-mail cullenasp@aol.com  
City State Zip

Speaking:  For  Against  Information

Representing SIERRA CLUB FLORIDA

Appearing at request of Chair:  Yes  No Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE  
**APPEARANCE RECORD**

3  
TP

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2-21-12  
Meeting Date

Topic Oil & Gas Drilling

Bill Number CS/SB 1158  
*(if applicable)*

Name Stephanie Kunkel

Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title \_\_\_\_\_

Address 1830 Meriadox Rd.

Phone 850-320-4208

*Street*

Tallahassee FL 32303

*City*

*State*

*Zip*

E-mail Stef.Kunkel@gmail.com

Speaking:  For  Against  Information

Representing Clean Water Action

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

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S-001 (10/20/11)

THE FLORIDA SENATE  
**APPEARANCE RECORD**

3

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(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2-21-12

Meeting Date

Topic Blackwater River State Forest

Bill Number CS/SB 1158  
*(if applicable)*

Name Dana Timmons

Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title President

Address 2393 W Bayshore Rd

Phone 850/934-4521

*Street*  
Gulf Breeze FL 32563  
*City State Zip*

E-mail timmons.dana@gmail.com

Speaking:  For  Against  Information

Representing FRANCIS M. Weston Audubon

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

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THE FLORIDA SENATE  
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3  
TP

2-21-12  
Meeting Date

Topic oil drilling / public lands

CS/SB

Bill Number 1158  
*(if applicable)*

Name Julie Wraithmell

Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title Dir of Wildlife Conservation

Address 308 N. Monroe St.  
*Street*  
Tallahassee, FL 32301  
*City State Zip*

Phone 850-339-5009

E-mail jwraithmell@audubon.org

Speaking:  For  Against  Information

Representing Audubon of Florida

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

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2/21/12  
Meeting Date

Topic Oil & Gas Drilling on Public Lands

Bill Number 1158  
(if applicable)

Name Brian Lee

Amendment Barcode \_\_\_\_\_  
(if applicable)

Job Title Consultant

Address 1603 Sauls St  
Street

Phone 850.766.7309

Tallahassee FL 32308  
City State Zip

E-mail brian.lee.tallahassee@gmail.com

Speaking:  For  Against  Information

Representing ReThink Energy Florida

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

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S-001 (10/20/11)

THE FLORIDA SENATE  
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2/21/12  
Meeting Date

Topic Oil and Gas Resources

Bill Number SB 1158  
*(if applicable)*

Name Brewster Bevis

Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title VP External Relations

Address 516 W. Adams St

Phone 850-224-7173

*Street*

Tallahassee FL 32301

E-mail bbevis@aif.com

*City*

*State*

*Zip*

Speaking:  For  Against  Information

Representing Associated Industries of Florida

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

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S-001 (10/20/11)

THE FLORIDA SENATE  
**APPEARANCE RECORD**

Waive IN  
OPPOSITION  
TPO

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Feb 21 2012  
Meeting Date

Topic DW. of air GAS Resources

Bill Number 1158  
(if applicable)

Name Jane Brown

Amendment Barcode \_\_\_\_\_  
(if applicable)

Job Title Director of Legislative Policy & Strategies

Address 675 N. Adams St  
Street

Phone 251-9406

Tallahassee FL 32303  
City State Zip

E-mail Jane-Brown@...

Speaking:  For  Against  Information

Waive IN  
OPPOSITION

Representing The Nature Conservancy

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE  
**APPEARANCE RECORD**

TP

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/21  
Meeting Date

Topic David Mica 9/9 GAS

Bill Number 1158  
(if applicable)

Name \_\_\_\_\_

Amendment Barcode \_\_\_\_\_  
(if applicable)

Job Title Director

Address 215 S. Monroe  
Street  
Tallahassee \_\_\_\_\_  
City State Zip

Phone 561-6300

E-mail MICAD@API.ORG

Speaking:  For  Against  Information

Representing FLORIDA PETROLEUM COUNCIL

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

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**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 Environmental Preservation and Conservation Committee

**BILL:** CS/SB 1158

**INTRODUCER:** Communications, Energy, and Public Utilities Committee and Senator Evers

**SUBJECT:** Development of Oil and Gas Resources

**DATE:** February 15, 2012      **REVISED:** \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wiehle	Carter	CU	<b>Fav/CS</b>
2.	Uchino	Yeatman	EP	<b>Pre-meeting</b>
3.			BC	
4.				
5.				
6.				

**Please see Section VIII. for Additional Information:**

A. COMMITTEE SUBSTITUTE.....  Statement of Substantial Changes

B. AMENDMENTS.....  Technical amendments were recommended

Amendments were recommended

Significant amendments were recommended

**I. Summary:**

The Committee Substitute (CS) creates a method by which a state land management agency may determine that there is an opportunity to develop oil and gas resources under onshore state lands “to yield greater, near-term revenue returns for the state,” and may determine to enter into a public-private partnership contract with an authorized business entity. To enter into such a contract:

- A business entity must submit a business proposal that describes the exploration for oil or gas resources and the development of state lands for those purposes, provides an estimate of the revenues that the project is expected to generate for the state, and that may suggest state land to be explored and developed.
- The land management agency shall review the business proposal “in a timely manner” and “in a manner that is consistent with contemporary industry practices.” As a practical matter, this likely will require hiring an expert consultant to do the review.
- The land management agency shall select a private partner based on the business proposal and its consideration must include, but need not be limited to, the technical quality of the exploration program proposed and the proposed timetable of geophysical and drilling activities which expedites the potential for generating revenues. If more than one entity submits a proposal for a public-private partnership for substantially the same area, the land

management agency must evaluate and select the single proposal that will provide the best value for the state.

- The contract must provide specified terms.
- For a proposed public-private partnership contract to be legally binding on the State of Florida, it must be approved by the Governor and Cabinet sitting as the Board of Trustees of the Internal Improvement Trust Fund.

The CS creates an unnumbered section of law.

## II. Present Situation:

Chapter 253, F.S., governs the acquisition, administration, and disposition of state lands.

Pursuant to s. 253.03, F.S., the Board of Trustees of the Internal Improvement Trust Fund (Board), comprised of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture, is responsible for all lands owned by the state or any of its agencies, departments, boards, or commissions. The Board is excluded from administering certain lands enumerated in this section, including:

- lands held for transportation facilities, corridors or canal rights-of-way;
- spoil areas or borrow pits;
- lands in which title is vested in a port authority, flood control district, water management district, navigation district or agency created by a general or special act; and
- lands conveyed to the state for only military purposes.

The Department of Environmental Protection (DEP), through its Division of State Lands (DSL), serves as staff to the Board.<sup>1</sup>

The Board is directed and authorized to enter into leases for the use, benefit, and possession of public lands by agencies which may properly use and possess them for the benefit of the state.<sup>2</sup> The DSL manages the leases and other approvals for all activities on state-owned lands the title to which is or will be vested in the Board.<sup>3</sup>

There are nearly 9.4 million acres of conservation lands in Florida managed by federal, state or local entities. The Board holds title to approximately 3.13 million acres of conservation lands.<sup>4</sup> Most of the lands are open to the public, and nearly all of the lands require some form of stewardship activity. The DSL leases these lands to state agencies and local governments to manage. The DSL has leased over 500 conservation areas that include parks, preserves, forests, wildlife management areas, and other conservation and recreation areas. The DSL also leases non-conservation lands to state agencies and local governments for uses such as universities, correctional institutions and other government buildings.

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<sup>1</sup> Section 253.002(1), F.S.

<sup>2</sup> Section 253.03(2), F.S.

<sup>3</sup> DEP, *Use of State-Owned Lands*, <http://www.dep.state.fl.us/lands/use.htm> (last visited Feb. 15, 2012).

<sup>4</sup> DEP, *Florida's Lands and Water – Brief Facts*, available at [http://www.dep.state.fl.us/lands/files/FloridaNumbers\\_031011.pdf](http://www.dep.state.fl.us/lands/files/FloridaNumbers_031011.pdf) (last visited Feb. 17, 2012). In addition to lands titled in the name of the Board, the water management manage approximately 1.47 million acres of conservation lands.

For purposes of the development and production of oil and gas, the Board is authorized to negotiate, sell, and convey leasehold estates in lands whose title is vested in any state board, department, or agency or is vested in the state and controlled and managed by any such board, department or agency.<sup>5</sup> If the Board believes there is a demand for the purchase of oil and gas leases on a portion of the land owned, controlled, or managed by a state board, department, or agency, then the board must place such oil and gas leases on the market.<sup>6</sup> The Board may designate the blocks, tracts or parcels available for lease. A lease may be made only after public notice, and the lease form must be made publicly available at the Board's office.<sup>7</sup> For lands not already developed for oil or gas, the Board must determine in advance the amount of royalty, never less than one-eighth in kind or in value, and a definite rental, increasing annually after the first two years.<sup>8</sup>

Applicants for a lease must submit sealed bids to the Board, which may not be opened until the time and place specified in the public notice.<sup>9</sup> At a public meeting, the Board will consider any and all bids timely submitted for leasing the advertised lands and, in its discretion, may award the lease to the highest and best bidder. If the Board finds that the bids do not represent the fair value of the lease, that the execution of the lease is contrary to the public welfare, that the responsibility of the bidder offering the highest amount has not been established to its satisfaction, or for any other reason, it may reject all bids, give notice and call for new bids, or withdraw the land from the market.<sup>10</sup>

Each lease must be for a primary term no longer than 10 years and must require that, to remain in full force and effect, operations be carried on in good faith and in a skillful and diligent manner with no cessation of more than 30 consecutive days or that oil or gas is being produced from the leased land in paying quantities. Each lease must provide for its termination in the absence of drilling or reworking operations or production of oil or gas in paying quantities.<sup>11</sup>

The Board may require a surety or property bond, an irrevocable letter of credit, or other proof of financial responsibility from each lessee of public land or mineral interest prior to the time the lessee mines, drills, or extracts petroleum, petroleum products, or gas from the land. The surety bond, irrevocable letter of credit, or other proof of financial responsibility serves as security and is to be forfeited to the Board to pay for any damages caused by mining or drilling operations performed by the lessee.<sup>12</sup>

Florida law prohibits oil and gas leases in specified areas except under certain conditions. In particular, no board or agency or the state has the authority to sell, execute, or enter into any such lease relating to any of the following lands, submerged or unsubmerged:

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<sup>5</sup> Section 253.51, F.S.

<sup>6</sup> Section 253.52, F.S.

<sup>7</sup> *Id.*

<sup>8</sup> Section 253.53, F.S.

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

<sup>10</sup> Section 253.54, F.S.

<sup>11</sup> Section 253.55, F.S.

<sup>12</sup> Section 253.571, F.S. Damages include, but are not limited to, air, water, and ground pollution, destruction of wildlife or marine productivity and any other damage which impairs the health and general welfare of the citizens of the state.

- Lands within the corporate limits of any municipality, unless the governing authority of the municipality shall have first duly consented to the granting or sale of such lease by resolution.
- Lands in the tidal waters of the state, abutting on or immediately adjacent to the corporate limits of a municipality or within 3 miles of such corporate limits extending from the line of mean high tide into such waters, unless the governing authority of the municipality shall have first duly consented to the granting or sale of such lease by resolution.
- Lands on any improved beach, located outside of an incorporated town or municipality, or covering such lands in the tidal waters of the state abutting on or immediately adjacent to any improved beach, or within 3 miles of an improved beach extending from the line of mean high tide into such tidal waters, unless the county commissioners of the county in which such beach is located shall have first duly consented to the granting or sale of such lease by resolution.
- Defined submerged lands in territorial waters.<sup>13</sup>

A person wishing to conduct geophysical operations in search of oil, gas, or minerals must first obtain a permit from the Department of Environmental Protection.<sup>14</sup> The application must contain a statement, in general terms, of the location in which the operation is intended to be conducted. Any information relating to the location of the operation and other information relating to leasing plans, exploration budgets, and other proprietary information that could provide an economic advantage to competitors must be kept confidential by the department for 10 years and exempt from the provisions of s. 119.07(1), F.S., and may not be released to the public without the consent of the person submitting the application.<sup>15</sup>

Whenever geophysical operations are conducted on state-owned mineral lands, the person conducting the operations must provide the Division of Resource Management (the Division) within DEP, acting as agent of the owner of the minerals, a copy of the noninterpreted information derived from the geophysical operations. Any information received by the Division must, upon request of the person conducting the geophysical operations, be held confidential for 10 years from the date of receipt by the division and is exempt from disclosure under any state statute.<sup>16</sup>

### III. Effect of Proposed Changes:

The CS creates an unnumbered section of law to provide a method by which a state land management agency determines, notwithstanding the provisions in chapter 253, F.S., there is an opportunity to develop oil and gas resources under onshore state lands “to yield greater, near-term revenue returns for the state.” If such a determination is made, an agency *may* enter into a public-private partnership contract with an authorized business entity. If a land management agency selects a proposal, it and the private entity must follow certain procedures as outlined below.

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<sup>13</sup> Section 253.61, F.S.

<sup>14</sup> Sections 377.2408 and 377.2424, F.S.

<sup>15</sup> Section 377.2408, F.S.

<sup>16</sup> Section 377.2409, F.S.

The CS specifies the private entity of a public-private partnership bears the financial, technical and operational risk for oil and gas exploration and production.

The CS requires a business entity wishing to enter into such a public-private contract to submit a business proposal that describes the exploration for oil or gas resources and the development of state lands for those purposes. The business entity may also nominate the specific state lands that will be explored and developed in a contract. The proposal must provide an estimate of state revenues the project is expected to generate. Additionally, the proposal must be consistent with approved land management plans for uplands approved pursuant to s. 253.034, F.S., which governs the uses of state-owned lands.

The CS requires the land management agency to review the business proposal “in a timely manner” and “in a manner that is consistent with contemporary industry practices.” As a practical matter, this likely will require hiring expert consultants to do reviews. The geophysical seismic exploration, drilling, and production activities proposed must be of a duration consistent with industry practices. It is unclear if this provision is in conflict with the requirement that the proposal be consistent with approved land management plans.

The CS requires the land management agency to select a private partner based on the business proposal. The land management agency’s consideration must include, but need not be limited to, the technical quality of the exploration program proposed and the proposed timetable of geophysical and drilling activities which expedites the potential for generating revenues. If the land management agency receives more than one proposal for the same area, it must choose the one providing the best value for the state.

The CS specifies that the geophysical data acquired and the subsequent interpretation must be made available to the land management agency or its representatives for review, but shall remain in the sole possession of the business entity until the business entity has selected the lease areas.

The public-private partnership contract must provide for:

- A period of 3 years or longer during which the private partner may explore specified state lands by geophysical seismic methods for the feasibility of oil and gas resource development and production;
- A selection process after geophysical operations are concluded in which the private partner may select and lease prospective parcels of state land for the purpose of exploration and production;
- The lease term of at least five years for state lands identified as a result of the geophysical seismic operations; and
- Negotiated royalty rates and a lease bonus.

Finally, to be legally binding, the CS requires the Board to approve proposed public-private partnership contracts.

The CS takes effect upon becoming a law.

### **Other Potential Implications**

The CS creates an alternative mechanism to the current approval process used by the Board to award drilling contracts to private entities. In contrast to the statutorily-required procedures used by the Board to ensure a decision to issue an oil or gas lease is in the best interest of the public (see “Present Situation” above), the alternative process contained in the CS does not:

- require competitive bidding or sealed bids;
- require minimum royalties and payments to the state;
- require a private entity to provide a surety or property bond, an irrevocable letter of credit or other financial assurances for damages as the result of drilling and production activities; and
- contain a provision that favors laws relating to conservation and control if there are conflicting laws relating to oil and gas exploration and production.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

#### **V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The CS encourages oil and gas exploration and production companies to pursue opportunities to conduct operations on state lands, which could provide potential new investment and job growth.

C. Government Sector Impact:

The impact on state revenues will depend on the response of oil and gas exploration and production companies, the terms of any public-private partnership contracts negotiated with such companies by land management agencies, and actual oil and gas production.

If a state land management agency does not have the necessary expertise to review proposals, it may be required to expend funds hire to expert consultants.

#### **VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

The CS states that a land management agency *may* determine to offer to lease state land, making this determination discretionary. However, if an agency proceeds, the CS provides that the agency “shall review the business proposal” based on provided criteria and “shall select a private partner based on the business proposal.” These later provisions could be interpreted to remove agency discretion in entering into a contract once it accepts a proposal, making these actions mandatory. Alternatively, these provisions could be interpreted as establishing the criteria by which the decisions must be made, but leaving the ultimate decision to the discretion of the agency on whether to proceed.

**VIII. Additional Information:****A. Committee Substitute – Statement of Substantial Changes:**

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

**CS by Communications, Energy, and Public Utilities on February 13, 2012:**

- requires that the proposal be consistent with approved land management plans approved pursuant to s. 253.034, F.S.; and
- deletes the requirement that the contract provide for confidentiality for a period of at least 10 years for the geophysical information or geological information developed as a result of the geophysical seismic exploration by the business entity before the selection of lease areas.

**B. Amendments:**

None.



132080

LEGISLATIVE ACTION

Senate	.	House
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The Committee on Environmental Preservation and Conservation (Latvala) recommended the following:

**Senate Amendment (with title amendment)**

Delete everything after the enacting clause and insert:

Section 1. (1) DUTIES; AUTHORITY.—Notwithstanding the provisions in chapter 253, Florida Statutes, if a land management agency determines that there is an opportunity to develop oil and gas resources under onshore lands west of the Tallahassee Meridian, longitude 84°16'37.59" west, owned by a board, department, or agency of this state to yield greater, near-term revenue returns for the state, the land management agency may participate with a business entity authorized to



132080

13 conduct business in the state in a public-private partnership  
14 contract.

15 (2) PRIVATE-PARTNER RESPONSIBILITIES.—The financial,  
16 technical, and operational risk for the exploration,  
17 development, and production of oil and gas resources is the  
18 responsibility of the private business entity.

19 (3) PROPOSAL SELECTION.—

20 (a) A business entity seeking a public-private partnership  
21 contract shall submit a business proposal that describes the  
22 exploration for oil or gas resources and the development of  
23 state lands for those purposes. The business entity may nominate  
24 state land that is to be explored and developed under the  
25 public-private partnership contract. The proposal shall provide  
26 an estimate of the revenues that the project is expected to  
27 generate for the state. The proposal for upland state lands must  
28 be consistent with approved land management plans approved  
29 pursuant to s. 253.034, Florida Statutes.

30 (b) The land management agency shall review the business  
31 proposal in a timely manner and in a manner that is consistent  
32 with contemporary industry practices. The geophysical seismic  
33 exploration, drilling, and production activities proposed shall  
34 be of a duration consistent with industry practices.

35 (c) The land management agency shall select a private  
36 partner based on the business proposal. The land management  
37 agency's consideration must include, but need not be limited to,  
38 the technical quality of the exploration program proposed and  
39 the proposed timetable of geophysical and drilling activities  
40 which expedites the potential for generating revenues. If more  
41 than one entity submits a proposal for a public-private



132080

42 partnership for substantially the same area, the land management  
43 agency shall evaluate and select the single proposal that will  
44 provide the best value for the state.

45 (d) The geophysical data acquired and the subsequent  
46 interpretation shall be made available to the land management  
47 agency or its representatives for review during the period  
48 provided in paragraph (4) (a), but shall remain in the sole  
49 possession of the business entity until the business entity has  
50 selected the lease areas.

51 (4) PUBLIC-PRIVATE PARTNERSHIP CONTRACT.—The public-private  
52 partnership contract shall provide for:

53 (a) A period of 3 years or longer during which the private  
54 partner may explore specified state lands by geophysical seismic  
55 methods for the feasibility of oil and gas resource development  
56 and production;

57 (b) A selection process after geophysical operations are  
58 concluded in which the private partner may select and lease  
59 prospective parcels of state land for the purpose of exploration  
60 and production;

61 (c) The leasing of state lands identified as a result of  
62 the geophysical seismic operations, which shall be for a term of  
63 at least 5 years; and

64 (d) Negotiated royalty rates and a lease bonus.

65 (5) APPROVAL OF CONTRACT.—The proposed public-private  
66 partnership contract must be approved by the Governor and  
67 Cabinet sitting as the Board of Trustees of the Internal  
68 Improvement Trust Fund in order to be legally binding on the  
69 State of Florida.

70 Section 2. This act shall take effect upon becoming a law.



132080

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===== T I T L E A M E N D M E N T =====

And the title is amended as follows:

Delete everything before the enacting clause  
and insert:

A bill to be entitled  
An act relating to the development of oil and gas  
resources; authorizing a land management agency to  
enter into a public-private partnership with a  
business entity to develop oil and gas resources upon  
certain onshore state lands if the development yields  
near-term revenues for the state; providing that the  
financial, technical, and operational risk for the  
exploration, development, and production of oil and  
gas resources is the responsibility of the private  
business entity; requiring that a business entity  
seeking a public-private partnership contract submit a  
business proposal to the agency for review; specifying  
the information to be included in the business  
proposal; providing criteria for the agency to use in  
selecting the exploration proposal by a business  
entity; requiring that the geophysical data and the  
subsequent interpretation be made available to the  
agency or its representative for review but remain in  
the possession of the business entity; providing  
criteria for the public-private partnership contract;  
requiring a proposed public-private partnership  
contract to be approved by the Governor and Cabinet  
sitting as the Board of Trustees of the Internal



132080

100 Improvement Trust Fund; providing an effective date.

101

102 WHEREAS, the exploration and development of oil and gas  
103 deposits under onshore lands owned by a board, department, or  
104 agency of the state may provide the opportunity to produce  
105 higher, near-term revenues to the state, and

106 WHEREAS, the monetary reward for discovering new reserves  
107 of oil and gas deposits may be significant, and

108 WHEREAS, the exploration for oil and gas deposits via  
109 modern three-dimensional, geophysical seismic methods and  
110 production, with its technological improvements, including  
111 directional and horizontal drilling, although costly, is more  
112 efficient and yields better results than older methods of  
113 exploration and production employed during the past 50 years,  
114 NOW, THEREFORE,



610102

LEGISLATIVE ACTION

Senate	.	House
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The Committee on Environmental Preservation and Conservation (Latvala) recommended the following:

1           **Senate Substitute for Amendment (132080) (with title**  
2 **amendment)**

3  
4           Delete everything after the enacting clause  
5 and insert:

6           Section 1. (1) DUTIES; AUTHORITY.—Notwithstanding the  
7 provisions in ss. 253.52, 253.53, and 253.54, Florida Statutes,  
8 if a land management agency determines that there is an  
9 opportunity to develop oil and gas resources under onshore lands  
10 west of the Tallahassee Meridian, longitude 84°16'37.59" west,  
11 owned by a board, department, or agency of this state to yield  
12 greater, near-term revenue returns for the state, the land



610102

13 management agency may participate with a business entity  
14 authorized to conduct business in the state in a public-private  
15 partnership contract.

16 (2) PRIVATE-PARTNER RESPONSIBILITIES.—The financial,  
17 technical, and operational risk for the exploration,  
18 development, and production of oil and gas resources is the  
19 responsibility of the private business entity.

20 (3) PROPOSAL SELECTION.—

21 (a) A business entity seeking a public-private partnership  
22 contract shall submit a business proposal that describes the  
23 exploration for oil or gas resources and the development of  
24 state lands for those purposes. The business entity may nominate  
25 state land that is to be explored and developed under the  
26 public-private partnership contract. The proposal shall provide  
27 an estimate of the revenues that the project is expected to  
28 generate for the state. The proposal for upland state lands must  
29 be consistent with approved land management plans approved  
30 pursuant to s. 253.034, Florida Statutes.

31 (b) The land management agency shall review the business  
32 proposal in a timely manner and in a manner that is consistent  
33 with contemporary industry practices. The geophysical seismic  
34 exploration, drilling, and production activities proposed shall  
35 be of a duration consistent with industry practices.

36 (c) The land management agency shall select a private  
37 partner based on the business proposal. The land management  
38 agency's consideration must include, but need not be limited to,  
39 the technical quality of the exploration program proposed and  
40 the proposed timetable of geophysical and drilling activities  
41 which expedites the potential for generating revenues. If more



610102

42 than one entity submits a proposal for a public-private  
43 partnership for substantially the same area, the land management  
44 agency shall evaluate and select the single proposal that will  
45 provide the best value for the state.

46 (d) The geophysical data acquired and the subsequent  
47 interpretation shall be made available to the land management  
48 agency or its representatives for review during the period  
49 provided in paragraph (4) (a), but shall remain in the sole  
50 possession of the business entity until the business entity has  
51 selected the lease areas.

52 (4) PUBLIC-PRIVATE PARTNERSHIP CONTRACT.—The public-private  
53 partnership contract shall provide for:

54 (a) A period of 3 years or longer during which the private  
55 partner may explore specified state lands by geophysical seismic  
56 methods for the feasibility of oil and gas resource development  
57 and production;

58 (b) A selection process after geophysical operations are  
59 concluded in which the private partner may select and lease  
60 prospective parcels of state land for the purpose of exploration  
61 and production;

62 (c) The leasing of state lands identified as a result of  
63 the geophysical seismic operations, which shall be for a term of  
64 at least 5 years; and

65 (d) Negotiated royalty rates and a lease bonus.

66 (5) APPROVAL OF CONTRACT.—The proposed public-private  
67 partnership contract must be approved by the Governor and  
68 Cabinet sitting as the Board of Trustees of the Internal  
69 Improvement Trust Fund in order to be legally binding on the  
70 State of Florida.



610102

71 Section 2. This act shall take effect upon becoming a law.

72

73 ===== T I T L E A M E N D M E N T =====

74 And the title is amended as follows:

75 Delete everything before the enacting clause  
76 and insert:

77 A bill to be entitled

78 An act relating to the development of oil and gas  
79 resources; authorizing a land management agency to  
80 enter into a public-private partnership with a  
81 business entity to develop oil and gas resources upon  
82 certain onshore state lands if the development yields  
83 near-term revenues for the state; providing that the  
84 financial, technical, and operational risk for the  
85 exploration, development, and production of oil and  
86 gas resources is the responsibility of the private  
87 business entity; requiring that a business entity  
88 seeking a public-private partnership contract submit a  
89 business proposal to the agency for review; specifying  
90 the information to be included in the business  
91 proposal; providing criteria for the agency to use in  
92 selecting the exploration proposal by a business  
93 entity; requiring that the geophysical data and the  
94 subsequent interpretation be made available to the  
95 agency or its representative for review but remain in  
96 the possession of the business entity; providing  
97 criteria for the public-private partnership contract;  
98 requiring a proposed public-private partnership  
99 contract to be approved by the Governor and Cabinet



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100 sitting as the Board of Trustees of the Internal  
101 Improvement Trust Fund; providing an effective date.  
102

103 WHEREAS, the exploration and development of oil and gas  
104 deposits under onshore lands owned by a board, department, or  
105 agency of the state may provide the opportunity to produce  
106 higher, near-term revenues to the state, and

107 WHEREAS, the monetary reward for discovering new reserves  
108 of oil and gas deposits may be significant, and

109 WHEREAS, the exploration for oil and gas deposits via  
110 modern three-dimensional, geophysical seismic methods and  
111 production, with its technological improvements, including  
112 directional and horizontal drilling, although costly, is more  
113 efficient and yields better results than older methods of  
114 exploration and production employed during the past 50 years,  
115 NOW, THEREFORE,

By the Committee on Communications, Energy, and Public Utilities; and Senator Evers

579-03306-12

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1 A bill to be entitled

2 An act relating to the development of oil and gas  
3 resources; authorizing a land management agency to  
4 enter into a public-private partnership with a  
5 business entity to develop oil and gas resources upon  
6 onshore state lands if the development yields near-  
7 term revenues for the state; providing that the  
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12 seeking a public-private partnership contract submit a  
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14 the information to be included in the business  
15 proposal; providing criteria for the agency to use in  
16 selecting the exploration proposal by a business  
17 entity; requiring that the geophysical data and the  
18 subsequent interpretation be made available to the  
19 agency or its representative for review but remain in  
20 the possession of the business entity; providing  
21 criteria for the public-private partnership contract;  
22 requiring a proposed public-private partnership  
23 contract to be approved by the Governor and Cabinet  
24 sitting as the Board of Trustees of the Internal  
25 Improvement Trust Fund; providing an effective date.

26  
27 WHEREAS, the exploration and development of oil and gas  
28 deposits under onshore lands owned by a board, department, or  
29 agency of the state may provide the opportunity to produce

579-03306-12

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30 higher, near-term revenues to the state, and

31 WHEREAS, the monetary reward for discovering new reserves  
32 of oil and gas deposits may be significant, and

33 WHEREAS, the exploration for oil and gas deposits via  
34 modern three-dimensional, geophysical seismic methods and  
35 production, with its technological improvements, including  
36 directional and horizontal drilling, although costly, is more  
37 efficient and yields better results than older methods of  
38 exploration and production employed during the past 50 years,  
39 NOW, THEREFORE,

40  
41 Be It Enacted by the Legislature of the State of Florida:

42  
43 Section 1. (1) DUTIES; AUTHORITY.—Notwithstanding the  
44 provisions in chapter 253, Florida Statutes, if a land  
45 management agency determines that there is an opportunity to  
46 develop oil and gas resources under onshore lands owned by a  
47 board, department, or agency of this state to yield greater,  
48 near-term revenue returns for the state, the land management  
49 agency may participate with a business entity authorized to  
50 conduct business in the state in a public-private partnership  
51 contract.

52 (2) PRIVATE-PARTNER RESPONSIBILITIES.—The financial,  
53 technical, and operational risk for the exploration,  
54 development, and production of oil and gas resources is the  
55 responsibility of the private business entity.

56 (3) PROPOSAL SELECTION.—

57 (a) A business entity seeking a public-private partnership  
58 contract shall submit a business proposal that describes the

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59 exploration for oil or gas resources and the development of  
60 state lands for those purposes. The business entity may nominate  
61 state land that is to be explored and developed under the  
62 public-private partnership contract. The proposal shall provide  
63 an estimate of the revenues that the project is expected to  
64 generate for the state. The proposal for upland state lands must  
65 be consistent with approved land management plans approved  
66 pursuant to s. 253.034, Florida Statutes.

67 (b) The land management agency shall review the business  
68 proposal in a timely manner and in a manner that is consistent  
69 with contemporary industry practices. The geophysical seismic  
70 exploration, drilling, and production activities proposed shall  
71 be of a duration consistent with industry practices.

72 (c) The land management agency shall select a private  
73 partner based on the business proposal. The land management  
74 agency's consideration must include, but need not be limited to,  
75 the technical quality of the exploration program proposed and  
76 the proposed timetable of geophysical and drilling activities  
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78 than one entity submits a proposal for a public-private  
79 partnership for substantially the same area, the land management  
80 agency shall evaluate and select the single proposal that will  
81 provide the best value for the state.

82 (d) The geophysical data acquired and the subsequent  
83 interpretation shall be made available to the land management  
84 agency or its representatives for review during the period  
85 provided in paragraph (4) (a), but shall remain in the sole  
86 possession of the business entity until the business entity has  
87 selected the lease areas.

579-03306-12

20121158c1

88       (4) PUBLIC-PRIVATE PARTNERSHIP CONTRACT.—The public-private  
89 partnership contract shall provide for:

90       (a) A period of 3 years or longer during which the private  
91 partner may explore specified state lands by geophysical seismic  
92 methods for the feasibility of oil and gas resource development  
93 and production;

94       (b) A selection process after geophysical operations are  
95 concluded in which the private partner may select and lease  
96 prospective parcels of state land for the purpose of exploration  
97 and production;

98       (c) The leasing of state lands identified as a result of  
99 the geophysical seismic operations, which shall be for a term of  
100 at least 5 years; and

101       (d) Negotiated royalty rates and a lease bonus.

102       (5) APPROVAL OF CONTRACT.—The proposed public-private  
103 partnership contract must be approved by the Governor and  
104 Cabinet sitting as the Board of Trustees of the Internal  
105 Improvement Trust Fund in order to be legally binding on the  
106 State of Florida.

107       Section 2. This act shall take effect upon becoming a law.

# CourtSmart Tag Report

**Room:** EL 110

**Case:**

**Caption:** Senate Committee on Environmental Preservation and Conservation

**Type:**

**Judge:**

**Started:** 2/21/2012 9:16:41 AM

**Ends:** 2/21/2012 9:30:04 AM

**Length:** 00:13:24

9:16:47 AM Meeting called to order  
9:16:56 AM Roll call  
9:16:59 AM Pledge of Allegiance  
9:17:50 AM CS/SB 1244 - Senator Hays  
9:18:07 AM Delete-all amendment #333990  
9:18:31 AM Paul Runk to present for Senator Hays  
9:18:53 AM Senator Rich questioning  
9:20:00 AM Amendment - Adopted  
9:20:17 AM Senator Latvala moves a CS  
9:20:27 AM CS/CS/SB 1244 - Passes  
9:20:41 AM SB 1554 - Senator Altman  
9:20:54 AM Rick Kendust to present for Senator Altman  
9:21:38 AM Senator Detert questioning  
9:23:28 AM David Cullen, Sierra Club of Florida  
9:24:19 AM Julie Rathmill, Audubon of Florida  
9:25:15 AM Janet Bowman, The Nature Conservancy  
9:26:21 AM Senator Detert  
9:27:25 AM Senator Rich  
9:27:31 AM Senator Dean moves toTP  
9:27:50 AM CS/SB 1158 - Senator Evers  
9:28:02 AM Bill is TP'd  
9:28:14 AM Senator Dean commenting  
9:28:47 AM Senator Jones commenting  
9:28:56 AM Senator Dean commenting  
9:29:52 AM Meeting adjourned



## THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

### COMMITTEES:

Higher Education, *Chair*  
Environmental Preservation and Conservation,  
*Vice Chair*  
Banking and Insurance  
Budget - Subcommittee on Health and Human Services  
Appropriations  
Budget - Subcommittee on Higher Education  
Appropriations  
Rules - Subcommittee on Ethics and Elections

SENATOR STEVE OELRICH  
14th District

February 21, 2012

Chairman Dean,

I am writing to ask that you please excuse me from today's Environmental Preservation and Conservation committee. If you have any questions, please direct them to my office and staff at (850) 487-5020.

Thank you,

Senator Steve Oelrich

CC: Kim Bonn

A handwritten signature in black ink, appearing to read "Michael S. Bennett".

### REPLY TO:

- 4131 Northwest 28th Lane, Suite 7, Gainesville, Florida 32606 (352) 375-3555
- 418 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5020

Senate's Website: [www.flsenate.gov](http://www.flsenate.gov)

MIKE HARIDOPOLOS  
President of the Senate

MICHAEL S. "MIKE" BENNETT  
President Pro Tempore