

HOUSE OF REPRESENTATIVES STAFF FINAL BILL ANALYSIS

BILL #: CS/HB 1491 Alligator Point Water Resources District, Franklin County

SPONSOR(S): Local Administration & Veterans Affairs Subcommittee; Shoaf

TIED BILLS: **IDEN./SIM. BILLS:**

FINAL HOUSE FLOOR ACTION: 110 Y's

0 N's

GOVERNOR'S ACTION: Approved

SUMMARY ANALYSIS

CS/HB 1491 passed the House on March 4, 2022, and subsequently passed the Senate on March 10, 2022.

The Alligator Point Water Resources District (District) is an independent special district created by special act in 1963. The District maintains and operates a potable water system in the portions of Franklin County known as Alligator Point and Bald Point. The District is governed by a three-member board made of up landowners who are appointed by the Governor. The District is financed by ad valorem taxes and fees for water and sewer service.

The bill expands the boundaries of the District, subject to approval by a majority of the qualified electors in the area to be annexed voting in a referendum to be held November 8, 2022, the 2022 general election. The areas to be annexed currently receive services from the District, with properties assessed a flat monthly surcharge of \$30 since they are not subject to ad valorem taxation by the District. Residents of the area to be annexed may see reduced costs for services, depending on the value of their property relative to the current surcharge.

The Economic Impact Statement filed with the bill indicated a net revenue decline of \$4,388 per year related to the shift from monthly surcharges to ad valorem collections for the 127 affected properties. The Economic Impact Statement also notes an anticipated cost of \$255,000 related to the construction of a fire protection system in the area to be annexed, although the bill does not explicitly contain this provision.

The bill was approved by the Governor on June 24, 2022, ch. 2022-256, L.O.F., and will become effective upon approval by a majority vote of electors voting in the referendum, except that sections 2 and 3 of the bill became effective on June 24, 2022.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Background

Special Districts

A “special district” is a unit of local government created for a particular purpose, with jurisdiction to operate within a limited geographic boundary.¹ A special district may be created by general law, special act, local ordinance, or rule of the Governor and Cabinet.² A special district has only those powers expressly provided by, or reasonably implied from, the authority provided in the district’s charter.³ Special districts provide specific municipal services in addition to, or in place of, those provided by a municipality or county.⁴

A “dependent special district” is a special district in which the membership of the governing body is identical to the governing body of a single county or municipality, all members of the governing body are appointed by the governing body of a single county or municipality, members of the district’s governing body are removable at will by the governing body of a single county or municipality, or the district’s budget is subject to the approval of governing body of a single county or municipality.⁵ An “independent special district” is any district that is not a dependent special district or one that includes more than one county unless the district lies wholly within a single municipality.⁶

Alligator Point Water Resources District

The Alligator Point Water Resources District (District) is an independent special district created by special act in 1963.⁷ The District maintains and operates a potable water system in the portions of Franklin County known as Alligator Point and Bald Point.⁸ The District is governed by a three-member board made up of landowners who are appointed by the Governor.⁹ The board is authorized to set rates and charges for the use of the water system.¹⁰ The rates set by the board must be sufficient to:

- Pay for the cost of maintaining, repairing, and operating the District’s water and sewer systems;
- Pay the principal and interest on all outstanding bonds of the District where the revenues received from rates have been pledged as collateral; and
- Maintain sufficient reserves.¹¹

Additionally, the board of the District is authorized to levy an ad valorem tax of up to five mills.¹² For Fiscal Year 2021-22, the District levied an ad valorem tax of 1.6642 mills, a decrease from the 1.7989 mills levied the previous year.¹³ Those receiving service outside the district boundaries are charged an additional surcharge of \$30 per month.¹⁴

¹ See *Halifax Hospital Medical Center v. State of Fla., et al.*, 278 So. 3d 545, 547 (Fla. 2019).

² See ss. 189.031(3), 189.02(1), and 190.005(1), F.S. See generally ss. 189.012(6), F.S.

³ See *Halifax Hospital Medical Center*, 278 So. 3d at 547.

⁴ 2020-2022 Local Gov’t Formation Manual, p. 64 available at

<https://myfloridahouse.gov/Sections/Committees/committeesdetail.aspx?Committeeld=3117> (last visited Feb. 17, 2022).

⁵ S. 189.012(2), F.S.

⁶ S. 189.012(3), F.S.

⁷ Ch. 63-1350, Laws of Fla.

⁸ Alligator Point Water Resources District, <http://www.alligatorpointwater.com/> (last visited Jan. 29, 2022).

⁹ Ch. 2005-351, s. 3(4), Laws of Fla.

¹⁰ Ch. 2005-351, s. 3(9), Laws of Fla.

¹¹ Ch. 2005-351, ss. 3(9)(1)-(3), Laws of Fla.

¹² Ch. 2005-351, s. 3(8), Laws of Fla.

¹³ See Email from Bucky Mitchell, Chairman, Alligator Point Water Resources District, RE: HB 1491 - Alligator Point Water Resources District (Jan. 26, 2022) (on file with Local Administration & Veterans Affairs Subcommittee) (stating the current year millage rate is 1.6642 mills) and Franklin County Property Appraiser, 2020 Proposed Millage Rates, <https://franklincountypa.net/wp-content/uploads/sites/37/2020/08/2020-proposed-millage-rate-1.pdf> (last visited Jan. 29, 2022) (FY 2020-21 millage rate).

¹⁴ Email from Bucky Mitchell, *supra* note 13.

The District charter does not authorize the District to provide fire control or protection services.¹⁵ The District may expend its funds only to provide the services and exercise the powers authorized in the charter.¹⁶

Effect of the Bill

The bill expands the boundaries of the District, subject to approval by a majority of the qualified electors in the area to be annexed voting in a referendum held November 8, 2022, the 2022 general election.¹⁷ The area to be annexed contains approximately 127 households, compared to 650 within the District today.¹⁸ The area to be annexed currently receives services from the District, with properties assessed a flat surcharge since they are not subject to ad valorem taxation.¹⁹ Individual residents of the area to be annexed may see reduced costs for services, depending on the value of their property relative to the current surcharge.²⁰

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The Economic Impact Statement filed with the bill indicated a net revenue reduction of \$4,388 per year related to the shift from monthly surcharges to ad valorem collections for the 127 affected properties.

2. Expenditures:

The Economic Impact Statement also notes an anticipated cost of \$255,000 related to the construction of a fire prevention system in the area to be annexed, although the bill does not explicitly contain this provision.

C. ECONOMIC IMPACT STATEMENT FILED? Yes ☒ No ☐

D. NOTICE PUBLISHED? Yes ☐ No ☒

IF YES, WHEN?

¹⁵ See ch. 2005-351, s. 6, Laws of Fla.

¹⁶ See *Halifax Hospital Medical Center*, 278 So. 3d at 547.

¹⁷ A map of the area to be annexed is attached as Appendix A.

¹⁸ David Adlerstein, *Legislators back vote to enlarge Alligator Point water district*, The Apalachicola Times, Dec. 8, 2021, <https://www.franklincounty.news/stories/legislators-back-vote-to-enlarge-alligator-point-water-district,6829>

¹⁹ Email from Bucky Mitchell, Chairman, Alligator Point Water Resources District, RE: HB 1491 - Alligator Point Water Resources District (Jan. 26, 2022) (on file with Local Administration & Veterans Affairs Subcommittee).

²⁰ See *Id.* (stating customers with properties valued at less than \$200,000 should see a decrease in costs for services relative to the current surcharge).

WHERE?

E. REFERENDUM(S) REQUIRED? Yes ☒ No ☐

IF YES, WHEN? November 8, 2022.