

**STORAGE NAME:** h0589z.utco.doc  
**DATE:** July 3, 2001

**\*\*AS PASSED BY THE LEGISLATURE\*\***  
**CHAPTER #:** 2001-229, Laws of Florida

**HOUSE OF REPRESENTATIVES  
AS FURTHER REVISED BY THE  
UTILITIES AND TELECOMMUNICATIONS  
FINAL ANALYSIS**

**BILL #:** CS/HB 589

**RELATING TO:** Local Government Utilities Assistance

**SPONSOR(S):** Council for Ready Infrastructure and Representative Fasano

**TIED BILL(S):**

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

- (1) UTILITIES AND TELECOMMUNICATIONS (RIC) YEAS 10 NAYS 0
- (2) GENERAL GOVERNMENT APPROPRIATIONS YEAS 14 NAYS 0
- (3) COUNCIL FOR READY INFRASTRUCTURE YEAS 20 NAYS 0
- (4)
- (5)

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**I. SUMMARY:**

The bill creates the Local Government Utilities Assistance Act. Under the provisions of the bill, the Local Government Utilities Assistance Program is established within the Department of Environmental Protection (DEP) to provide local governments with financial assistance in the form of a grant for the purpose of acquiring privately owned water-wastewater utilities. For government to qualify for a grant it must document that the utility it intends to purchase meets the following criteria:

- (1) The quality of water or wastewater service provided by the utility is consistently inadequate to meet public health or water quality standards.
- (2)(a) The utility cannot make the improvements necessary to alleviate the public health or water quality threat through its own resources without increasing its rates for services to an amount beyond that which is commensurate with community standards; (b) Operation of the utility represents a public health or water quality threat that would be more effectively addressed through public management or ownership, as demonstrated through a feasibility determination provided by the applicant to the DEP; or (c) The utility desires to sell its system.

By January 1, 2004, the DEP shall provide a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives on the Pasco County pilot program, possible expansion of the assistance program, and any statutory or rule changes associated with implementing the program. The Senate floor amendments struck the implementation of the pilot program.

The bill appropriates to the DEP the sum of \$500,000 in nonrecurring revenue from the General Revenue Fund to facilitate the development of a uniform fiscal impact analysis model to assist local governments to evaluate the cost of infrastructure to support development.

The bill has an effective date of July 1, 2001.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- |                                   |                              |  |   |
|-----------------------------------|------------------------------|--|---|
| 1. <u>Less Government</u>         | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/>            |
| 2. <u>Lower Taxes</u>             | Yes <input type="checkbox"/> | No <input type="checkbox"/>            | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u>      | Yes <input type="checkbox"/> | No <input type="checkbox"/>            | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/>            | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u>      | Yes <input type="checkbox"/> | No <input type="checkbox"/>            | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

The bill establishes within the DEP a new program to assist county government with financial assistance in acquiring water and wastewater utilities that meet certain criteria.

B. PRESENT SITUATION:

According to DEP, there are a number of privately owned water and wastewater utilities that routinely encounter compliance problems that present some level of risk to the environment and/or public health. There is, however, no compelling evidence that the proportion of such utilities is substantially greater than that for publicly owned utilities. The same kinds of compliance problems experienced by privately owned water and wastewater utilities are also encountered by many smaller, economically disadvantaged, local government utilities. Currently, there is no state funding program available under which local governments can secure grants or loans to purchase problematic privately owned water or wastewater utilities.

C. EFFECT OF PROPOSED CHANGES:

The bill creates the Local Government Utilities Assistance Act. Under the act, the Local Government Utilities Assistance Program is established within the DEP to provide local governments with financial assistance in the form of a grant for the purpose of acquiring privately owned water-wastewater utilities.

For a government applicant to qualify for a grant it must document that the privately owned water-wastewater utility it intends to purchase meets the following criteria:

- (1) The quality of water or wastewater service provided by the utility is consistently inadequate to meet public health or water quality standards.
- (2)(a) The utility cannot make the improvements necessary to alleviate the public health or water quality threats through its own resources without increasing its rates for services to an amount beyond that which is commensurate with community standards;
- (b) Operation of the utility represents a public health or water quality threat that would be more effectively addressed through public management or ownership, as demonstrated through a feasibility determination provided by the applicant for financial assistance to the DEP, that takes into account economic, managerial, and administrative considerations; or

- (c) The utility desires to sell its system.

If the applicant for financial assistance demonstrates, based on documentation acceptable to the DEP, that acquisition of a privately owned water-wastewater utility qualifies under the above criteria the DEP may authorize financial assistance for such an acquisition.

The bill provides that by January 1, 2004, the DEP shall provide a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives on the Pasco County pilot program. The report shall also evaluate the need to expand the Local Government Utilities Assistance Program to address the acquisition or consolidation of publicly owned water-wastewater utilities that threaten water quality or public health. Additionally the report shall recommend any statutory changes necessary to implement the Local Government Utilities Assistance Program and identify any rules that would be useful in implementing the program.

The bill provides an effective date of July 1, 2001.

D. SECTION-BY-SECTION ANALYSIS:

Please refer to EFFECT OF PROPOSED CHANGES for a description of the bill.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The bill appropriates to the DEP the sum of \$500,000 in nonrecurring revenue from the General Revenue Fund to facilitate the development of a uniform fiscal impact analysis model to assist local governments to evaluate the cost of infrastructure to support development.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

The bill does not require cities or counties to spend funds or to take any action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

The bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

The Committee Substitute adopted by the Council for Ready Infrastructure restructured the criteria for awarding the grant money under this bill eliminating the conjunction "and" between the first criterion and the second criterion. The remaining criteria were combined under the second criterion in the Committee Substitute.

The Senate amendments struck the provisions establishing the pilot program in Pasco County. The amendments did not strike the reference to the pilot program in the section remaining in the bill.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

The Committee on Utilities and Telecommunications adopted six amendments to HB 589. The Committee on General Government Appropriations adopted one amendment. These amendments, with some changes were included in a Committee Substitute by the Council for Ready Infrastructure. The bill was substantially amended on the floor of the Senate to its final form.

VII. SIGNATURES:

COMMITTEE ON UTILITIES & TELECOMMUNICATIONS:

Prepared by:

Wendy G. Holt

Staff Director:

Patrick L. "Booter" Imhof

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AS REVISED BY THE COMMITTEE ON GENERAL GOVERNMENT APPROPRIATIONS:

Prepared by:

Staff Director:

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Lynn Dixon

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Lynn Dixon

AS FURTHER REVISED BY THE COUNCIL FOR READY INFRASTRUCTURE:

Prepared by:

Staff Director:

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Randy L. Havlicak

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Thomas J. Randle

**FINAL ANALYSIS PREPARED BY THE COMMITTEE ON UTILITIES AND TELECOMMUNICATIONS:**

Prepared by:

Staff Director:

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Wendy G. Holt

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Patrick L. "Booter" Imhof