

STORAGE NAME: h4465.ca

DATE: April 17, 1998

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
COMMUNITY AFFAIRS
BILL RESEARCH & ECONOMIC IMPACT STATEMENT - LOCAL LEGISLATION**

BILL #: HB 4465

RELATING TO: Broward County/Water and Sewer Rate Changes

SPONSOR(S): Representative Rayson

COMPANION BILL(S): SB 2616 (i)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) COMMUNITY AFFAIRS
 - (2)
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

This bill provides additional procedural requirements for water and sewer rate surcharges imposed by municipalities within Broward County serving customers outside their boundaries.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Under general law, a municipally owned or operated water or sewer utility may, under certain conditions, impose a maximum 25% surcharge on rates, fees, and charges assessed customers outside its municipal boundaries (see s. 180.191, F.S.). The municipal utility is limited to imposing on outside customers either:

- ▶ the same rates, fees and charges charged customers inside municipal boundaries, plus a maximum surcharge of 25%, in which case no public hearing is required except as may be provided for service to consumers inside municipal boundaries; or
- ▶ just and equitable rates, fees and charges based on the same factors used in fixing those rates charged to customers inside municipal boundaries plus a maximum surcharge of 25%. A public hearing is required, and the total of rates, fees and charges to customers outside the municipal boundaries cannot exceed, by more than 50 percent, the amounts charged to customers inside municipal boundaries.

Several municipalities in Broward County have protested the alleged inequity of water and sewer surcharges upon certain residents and businesses when served by adjoining municipalities. Neither state nor local law requires that municipalities within Broward County use surcharge revenues to fund additional municipal services for outside customers. This bill results from negotiations between the Broward County Legislative Delegation and the Town of Davie which had objected to surcharges imposed upon certain residents and businesses by the South Broward Utility, Inc. (owned by the City of Sunrise). The Town of Davie recently adopted a resolution to petition Broward County to introduce legislation exempting utility customers from water and sewer surcharges imposed under s. 180.191, F.S.

B. EFFECT OF PROPOSED CHANGES:

This bill imposes additional procedural requirements upon any municipality within Broward County intending to change the water or sewer rates of customers residing outside its municipal boundary. Specifically, a municipality must hold a duly noticed public hearing, explain the need for the proposed rate change and show the proposed rate is just and equitable before changing the rate. Notice of the public hearing on the rate change must be made through an insert placed in the bills forwarded to customers outside municipal boundaries. These requirements apply notwithstanding the provisions of s. 180.191, F.S.

The bill does not specify the timing, format, and content of the public notice, or provide the criteria for justifying a rate as just and equitable.

C. LAWS OF FLORIDA/FLORIDA STATUTES AFFECTED:

Section 180.191, Florida Statutes

D. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

N/A

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

N/A

(3) any entitlement to a government service or benefit?

N/A

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

N/A

b. Does the bill require or authorize an increase in any fees?

N/A

- c. Does the bill reduce total taxes, both rates and revenues?

N/A

- d. Does the bill reduce total fees, both rates and revenues?

N/A

- e. Does the bill authorize any fee or tax increase by any local government?

N/A

3. Personal Responsibility:

- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

N/A

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

N/A

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

b. Does the bill directly affect the legal rights and obligations between family members?

N/A

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

E. SECTION-BY-SECTION RESEARCH:

Section 1: Requires municipalities within Broward County which provide water or sewer service to residents outside its corporate boundary, to hold a public hearing and provide notice of the public hearing. The notice is to be placed in the bills sent to all customers located outside the municipal boundaries, before implementing rate changes. The utility providing the utility service must explain the necessity of the proposed rate change and demonstrate that the rate is just and equitable.

Section 2: Provides that this act will take effect upon becoming a law.

III. NOTICE/REFERENDUM AND OTHER REQUIREMENTS:

A. NOTICE PUBLISHED? Yes No

IF YES, WHEN? February 9, 1998

WHERE? Fort Lauderdale, Broward County, Florida; *Sun-Sentinel*

B. REFERENDUM(S) REQUIRED? Yes No

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes, attached No

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached No

IV. COMMENTS:

Florida House of Representatives Rule 92.(b) provides:

If a committee determines that a local bill provides only an exemption from general law, it shall be reintroduced as a general bill.

House Bill 4465 is local in its application but appears to only provide an exemption from section 180.191, Florida Statutes.

V. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VI. SIGNATURES:

COMMITTEE ON COMMUNITY AFFAIRS:

Prepared by:

Legislative Research Director:

Tonya Sue Chavis, Esq.

Joan Highsmith-Smith