

HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

BILL #: HB 1481

Homosassa Special Water District, Citrus County

SPONSOR(S): Dean

TIED BILLS:

IDEN./SIM. BILLS: SB 2770

| REFERENCE | ACTION | ANALYST | STAFF DIRECTOR |
|---------------------------------------|-----------------|----------------|-----------------------|
| 1) <u>Local Government Council</u> | <u>8 Y, 0 N</u> | <u>DiVagno</u> | <u>Hamby</u> |
| 2) <u>Finance & Tax Committee</u> | <u>6 Y, 0 N</u> | <u>Rice</u> | <u>Diez-Arguelles</u> |
| 3) _____ | _____ | _____ | _____ |
| 4) _____ | _____ | _____ | _____ |
| 5) _____ | _____ | _____ | _____ |

SUMMARY ANALYSIS

Homosassa Special Water District (District) is an independent special district in Citrus County, Florida. The District currently serves an area of approximately 14,720 acres, with an estimated population of 6,150. Under the charter, the District has the authority to collect ad valorem taxes and special assessments. The District's millage rate for its 2005-2006 local fiscal year is 0.694 mills with an estimated revenue of \$272,363.

This bill extends the boundaries of the District to include land in three discreet areas. Each area would be annexed separately, subject to approval by a majority of voters of the District and the majority of voters in each area to be annexed. If the expansions are approved, property owners in the annexed areas will be subject to ad valorem taxes at a rate not to exceed 3 mills and, potentially, special assessments.

The bill provides an effective date of upon becoming law, except that the annexation will take effect upon approval by the voters.

The attached Economic Impact Statement indicates that there will be an increase in revenues of \$22,993 in FY 05-06 and at least \$22,993 in FY 06-07. Please see the Economic Impact Statement for a narrative discussion of the estimated impact on individuals, business, and governments.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Ensure Lower Taxes: If the proposed annexations are approved by voters of the District and of the areas to be annexed, property owners in the annexed areas will be subject to an annual levy of ad valorem tax at a rate of up to 3 mills and may be subject to special assessments imposed by the District.

B. EFFECT OF PROPOSED CHANGES:

Current Situation

Homosassa Special Water District (District) is located in Citrus County and is an independent special district originally created in 1947. There are approximately 14,720 acres in the existing District, with an estimated 6,150 people residing within the District.¹ The District is governed ch. 189, F.S., The Uniform Special District Accountability Act of 1989, and the District's charter, which was codified under ch. 2003-354, L.O.F.

According to its charter, the purpose of the District is to: (1) supply water within the District for public, domestic, industrial, and fire protection; (2) fix and collect rates and charges for the services and facilities furnished by the water supply and distribution system; and (3) fix and collect charges for making connections with the system.

The governing body of the District is a board of five Commissioners who must be residents of the District and elected in nonpartisan general elections. The affirmative vote of a majority of the governing board members present and voting is necessary to transact business.

The powers, functions, and duties of the District regarding ad valorem taxation, bond issuance, other revenue raising capabilities, budget preparation and approval, liens and foreclosure of liens, use of tax deeds and tax certificates as appropriate for non-ad valorem assessments, and contractual agreements are set forth in the District's charter, chs. 189 and 197, F.S., and other applicable general or special laws.

Ad Valorem Taxes

The charter of the District authorizes the levy and collection of an annual ad valorem tax at a rate not exceeding 3 mills per annum on all taxable real and personal property in the District. Tax proceeds must be used to fund:

- (1) Administrative functions of the District;
- (2) Preliminary expenses in connection with the acquisition of the water supply and distribution system and placing the system in operation; or
- (3) Maintenance, improvement, enhancement, repair, extension, enlargement, reconstruction, ownership, operation, management, and control of the water supply and distribution system.

The District currently levies ad valorem taxes at a rate of 0.6948 mills. The revenue for local FY 2005-2006 is estimated at \$272,363.²

¹ E-mail from David Purnell, Superintendent of Homosassa Special Water District, March 27, 2006.

² E-mail from David Purnell, Superintendent of Homosassa Special Water District, March 27, 2006.

The District is also authorized and required by its charter to annually levy a tax upon all taxable property within the District sufficient to pay the principal of and interest on all bonds issued under the charter as the bonds become due and payable, and to create a sinking fund to pay the principal at or before maturity. Any yearly revenues received in excess of the amount required to pay the current expenses of administration, operation, maintenance, renewals, and replacements of the District's water supply and distribution system must be applied to pay such interest and principal on the bonds and only the amount of the annual tax as would otherwise be required is actually levied and collected. According to the District, this tax is not currently levied.

Special Assessments

The District is authorized to levy special assessments to provide for the construction, reconstruction, repair, and/or maintenance of improvements to the water supply and distribution system of a local nature and of special benefit to the properties served. Special assessments against property deemed to be benefited by improvements must be assessed upon the property specially benefited by the improvement and proportioned by the benefits to be derived. Special benefits must be determined and prorated according to the front footage of the respective property specially benefited by the improvement or by other methods prescribed by the District.

The District's charter includes specific requirements regarding the manner in which the Board may adopt resolutions imposing special assessments, including provisions requiring public notice and opportunity for public participation.

Effect of Proposed Changes

The bill extends the District's boundaries to include land in three discreet areas described in the bill: Area A, Area B, and Area C. The bill requires the District to call for a separate referendum on the annexation of each Area no later than December 30, 2006. The purpose of the referendums will be to determine whether the land in each of the three described Areas will be included within the territorial limits of the District. The Areas consist of the following acreage and population:³

- Area A: approximately 30 acres with an estimated population of 6.
- Area B: approximately 30 acres with an estimated population of 175.
- Area C: approximately 1,120 acres with an estimated population of 360.

Only voters registered in the Area for which the referendum is called, and voters in the existing territorial limits of the District, may vote in a referendum related to a particular Area. If the majority of qualified voters in the Area and a majority of qualified votes residing within the existing territory of the District approve the annexation of the Area into the District and, the Area must be included in the District within 10 days after the referendum.

C. SECTION DIRECTORY:

- Section 1: Provides for extension of District boundaries into Area A by voter referendum.
Section 2: Provides for extension of District boundaries into Area B by voter referendum.
Section 3: Provides for extension of District boundaries into Area C by voter referendum.
Section 4: Provides that Section 1-3 of the bill are effective upon approval by a majority of qualified voters, and that Section 4 is effective on upon becoming law.

³ E-mail from David Purnell, Superintendent of Homosassa Special Water District, March 27, 2006

II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes No

IF YES, WHEN? January 31, 2006.

WHERE? *Citrus County Chronicle*, Crystal River, Citrus County, Florida.

B. REFERENDUM(S) REQUIRED? Yes No

IF YES, WHEN? On or before December 30, 2006 in each area.

C. LOCAL BILL CERTIFICATION FILED? Yes, attached No

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached No

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

Article VII, section 9(b) of the Florida Constitution provides that ad valorem taxes may be assessed by special districts at a millage authorized by law and approved by a vote of qualified electors.

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

None