

# 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.)

BILL: SB 1698

SPONSOR: Senator Laurent

SUBJECT: Southern Water Use Caution Area Pilot Project

DATE: March 29, 2000 REVISED: 04/17/00 \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Branning</u>	<u>Voigt</u>	<u>NR</u>	<u>Fav/1 amendment</u>
2.	_____	_____	<u>AG</u>	_____
3.	_____	_____	<u>GO</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

**I. Summary:**

This bill creates a pilot program in the Southern Water Use Caution Area (SWUCA) within the Southwest Florida Water Management District to allow water-use permittees to lease all or part of their allocations of water from the Southwest Florida Water Management District to third parties who would not be required to obtain individual consumptive-use permits. Requires the district to establish minimum flows and levels for certain specified water bodies in the SWUCA. Requires the district to account for the needs of natural systems and the estimated amount of water necessary to supply domestic users. Provides that water in excess of that amount is the baseline by which the district evaluates the water-use permits for participants in the pilot program. Provides criteria for participation in the pilot program. Provides penalties for overpumping. Requires the district to report annually to the Governor and the Legislature on the pilot program. Provides that the pilot program expires March 3, 2015.

This bill amends ss. 373.219 and 373.236, F.S.; and creates s. 373.2705, F.S.

**II. Present Situation:**

Section 373.0361, F.S., requires the Department of Environmental Protection (DEP), to submit an annual report to the Governor and the Legislature on the status of regional water supply planning in each water management district. The most recent report was dated October, 1999, and provided information for this analysis on the considerable activities underway in Florida for water supply planning.

Making sure there is enough water is the key to Florida's future. The Florida Water Resources Act (ch. 373, F.S.) provides an overall framework for water management. The Florida Water Plan, District Water Management Plans, Districtwide Water Supply Assessments, and Regional Water Supply Plans, help provide integrated water resource management solutions for each region of the state. DEP's 1999 report, developed with the assistance of the five water management districts, focuses on one aspect of the framework: the Regional Water Supply Plans.

The Florida Water Resources Act (ch. 373, F.S.) directs the five water management districts to initiate regional water supply planning in all areas of the state where reasonably anticipated sources of water are deemed inadequate to meet year 2020 projected demands during a 1-in-10-year drought. Further, the districts are assigned the primary responsibility for conducting water resource development. In FY 2000, the water management districts will allocate a total of \$208.7 million for all water supply-related activities and a total of \$66.4 million for specific water resource development projects.

Planning is needed to ensure that the state has enough water to meet the reasonable and beneficial needs of the future while also sustaining natural systems. Already established are several water resource caution areas and 17 water supply planning regions. Water resource caution areas were established as specific geographic areas that have water resource problems which are critical or are anticipated to become critical within 20 years. [Rule 62-340(2), F.A.C.] In each water resource caution area, special emphasis is placed on water reuse and conservation. [s. 373.1961(2), F.S.]

Section 373.036(2)(b)4, F.S., requires that districtwide water supply assessments be completed by each district in 1998. For each of the 17 planning regions established in the state, the districts were required to determine:

*Existing legal uses, reasonably anticipated future needs, and existing and reasonably anticipated sources of water and conservation efforts; and*

*Whether existing and reasonably anticipated sources of water and conservation efforts are adequate to supply water for all existing legal uses and reasonably anticipated future needs and to sustain the water resources and related natural systems.*

Nine of the 17 planning regions were determined not to have sufficient supplies to meet the 20-year projected demands while sustaining the natural systems. Development of a regional water supply plan is required, by statute, for any area determined to have existing and projected deficiencies.

Section 373.0361, F.S., directs the water management districts to include in their water supply plans "a listing of those water resource development projects that support water supply development" and provide an estimate of the amount of water to become available through each water resource development project. [s. 373.0361(2)(b)1. and 2., F.S.]

As regional water supply plans are completed, the identification and quantification of water resource development projects will be clearer, and funding for their implementation will increase as needed within each district.

Common law for water, unlike common law for other natural resources such as timber and minerals, did not recognize private property rights. See *Village of Tequesta v. Jupiter Inlet Corp.*, 371 So. 2d 663, 666(Fla. 1979) (stating the present law that one does not possess a private property right in the water itself), cert. denied, 444 U.S. 965, 100 S. Ct. 453(1979).

As for groundwater, the Florida Supreme Court in *Canon v. Florida Power Co.*, 76 So. 535, 536 (Fla. 1917), stated that “each landowner is restricted to a reasonable use of his property as it affects subsurface waters passing to or from the land of another.” Affirming the holding in *Canon*, the Florida Supreme Court in *Koch v. Wick*, 87 So. 2d 47, 48 (Fla. 1956), held that use by overlying landowners of percolating groundwater must be tied to a reasonable and beneficial use of the land and cannot unreasonably interfere with the rights of others. Because use of percolating groundwater remained tied to the overlying land, the landowner could not transport this water offsite. The Florida Supreme Court also applied this “reasonable use” analysis to water consumption from surface water bodies.

Water Use Caution Areas, also referred to as Water Resource Caution Areas, are defined in rule by the water management districts as areas where water sources are or will become critical in the next 20 years. The Southern Water Use Caution Area (SWUCA) was created by the Southwest Florida Water Management District via rule in 1992, and combined the previously designated Eastern Tampa Bay Water Use Caution Area (ETBWUCA), the Highlands Ridge Water Use Caution Area (HRWUCA), and the land between them. The SWUCA covers an area of 5,100 square miles and includes all of DeSoto, Hardee, Manatee, and Sarasota counties as well as portions of Charlotte, Highlands, Hillsborough, and Polk counties. Although the rule was declared invalid by an administrative law judge, the district and others commonly use the SWUCA designation.

The district developed a rule in 1992 to address the water-use problems within the SWUCA. The rule proposed a more flexible transfer of allocated but unused water supply between permittees and those entities needing more water; preferential treatment of existing permittees; a requirement that entities which purchase water wholesale from a permitted public supplier, for subsequent resale or use, also obtain consumptive use permits. That rule was challenged by a number of local governments, agricultural and other private-sector businesses, and environmental advocates in 1994. The administrative law judge in the case invalidated significant portions of proposed rule in 1997, saying the Southwest Florida Water Management District lacked statutory authority to implement many of its provisions. Portions of the ruling remain under appeal by the district and eight other entities.

While it awaits a decision on its appeal, the district continues its efforts to develop a water management plan for the SWUCA, with the assistance of a number of citizens and interest groups, that is a consensus approach to addressing the area’s growing water needs.

In DEP’s October, 1999 report on water supply planning it was reported that the Southwest Florida Water Management District has in its budget for FY-2000, \$82.9 million for water supply activities and for water resource development projects.

**III. Effect of Proposed Changes:**

**Section 1:** Section 373.2705, F.S., is created to provide for a Southern Water Use Caution Area (SWUCA) pilot program. In the bill, the Legislature finds that:

- The state's five water management districts have identified that in the next 20 years Florida's water consumption will have increased by 1.8 billion gallons a day, to a total of 9 billion gallons. Efforts to provide that increased water supply could cost an estimated \$6 billion.
- In the SWUCA of the Southwest Florida Water Management District the total permitted water allocations for all water-use permittees is at least double the region's sustainable yield of 550 million gallons to 650 million gallons of water a day. Estimated actual water usage in the region is about 650 million gallons a day.
- The existing bureaucratic structure for regulating consumptive uses of water may be too slow and costly to meet these future water needs and is too dependent on taxpayer-funded solutions.
- Despite this heavily regulated structure natural systems are suffering because the water management districts continue to issue water-use permits without the benefit of sufficient data and established minimum flows and levels.
- Private-sector market approaches could provide the flexibility, innovation, and cost efficiency lacking in the current regulatory structure for consumption of water, as long as the water needs of natural systems are protected.

The Legislature intends for the Southwest Florida Water Management District to expeditiously adopt minimum flows and levels for its designated significant waterbodies in the SWUCA in order to prevent further environmental damage to the region's vital natural systems. Further, the Legislature intends for the district to make available opportunities for water-use leases in the SWUCA which reduce the chance for significant environmental harm, protect domestic water users and existing users, promote conservation, and provide efficient and cost-effective transport and use of water without expanding regulatory controls.

The Legislature intends to create a voluntary program within the SWUCA whereby water-use permittees may lease the use of all or part of their permitted allocations to third parties who would not be required to obtain individual water-use permits.

The bill defines the following terms: "aquifer transfer"; "domestic water use"; "most-impacted area"; "Southern Water Use Caution Area"; and "three-year-average actual usage."

By December 31, 2000, the district shall establish minimum flows or levels for the following waterbodies in the SWUCA:

- The Floridan Aquifer;
- The Upper Peace River;
- Lakes Eagle, McLeod, Wales, Clinch, and Crooked in Polk County; and
- Lakes Lotela, Letta, Placid, and Jackson in Highlands County.

In order to provide adequate due process while ensuring timely development of minimum flows and levels, proposed rules authorized by s. 373.0421, F.S., will be ineffective pending resolution of an administrative proceeding under ss. 120.54(3), 120.56, 120.569, or 120.57, F.S. However,

pending resolution of the administrative proceedings, the district may continue evaluating the permits of participants in the pilot program authorized by this bill, if the district substantiates those actions using the underlying bases for the minimum flows and level rules without the benefit of any legal presumption favoring or in deference to the challenged rules or orders.

From the water available in the region, the district shall account for the needs of the natural systems and the estimated amount of water necessary to supply domestic users. The amount of water in excess of that amount is the baseline by which the district evaluates the water-use permits whose holders seek to participate in the pilot program.

Beginning January 3, 2001, most water-use permittees within the SWUCA will have the opportunity to participate in a voluntary program by which the district evaluates their permitted quantities and amount of actual water use. Prohibited from participation in the pilot program are aquifer transfers of water where the potential lessor's withdrawal point is outside the most-impacted area and the potential lessee's withdrawal point is within the most-impacted area.

The following permittees who decide to participate in the pilot program may lease to third parties all or part of their 3-year-average actual usage, as determined by the district:

- Agricultural water-use permittees;
- Public supply water-use permittees; and
- Industrial water-use permittees.

Existing agricultural, public supply, and industrial water-use permittees whose 3-year-average actual usage is determined to exceed the source waterbody's minimum flow or level may not participate in the water-use lease program unless they implement measures within 1 year after joining the program to reduce their actual use so that it complies with the minimum flow or level of the appropriate source waterbody. Agricultural, public supply, and industrial water-use permittees may not lease to a third party more water than is sustainable under the source waterbody's minimum flow or level.

Only those permittees who apply to participate in this program may enter into water-use lease contracts with third parties.

By April 3, 2001, the district shall begin issuing its determinations and notifying permittees who have applied to participate in the pilot program. In addition, persons or entities who develop new water supplies (such as aquifer recharge, aquifer storage and recovery, and surface water reservoirs) must be given the opportunity to participate in the pilot program and may enter into contractual arrangements to lease the use of all or part of the new water quantities. Such persons may include existing water-use permittees who either obtain separate water-use permits from the district to withdraw the additional water or are allowed to modify their current permits, or they may be first-time applicants for water-use permits with the SWUCA.

The duration of the water-use permits for those permittees who participate in the pilot program shall be extended by an additional 20 years from the date of the first notarized lease, subject to the provisions of ss. 373.243 and 373.246, F.S. For participants in the pilot program who develop new water supplies, the duration of their new water-use permits is 20 years. The district shall

modify the extended permit of any existing or new permittee choosing not to participate in the pilot program through nonrenewal of an existing lease, or failure to execute a lease agreement with a new lessee upon expiration of the initial lease, by revoking the 20-year permit extension.

Water-use permittees who participate in the pilot program are not subject to the competing-application provisions of s. 373.233, F.S., or the local-sources-first considerations of s. 373.223(3), F.S., at the time of permit renewal, if they meet all other statutory requirements. However, participants' renewal applications that are filed after the pilot program has expired are subject to the competing-application provisions and the local-sources-first considerations.

Water-use permittees participating in the program may enter into contracts with third parties to lease all or a portion of their water usage or new water created for consumption within the SWUCA. Each contract may be in force for a period not to exceed 5 years and may be renewed. A contract may not be executed or renewed for a term that exceeds the duration of the underlying permit. The contract must contain certain specified information.

The lessor shall forward a copy of each contract to the Southwest Florida Water Management District before it is executed.

Before executing any lease involving aquifer transfer, the district has 30 days with which to evaluate the lessee's proposed use in the context of its impact on existing users, its impact on local environmental conditions, and whether it is a reasonable-beneficial use. The district shall notify the proposed lessor and the lessee by certified mail by the 30th day if the proposed aquifer transfer would have such adverse impacts. The lease may not be executed until the district's concerns are addressed. If the proposed lessor and lessee are not notified by the district within the 30-day period, the lease is presumed to meet the evaluation criteria and may be executed.

If a water-use permittee participating in the program or a lessee, individually or in combination, withdraws more water than allowed by the terms of the underlying water-use permit, the permittee is subject to the following penalties:

- First violation -- the underlying permittee shall be issued a warning by the district.
- Second violation within a period of 36 months from the date of the first violation -- the underlying permittee is subject to a fine of \$1,000 or \$1 for every 1,000 gallons of water overpumped, whichever is greater.
- Third violation within a period of 36 months from the date of the first violation -- the underlying permittee is subject to a fine of \$2,000 or \$2 for every 1,000 gallons of water overpumped, whichever is greater.
- Fourth violation within a period of 36 months from the date of the first violation -- the underlying permittee is subject to modification or revocation of the existing water-use permit by the district.

All fines collected by the district are to be deposited into funds for permit enforcement.

Legal action may not be brought against the district or the state by the lessor or lessee because of breach of contract in a water-transfer lease.

A lessee may not transfer outside the SWUCA the water obtained under a lease contract, nor may a lessee enter into an agreement to further sublease the use of water to another party.

To reduce the possibility that under this program water will be stored in order to artificially create shortages, lessees must begin using the water within 12 months after the contract is executed.

This section (s.373.2705, F.S.) expires March 3, 2015.

**Section 2:** Section 373.219, F.S., is amended to provide that persons or entities who obtain a transfer-of-use authorization do not need a consumptive use permit.

**Section 3:** Section 373.236, F.S., is amended provide that water-use permits for participants in the water-use leasing pilot program shall be initially extended for an additional 20 years. Subsequent renewals of permits for such participants shall be for duration of 20 years.

**Section 4:** The Southwest Florida Water Management District is required to submit an annual report to the Governor and the Legislature beginning March 1, 2002, detailing certain information about the pilot program.

**Section 5:** This act shall take effect 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. Economic Impact and Fiscal Note:**

**A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

For the first time in Florida, some consumers will begin paying for the water itself, and not simply the permitting, treatment and distribution costs associated with water. Such consumers will be purchasing water from existing holders of consumptive-use permits. This will allow existing permit holders to financially benefit from the sale of their allocations to third parties. This market approach is expected to create a competitive cost structure so that these consumers have choices. However, once the district implements the SWUCA minimum flows and levels, and the almost-guaranteed recovery strategies, it will be difficult for newcomers to obtain a consumptive-use permit, as well as for existing permittees to get modifications to withdraw additional water. Transfer-of-use authorizations may become more attractive, or at least acceptable, to consumers under this scenario. Additional competition will be generated when consumers have choices in alternative water supplies, such as desalinated water, that are contemplated in the district's SWUCA management strategy.

**C. Government Sector Impact:**

The Southwest Florida Water Management District will incur additional staff expenses to determine a proposed pilot project participant's 3-year-average actual usage in order to determine the participant's eligibility for the program. In addition, the district is to determine the baseline by which it will evaluate the water-use permits for those seeking to participate in the pilot program. The district is required to review each lease contract within 30 of the contract being signed. This will increase the district's administrative costs, but the exact financial impact is not known at this time.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

#1 by Natural Resources:

This is a strike-everything amendment to rewrite the bill.

**Section 1:** Section 373.2705, F.S., is created to provide for the Southern Water Use Caution Area Pilot Program. The Legislature finds that:

- In the next 20 years, Florida's water consumption will have increased by 1.8 billion gallons a day to a total of 9 billion gallons a day and that the water management districts have estimated that it could cost \$6 billion to develop and implement the increase in necessary water supply.
- Within the Southern Water Use Caution Area (SWUCA) of the Southwest Florida Water Management District, the total permitted groundwater allocations for all water-use permittees

may be double region's sustainable yield. Estimated actual water usage in the region in 1998 was about 650 millions gallons a day.

- The existing administrative system for allocating water resources, and for providing water resource and supply development, may be too slow to meet these future water needs and too dependent on costly taxpayer-funded solutions.
- Within the SWUCA, saltwater intrusion is occurring and natural systems are suffering, due to actual water usage exceeding the region's sustainable yield, and that under the current administrative system actual reduction of permitted quantities is problematic.
- Private-sector market approaches could provide the flexibility, innovation, and cost-efficiency lacking in the current regulatory structure to expand the availability of existing and new water supplies, as long as the water resources, associated needs of natural systems, and existing legal uses are protected.

It is the intent of the Legislature that the Southwest Florida Water Management District take steps to expeditiously adopt minimum flows and levels according to its priority list and schedule required pursuant to s. 373.042, F.S., for water bodies in the SWUCA. Further, the district is to make available opportunities for water-use transfers in the SWUCA which address saltwater intrusion and environmental harm, protect existing legal uses, promote conservation, avoid the negative effects of competition, and create a more efficient and predictable allocation of a public resource without expanding regulatory controls.

It is the Legislature's intent to create a voluntary program within the SWUCA whereby water-use permittees may enter into agreements with entities for the use of all or part of their permitted allocations. Further, it is the Legislature's intent that these entities shall not be required to obtain individual water-use permits, but rather a transfer-of-use authorization from the district that incorporates a limited evaluation of their proposed uses for the water.

The amendment defines "aquifer transfer," "most impacted area," "Southern Water Use Caution Area" or "SWUCA," and "historic annual average quantity."

By December 31, 2001, the district is to establish the minimum flows or levels for the following water bodies in the SWUCA:

- The Floridan Aquifer
- The Upper Peace River
- Lakes Eagle, McLeod, Wales, and Clinch in Polk County
- Lakes Lotela, Letta, and Jackson in Highlands County

Recovery or prevention strategies for any of the above water bodies are expected to result in achieving the minimum level established to address saltwater intrusion, increases in water supplies, or other expected improvements within 15 years of their implementation.

Beginning July 1, 2001, most water-use permittees within the SWUCA shall have the opportunity to participate in a voluntary program through which all or a part of their individual historic annual

average quantity may be used by another party in accordance with procedures set forth in this amendment. Prohibited from participation in the pilot program are aquifer transfers of water where the existing permittee's withdrawal point is outside the most impacted area and the withdrawal point of the entity proposing to use the water is located within the most impacted area.

An existing permittee who desires to make available to other parties all or a portion of its historic annual average quantity shall apply to the district to modify its water use permit to indicate the amount of water associated with the transfer-of-use authorization to be obtained by another party. Provisions relating to competing uses and use of local sources first do not apply to applications to modify a permit to reflect the historic annual average quantity. Modifications under this pilot program are not subject to certain third-party petitions. The current permitted quantity of each water-use permittee participating in the pilot program shall not be reduced.

A person or entity desiring to obtain the use of all or a portion of the historic annual average quantity from an existing water-use permittee shall submit to the district an application for a transfer-of-use authorization. Pilot program transfer-of-use authorizations are subject to certain specified conditions.

The combined quantity of water authorized to be used by a water-use permittee and under the transfer-of-use agreement shall not exceed the historic annual average quantity.

Those permittees who choose not to participate in the pilot program shall continue to operate under the terms and conditions of their existing water-use permits until time for renewal or modification.

Only those permittees who participate in this program shall be allowed to enter into transfer-of-use agreements with other entities.

The district is required to establish a water conserving credit system for those permits that authorize use of water for irrigation of crops and plants that are susceptible to severe climatic conditions. The credit system shall not apply to crops grown on plastic mulch which are not allocated water based on effective rainfalls, or to improved pasture. The credits shall represent a quantity of water that may be used at any time where crop or plant water needs exceed the amount allotted for use. Credits shall be initially assigned by the district at the time a permit is modified. Thereafter, credits may be earned if less than the allowable amount is applied to actual, planted acreage. The governing board is specifically authorized to adopt rules to implement a water conserving credit system including, but not limited to, rules concerning the amount of credits, the initial assignment of credits, earning credits, and the use of credits.

Persons or entities who develop new water supplies through techniques including, but not limited to, aquifer recharge, aquifer storage and recovery, and surface water reservoirs may participate in the pilot program; however, sources other than the Floridan Aquifer shall not be eligible for an aquifer-transfer use authorization. For new water supplies, the quantity available for transfer is all or a portion of the permitted quantity. These persons or entities may include existing water-use permittees who either obtain separate water-use permits from the district to withdraw the

additional water or are allowed to modify their current permits, or they may be first-time applicants for water-use permits within the SWUCA.

Before the date of the first notarized transfer-of-use agreement and regardless of the time remaining under a water-use permit issued to a permittee who participates in the pilot program and to which a transfer-of-use agreement is intended to apply, a permittee who participates in the pilot program may apply for an extension of up to 20 years on the permit which, if granted, may apply to the transfer-of-use agreement term.

The district may modify the extended permit of any existing or new permittee opting out of the pilot program through nonrenewal of an existing agreement, or failure to execute a new agreement upon expiration of the initial one, by revoking the 20-year permit extension. If a 20-year permit extension is revoked, the permit expiration date shall be not less than 1 year from the date of revocation.

Transfers of water-use permits in the pilot program are not subject to the competing-application provisions or the local-sources-first considerations at the time of permit renewal or requested extension. However, participants' renewal applications that are filed after the pilot program has expired are subject to those provisions.

Water-use permittees participating in the program shall be able to enter into transfer-of-use agreements with other entities for all or a portion of their historic annual average quantities, or new water supplies, for consumption within the SWUCA. Each agreement shall be in force for a period of not to exceed 5 years. In no event shall an agreement be executed or renewed that exceed the duration of the underlying permit. Each agreement must contain certain specified information and contain verbatim certain specified informational statements.

The prospective transferee shall forward a copy of each executed agreement to the district, along with its application for a transfer-of-use authorization. The agreement and application are public records and must be made available for public inspection.

The district has the authority to fine the holder of a transfer-of-use authorization, or modify or revoke the authorization, for violating its terms and conditions.

- First violation -- the district shall issue a warning.
- Second violation within a period of 36 months after the date of the first violation -- parties are subject to a fine of \$1,000 or \$1 for every 1,000 gallons of water overpumped, whichever is greater.
- Third violation within a period of 36 months after the date of the first violation -- parties are subject to a fine of \$2,000 or \$2 for every 1,000 gallons of water overpumped, whichever is greater.
- Fourth violation within a period of 36 months after the date of the first violation, where the violator is the underlying permittee, the penalty shall be modification or revocation of the existing water-use permit by the district. Where the violator is a third party, the penalty shall be revocation of the transfer-of-use authorization.

All fines are to be collected by the district and deposited into its funds for water-use permit enforcement.

Legal action may not be brought against the district or the state by any participant in the pilot program because of breach of contract in a water-use agreement.

Water obtained through a transfer-of-use authorization may not be used, withdrawn or otherwise transferred outside the SWUCA.

Transfer-of-use agreements issued by the district or executed pursuant to the provisions of this amendment may not be assigned to another party.

To reduce the possibility that water under this program will be stored in order to artificially create shortages, holders of transfer-of-use authorizations shall be required to begin using the water no later than 12 months after execution of the authorizations.

Once the minimum flows and levels are set, all permittees and holders of transfer-of-use authorizations shall be subject to the recovery or prevention strategy as provided therein. However, participants in the pilot program shall not be required to reduce their permitted quantities to a total that is less than the historic annual average quantity prior to the expiration of the 20-year extension.

The district's governing board is specifically authorized to expeditiously adopt rules to implement this program including, but not limited to, rules concerning procedures, transfers, and duration and limits on geographic or hydrologic location of uses, quantity, or use type.

Transfer-of-use authorizations shall not constitute or establish property rights.

Transfer-of-use authorizations are not subject to ch. 367, F.S., provided that nothing otherwise affects the authority of the Public Service Commission, or a county that elects to otherwise regulate those utilities that obtain such authorizations, to regulate those utilities.

The pilot program expires March 3, 2015, unless reauthorized by the Legislature.

**Section 2:** Subsection (1) of s. 373.219, F.S., is amended to provide that no permit is required for persons or entities who obtain a transfer-of-use authorization.

**Section 3:** Every March 1, beginning in 2002, the Southwest Florida Water Management District shall submit a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives detailing the status of the transfer-of-use pilot program. Specifies what the report must contain.

**Section 4:** Subsection (13) of s. 367.022, F.S., is amended to exempt from regulation by the Public Service Commission transfer-of-use authorizations issued by the Southwest Florida Water Management District.

**Section 5:** This act takes effect upon becoming a law. (WITH TITLE AMENDMENT)

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

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