

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

Date: April 13, 1998 Revised: _____

Subject: Water Management District Budget Review

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Gee</u>	<u>Voigt</u>	<u>NR</u>	<u>Favorable</u>
2.	<u>_____</u>	<u>_____</u>	<u>WM</u>	<u>Withdrawn</u>
3.	<u>_____</u>	<u>Krasovsky</u>	<u>RC</u>	<u>Favorable</u>
4.	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
5.	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

I. Summary:

This bill proposes a constitutional amendment to authorize the Legislature to approve, modify, or disapprove water management district budgets, beginning in FY 2000-2001.

This bill proposes an amendment to section 19, Article III of the State Constitution.

II. Present Situation:

The Legislature enacted the Water Resources Act of 1972 (ch. 373, F.S.). Chapter 373, F.S., is the primary source of policy and directives for water resource regulation in the state. The act created five water management districts (WMDs) encompassing the state which are organized along hydrologic boundaries, and provided for the districts to be headed by governing boards appointed by the Governor and confirmed by the Senate. The districts are subject to the general direction of the Department of Environmental Protection (DEP) and have been delegated a number of functions by the DEP. The WMDs regulate water quality and quantity through a permitting system and, collectively, have grown over the years to a size exceeding that of many state agencies, with more than 3200 employees and operating budgets totaling approximately \$850,517,000 in FY 1997. The districts fund their operations primarily with ad valorem revenues, permit fees, and any funds appropriated by the Legislature from the Surface Water Improvement and Management Trust Fund and the Water Management Lands Trust Fund.

As the WMDs have grown in size and complexity, their activities have become increasingly controversial. Much attention has focused on the issue of appointed officials levying ad valorem taxes. WMDs are limited to a millage not exceeding 1.0 mill by s. 9(b) of Art.7 of the State

Constitution (except for the Northwest Florida WMD which may only levy 0.05 mill). The WMDs are further restricted, pursuant to s. 373.503(3)(a), F.S., in the amount of millage they levy as set out below:

1. Northwest Florida WMD - 0.05 mill
2. Suwannee River WMD - 0.75 mill
3. St. Johns River WMD - 0.6 mill
4. Southwest Florida WMD - 1.0 mill
5. South Florida WMD - 0.80

Pursuant to s. 1, Art. VII of the State Constitution, the state may not levy ad valorem taxes upon real property.

In many ways, the WMDs have become major factors in the lives of a great many Floridians, and their functions have been subject to review by the Legislature on eight occasions since 1988. These reviews have resulted in a number of changes designed to improve WMD functions, and, in recent years, to increase their fiscal accountability.

Pursuant to s. 373.536(5), F.S., enacted in 1997, the Executive Office of the Governor must analyze the WMD's annual budgets and is authorized to approve or disapprove them, in whole or in part, but may not otherwise change the budgets.

III. Effect of Proposed Changes:

This bill would place on the ballot an amendment to s. 19, Art. III of the State Constitution to authorize the Legislature to, as provided by general law, approve, modify, or disapprove, in whole or in part, WMD budgets. This authority would begin with the budgets for FY 2000-2001.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

When legislation authorizing the Legislature to approve or disapprove WMD budgets has been proposed in previous years, concern has been expressed that to do so would constitute the constructive management of WMD operations because the ability to disapprove budgets, or parts thereof, implies the ability to control the creation or operation of district programs. Because the state is constitutionally unable to levy ad valorem taxes (the WMD's primary revenue source), directing the activities of the WMDs might violate this prohibition, it was argued. Nevertheless, the 1996 Legislature enacted ch. 96-339, L.O.F., authorizing the Executive Office of the Governor to approve or disapprove, in whole or in part, WMD budgets. By authorizing the Legislature to modify WMD budgets as well as approve or disapprove them, this amendment may raise similar concerns.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

Although there is no determinable impact on the private sector, the amendment could result in increased or reduced ad valorem taxes, based on the Legislature's actions regarding WMD budgets.

C. Government Sector Impact:

Depending on the Legislature's actions, WMD programs could be significantly affected by reductions, changes, or increases in WMD budgets.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

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