

**A Review of Proposals to  
Broaden Legislative Oversight of the  
Water Management Districts' Budget**

**Interim Project**

**Final Report Prepared By:  
Committee on Water and Resource Management  
Florida House of Representatives**

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## SUMMARY

In 1972, Florida adopted what was then a novel approach to water management in the United States. Based in part on public concerns about how water was being managed and used, the Legislature and the Governor created five regional water management districts (WMDs) whose boundaries were drawn primarily along major watersheds or hydrogeologic basins. The state gave these WMDs the responsibility to manage and protect the water resources within their jurisdictions, and provided them with the authority to levy property taxes and assess fees in order to accomplish their duties.

Each WMD is led by a governing board, whose citizen members are appointed by the Governor and confirmed by the state Senate. Each has a professional staff that includes scientists, planners and attorneys. The WMDs are under the general supervision of the Department of Environmental Protection (DEP).

The five water management districts are: the Northwest Florida WMD, the Suwannee River WMD, the St. Johns River WMD, the Southwest Florida WMD, and the South Florida WMD. (Illustration 1)

Over the years, the Legislature has broadened, and on occasion clarified, the scope of the WMDs' duties. All of the WMDs' activities can be fit into the following four categories: flood protection and floodplain management; water quality; water supply; and protection/restoration of natural systems. The primary chapter of law detailing the WMDs' responsibilities is chapter 373, F.S. -- Water Resources.

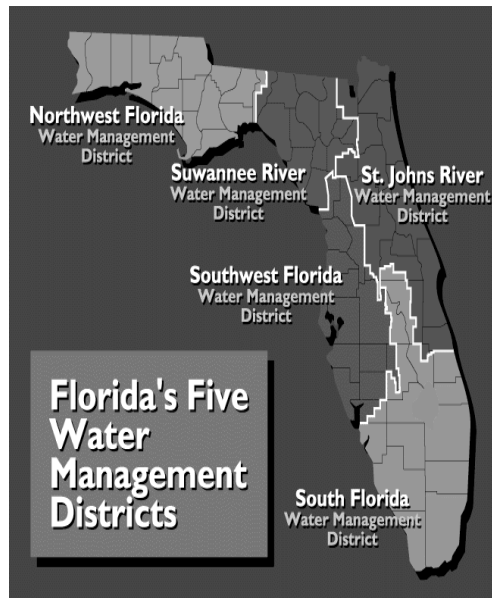
In the two decades since their creation, the WMDs have become powerful regional governmental entities, in large part because of their taxing authority and the significance of their responsibilities. Because of public concerns about the accountability and performance of the WMDs, the Legislature since the mid-1990's has considered proposals for more state fiscal oversight of the WMDs. A few of the recommended changes have been enacted.

This interim project report is intended to provide House members with information about the creation of the WMDs, their statutory responsibilities, their budgets, and past legislative attempts to create more fiscal oversight of the WMDs.

Legal questions remain as to how involved the Legislature, and the Executive Office of the Governor, for that matter, can be in the development and approval of the WMDs' budgets, at least as it pertains to how the WMDs spend their ad valorem revenues. However, the WMDs receive significant appropriations each year of state documentary stamp tax revenues and bond proceeds, for which the Legislature could establish spending conditions. Additionally, the Legislature has the authority to direct in statute

the cost of permits and licenses that are required for water withdrawals and other water-related activities regulated under chapter 373, F.S.

In conclusion, there are a number of legislative options for greater fiscal oversight of the WMDs, should the Legislature choose to pursue them.



## HISTORICAL BACKGROUND

### Early history of water management in Florida

Prior to the 1950's, water in Florida was managed by special or single-purpose districts, created either by the Legislature or circuit court decree. Irrigation districts, water supply districts, water control districts (formerly called drainage districts), and soil and water conservation districts are examples of these entities. Many of these special or single-purpose districts exist today: the responsibilities of some (for example, soil and water conservation districts), have remained virtually unchanged over the decades; other types have disappeared; while others, most notably the water control districts, now offer a broad range of governmental services. But as originally conceived, these districts were charged with managing a specific water problem within a specific geographic region.

In the mid-1940's, a series of devastating weather occurrences struck the area around and south of Lake Okeechobee; lives were shattered and millions of dollars in investment lost in the droughts, deadly hurricanes, and floods that battered south Florida in succession. Particularly catastrophic were the weather events of 1947; 100 inches of rain fell in south Florida that year, and during one 25-day period two major hurricanes hit southeastern Florida, resulting in 90 percent of the area being flooded and causing \$59 million in property losses. Congress responded in 1948 by authorizing the Central and Southern Flood Control Project, where the U.S. Army Corps of Engineers would re-plumb the Everglades system of wetlands with canals, pumping stations and berms to control the flow of water. A year later, the Florida Legislature created the state's first major multipurpose water management district, the Central and Southern Florida Flood Control District, to help implement the federal project.

Recognizing that Florida's fragmented approach to handling water issues was inadequate and did not provide a long-term framework for handling future problems, the Florida Legislature created the Florida Water Resources Study Commission in 1955. This commission was charged with determining whether Florida needed a statewide framework for comprehensively dealing with water management, and if so, how it would be accomplished. Its recommendations led to the passage of the first major piece of legislation related to water, the 1957 Florida Water Resources Act (the 1957 Act). The 1957 Act established a statewide administrative agency housed within the State Board of Conservation, to oversee the development of Florida's water resources. This agency was authorized to issue permits to allow for the capture and use of excess surface and ground water, and to mandate water conservation in areas of the state where over-withdrawals were negatively impacting natural systems.

On the national level, the mid-1950's marked a period of increased attention to water issues and in 1957, the Model Water Use Act was completed and adopted by the National Conference of Commissioners on Uniform State Laws. Florida did not adopt this act at the time.

Despite the existence of the 1957 Act, Florida's water problems, including water shortages, excessive flooding, and deteriorating water quality, continued to worsen through the 1960's and early 1970's. The Legislature created a second multipurpose special district in 1961 -- the Southwest Florida WMD -- to act as local sponsor of the federal Four River Basins-Florida Project, primarily designed to address the area's propensity for severe flooding revealed in the wake of Hurricane Donna. The early Southwest Florida WMD had a citizens' governing board, and authority to permit construction of wells and wellfields, to regulate structural flood control, and to build and operate its own flood control system.

### Development of the 1972 Water Resources Act

Recognizing that Florida's water problems were growing in scope, then-Governor Reubin Askew called a Conference on Water Management in South Florida in September 1971 to develop recommendations. <sup>1</sup> More than 150 people -- scientists, conservationists, agriculture interests, business interests, state/local/federal government officials, legislators, and media representatives -- reached consensus to recommend:

- \*\* Creation of an enforceable and comprehensive plan that links water and land use for Florida;
- \*\* Development of a "water budget" plan for all user groups in south Florida, and a model water-use priority ordinance to deal with water shortages;
- \*\* Greater regulation of wetlands drainage;
- \*\* Creation of a nine-member regional board, representing the diverse interests of South Florida, to develop a comprehensive water and land use plan that meshed with the state plan. This regional board would be responsible for establishing and implementing policies related to wetlands drainage, water use, well drilling, flood control, estuary protection, watershed management, and soil conservation. It would have powers to tax, initiate eminent domain proceedings, and issue regulatory permits.

Although these recommendations referred mostly to south Florida, it was largely acknowledged that regions throughout the state shared similar water problems. In 1972, a group of legal experts at the University of Florida drafted a "Model Water Code" for Florida, incorporating elements of the federal Model Water Use Act and the conference recommendations. The Code meshed provisions of the western states' prior appropriations system of water law and provisions of the eastern states' riparian system of water law, to create a comprehensive administrative system of water regulation for Florida. Much of the Model Water Code was enacted by the Legislature later that year as the Florida Water Resources Act, chapter 373, F.S. (Note: A detailed legal discussion of the statutes and case law that have shaped Florida's water law can

be found in previous committee interim projects, as well as the 1999 interim project report on competing water-use applications.)

The legislation created five water management districts: the Northwest Florida WMD; the South Florida WMD; the Southwest Florida WMD; the St. Johns River WMD; and the Suwanee River WMD. The boundaries of these WMDs were supposed to be set using hydrogeologic data, but political considerations also were a factor. As such, the boundaries were tweaked for the next five years.

Funding for the new WMDs also was a hot topic of debate in the Legislature in the early 1970's. In 1975, the Senate introduced and passed a joint resolution (S.J.R. 1061) to amend the state constitution to set limits on the ad valorem millage local governments could levy. Among the limits proposed was a 1-mill cap on ad valorem millage levied by the WMDs. The House amended the proposal to limit the taxing power of the Northwest Florida WMD to .05 mill, and the Senate agreed. Among the reasons legislators, at the time, gave for setting a low millage cap for the Northwest Florida WMD was that the area's "water problems were not nearly so severe as in the southern portion of the state." <sup>2</sup>

In a separate bill, the Legislature provided for a special election on the proposed constitutional amendment, and it was presented to the electorate at the March 1976 Presidential Primary, rather than waiting for the November 1976 General Election. The amendment was approved by the voters, by a margin of 55 percent to 45 percent.

Section 9(b), Art. VII of the Florida Constitution authorizes the state's five WMDs to levy ad valorem taxes upon the assessed value of real property within each of their boundaries. The Northwest Florida WMD is limited to a constitutional millage cap of 0.05 mill, while the remaining four districts are limited to a maximum of 1.00 mill.

During the subsequent 1976 Legislative Session, the House and Senate amended s. 373.503, F.S., to implement the provisions of the constitutional amendment as they pertained to the WMDs. At that time, legislators decided against allowing all the WMDs to levy the full amount. The statutory millage cap for the Northwest Florida WMD was set at .05 mill, identical to the constitutional cap, but the other four WMDs were permitted to levy a varying amount, which has been changed over the years.

The Legislature may raise or lower the statutory cap as it deems necessary, but must keep it at or below the constitutional cap. Each WMD governing board sets the millage rate for its district, within the statutory cap, during its annual budgeting process.



Illustration 2:

**Comparison of the WMDs' Different Millage Rates**

	NWFWMD	SFWMD	SWFWMD	SJRWMD	SRWMD
Constitutional Cap	.05 mill	1 mill	1 mill	1 mill	1 mill
Statutory Cap	.05 mill	.80 mill	1 mill	.60 mill	.75 mill
FY 99-00 Millage rate	.05 mill	.284 mill <sup>a</sup>	.422 mill <sup>b</sup>	.482 mill	.4194 mill

<sup>a</sup> This is the district-wide rate. it doesn't include the additional millage levied by its two basin boards and the .1 mill for Everglades Construction Project. The highest millage rate would be .697 mill, for property owners in the Okeechobee Basin. (See Appendix #2)

<sup>b</sup> This is the district-wide rate. it doesn't include the additional millage levied by its eight basin boards. Its highest millage rate would be .823 mill, for residents of the Pinellas-Anclote River Basin. ( Appendix #2)

In the 1970's and 1980's, the 1972 Act was amended numerous times, mostly to expand the WMDs' responsibilities. For example, the WMDs were given statutory authority to regulate water withdrawals via the issuance of "consumptive use permits;" to regulate development activities in flood-prone areas by requiring "management and storage of surface waters" (MSSW) permits; to acquire lands with shared state documentary stamp tax revenues (the Save Our Rivers program); and to restore and protect waterbodies of statewide significance (the SWIM program), again aided by state dollars.

Shifting priorities in the 1990's

The final major regulatory expansion of the WMDs' duties occurred in 1993-1994, when the Legislature created the "environmental resource permit" (or ERP) program. The ERP combined the MSSW permit and the DEP's wetlands dredge-and-fill permit to create a comprehensive regulatory program for the state's wetlands and surface waters that is operated primarily by the WMDs. (No ERP program exists within the boundaries of the Northwest Florida WMD. Instead, DEP operates, in effect, a dredge-and-fill permitting program, while the Northwest Florida WMD issues agriculture-related MSSW permits. This issue is the subject of a separate interim project report of the Water and Resource Management Committee.)

As the WMDs' regulatory responsibilities grew, so did public and legislative concerns about the WMDs' performance and accountability. In 1994, the Legislature passed CS/SB 1068 (chapter 94-270, L.O.F.), creating a 21-member Water Management District Review Commission to comprehensively review and evaluate all aspects of the WMDs -- how they develop their annual budgets, buy land, support long-range water planning, and carry out their legal responsibilities. For the next 16 months, the review

commission convened meetings throughout the state gathering information from the WMDs and comments from the public. In December 1995, the review commission presented to the Governor and Cabinet a list of 80 recommended legislative changes to strengthen the WMDs' accountability and improve performance of their duties. As the review commission's chairman, Phillip D. Lewis, wrote in the introduction to the report listing the recommendations:

“While Commissioners discovered that the (WMDs') programs and operations were generally adequate in many cases, they uniformly agreed that water issues must be the subject of constant attention and regular monitoring to ensure that the management of Florida's most critical resource is not driven by periodic crises.”<sup>3</sup>

Several bills to implement the review commission's recommendations were filed for discussion in the 1996 Legislative session, but few became law. Tucked into CS/HBs 2385 & 2399 (chapter 96-339, L.O.F.) was an amendment to s. 373.536, F.S., to give the Governor the authority to approve or disapprove, in whole or in part, the annual budgets of the WMDs.

That bill marked the beginning in the mid-1990's of increased legislative interest in imposing greater oversight of WMD activities or clarifying WMD responsibilities.

In implementing the provisions of s. 373.536(5), F.S., the Governor's Office has created a framework for the comprehensive review of WMD budgets as they are being developed. For example, each WMD must submit a tentative budget by August 1 of each year to the Executive Office of the Governor, legislative leaders, the Secretary of DEP, and the governing body of each county where it levies taxes. These entities are encouraged to comment on the tentative budget submittals, and in particular inform the Governor's staff if they have concerns. If the Governor intends to disapprove all or part of a WMD's budget, the Governor must inform that WMD in writing at least five days prior to its final budget adoption hearing. No Governor has yet used his authority to reject all or portions of a WMD budget.

One of the key improvements in WMD budget review forced by this legislation was creation of a standard budget reporting format that addresses statutory reporting requirements, highlights state water policy priorities, and provides a three-year overview of WMD taxation and spending.

In 1997, the Legislature enacted CS/HB 715, et al, (chapter 97-160, L.O.F.), which is best known for setting a new course in state water policy -- enhancing existing water resources or creating new water supplies in order to meet Florida's ever-increasing water needs, while defusing potentially explosive competition for diminishing resources or the immediate need for greater regulation. By specifying the WMDs' responsibilities for water resource and water supply development, and creating a logical framework for how they were expected to accomplish them, the Legislature made it clear the WMDs

would be held accountable for how they implemented the new state policy. There were other accountability measures in the legislation, as well. Additional information has to be submitted with the WMD budget requests; the Governor has to approve the appointment of each WMD executive director; each WMD must hire an ombudsman to hear public concerns; and public noticing requirements for WMD budget hearings and workshops were improved.

Greater legislative oversight of WMD budgets was the topic of bills filed in 1997 and in 1998, but they were unsuccessful. These bills took different approaches. For example, 1997's HJR 1417 and 1998's HJR 1951 would have placed on the November 1998 ballot a proposed constitutional amendment making the five WMDs state agencies, and thus subject to legislative budget approval. Another 1998 bill (HB 4559) would have amended s. 373.536, F.S., to add a process and time-frame by which the Legislature established program priorities for each WMD, without assigning dollar amounts or funding percentages. Each WMD would shape its succeeding year's budget to reflect the legislative priorities. If the Governor, in his review of the WMD budgets, determined that the WMDs had ignored the legislative directives, he would have to disapprove those portions.

In both years, questions were raised as to whether the Legislature has the constitutional authority to direct the expenditure of the WMDs' property tax revenues, since s. 1, Art. VII of the Florida Constitution prohibits the state from levying ad valorem taxes. Legal research by different parties on this question proved inconclusive, even contradictory.

The 1998 Legislative Session also saw another WMD budgetary oversight bill, narrower in focus than its counterparts, but addressing a contentious and expensive issue -- the Everglades Restudy, a joint federal and South Florida WMD project to improve water restoration and water supply in South Florida. Among its other provisions, CS/CS/HB 4141 assigned the Joint Legislative Committee on Everglades Oversight responsibility for monitoring all funding and expenditures for projects and operational changes resulting from the Restudy. In addition, the bill required the South Florida WMD to submit certain information and obtain legislative authorization, which could be by a general appropriation, prior to executing an agreement with the federal government for any project or operational change resulting from the Restudy. In the event that the Legislature did not approve, reject, or modify the proposed project or operational change, the South Florida WMD would be allowed to proceed with executing an agreement with the federal government, provided it could meet its financial responsibility without the need for future legislative appropriations. CS/CS/HB 4141 passed both the House and the Senate by substantial margins. However, the bill was subsequently vetoed by the Governor and failed to become law. In his veto message, the Governor stated that the requirements of the bill "extend well beyond traditional concepts of legislative oversight" and maintained that the Joint Committee's existing statutory authority was sufficient to undertake a review of the Restudy.

These Restudy oversight issues were re-addressed during the 1999 Legislative Session, and CS/CS/SB 1672 was passed and signed by the Governor. In this subsequent bill, before a Restudy project component is submitted to Congress for authorization or receives an appropriation of state funds, DEP must approve it. Any request for an appropriation of state funds to help pay for the approved project component must be submitted to DEP in time for the agency to include it in its annual budget request to the Governor. DEP and other state agencies under the Governor's purview submit their legislative budget requests by mid-September each year.

## BACKGROUND ON WATER MANAGEMENT DISTRICT FUNDING

As previously mentioned, the WMDs have constitutional authority, implemented by s. 373.503, F.S., to levy ad valorem taxes on real property. They also assess, by rule, fees for issuing water-use permits, ERPs and other permits; well-drilling contractor's licenses; land-use authorizations; and admission to WMD lands for recreational purposes. In addition, the WMDs receive state, federal and local-government funds that usually are tied to specific programs, or a specific joint project. Finally, some WMDs collect cash contributions from ERP applicants for wetlands mitigation purposes.

The WMDs are considered local governments because they levy ad valorem taxes, so their fiscal year runs from October 1 to September 30. WMD budget development is a lengthy process, requiring several noticed public hearings or workshops as specified in statute. The WMDs are required to submit balanced budgets, as are other public agencies in Florida, and submit to periodic audits by the Auditor General's Office. The WMDs also are following the lead of the state agencies in developing performance-based program budgeting, due to begin fiscal year 2000-2001.

Projected for Fiscal Year 1999-2000, the WMDs' total budgets are: \$33.5 million for the Northwest Florida WMD; \$23.1 million for the Suwannee River WMD; \$163.7 million for the St. Johns River WMD; \$192.6.2 million for the Southwest Florida WMD; and \$423.2 million for the South Florida WMD. (See Appendix 1.)

For most of the WMDs, their ad valorem revenues are their largest single source of constant funding. Based on their August 1, 1999, tentative budget submittals for Fiscal Year 1999-2000, the WMDs' projected ad valorem revenues are:

- \*\* Northwest Florida WMD: \$1.87 million;
- \*\* Suwannee River WMD: \$2.99 million;
- \*\* St. Johns River WMD: \$63.2 million;
- \*\* Southwest Florida WMD: \$96 million; and
- \*\* South Florida WMD: \$219.9 million.

The South Florida WMD and the Southwest Florida WMD have been subdivided into basins with their own appointed basin boards, which utilize WMD staff to develop and implement water-related projects that serve specific basin needs as part of an overall WMD system. Under state law, each basin board can levy ad valorem taxes within its individual basin, but at no time can property owners in each county within a WMD be

taxed at a rate exceeding the constitutional or statutory water management district millage caps.

Permit and license fee revenues appear to fluctuate for the WMDs. The projected revenues in this category for Fiscal Year 1999-2000 are:

- \* Northwest Florida WMD: \$433,882;
- \*\* Suwannee River WMD: \$215,000;
- \*\* St. Johns River WMD: \$1.93 million;
- \*\* Southwest Florida WMD: \$840,000; and
- \*\* South Florida WMD: \$9.1 million

Funding from other governmental entities is a significant portion of all the WMDs' operating budgets. The WMDs greatly benefit financially from the infusion of state funding for acquisition and management of lands, and for restoration of surface waterbodies. The South Florida WMD expects to receive even more from the federal government than from the state this upcoming fiscal year. Practically all of that is earmarked for Everglades-related projects.

In terms of the state funding, the WMDs share 30 percent, or roughly \$90 million annually, of the Florida Preservation 2000 bond proceeds. These funds are used to acquire lands for conservation, preservation, recreational and environmental restoration purposes, pursuant to the requirements of s. 259.100, F.S. In addition, the WMDs generally share another \$45 million to \$50 million in documentary stamp tax revenues, that goes to the Water Management Lands Trust Fund, to be used to acquire and manage lands, and to administer the WMDs' Save Our Rivers (SOR) program.

The P2000 and SOR monies are distributed on the following formula: 30 percent to the South Florida WMD; 25 percent each to the Southwest Florida WMD and the St. Johns River WMD; and 10 percent each to the Northwest Florida and Suwannee River WMDs.

Some years, the Legislature appropriates general revenue for special acquisition or restoration projects, and Fiscal Year 1999-2000 was no exception. For example, more than \$16 million in general revenue was transferred to the Water Management Lands Trust to help fund Surface Water Improvement and Management (SWIM) projects for the WMDs.

The two less-affluent WMDs also receive operating funds from the Legislature each year. The Suwannee River WMD is budgeting \$1.8 million for Fiscal Year 1999-2000 to help administer its ERP program, while the Northwest Florida WMD is budgeting about \$3.6 million from the state for operations.

A breakdown of the other state, federal and local contributions to the WMDs follows:

- \*\* Northwest Florida WMD: \$18 million (\$12.8 million for P2000/SOR);
- \*\* Suwannee River WMD: \$17.3 million (\$12 million for P2000/SOR);
- \*\* St. Johns River WMD: \$73.9 million (\$55.2 million for P2000/SOR);
- \*\* Southwest Florida WMD: \$52 million (\$40.6 million for P2000/SOR); and
- \*\* South Florida WMD: \$130 million (\$45.2 million for P2000/SOR; federal funds equal \$77.8 million).

As the Preservation 2000 program winds down, the new Florida Forever environmental restoration and land acquisition program will ramp up. Based on the 1999 legislation, the WMDs will share \$105 million annually in bond proceeds, beginning in 2001, for 10 years (unless the Legislature changes the percentage allocation). Specifically, the South Florida WMD will receive \$36.75 million (35 percent of the total) in Florida Forever funds; the Southwest Florida and St. Johns River WMDs will get \$26.25 million each (25 percent); and the Northwest Florida and Suwannee River WMDs will each receive \$7.875 million (7.5 percent).

## DISCUSSION OF RESEARCH QUESTIONS

The interim project proposal listed four research questions to help frame the issues related to increased fiscal oversight of the WMDs by the Legislature. The questions and a brief discussion of each follows.

(1.) What public policy benefits are to be gained by legislative oversight and/or approval of WMD budgets?

The decisions which the WMDs are being called upon to make in furtherance of chapter 373, F.S., have statewide implications. Increasingly, the WMDs are seeking outside funding sources to help them implement their statutory responsibilities for water resource and water supply development, environmental restoration, and resource protection. If the WMDs continue to look to the Legislature and others for financial assistance, it seems reasonable that the Legislature have an opportunity to evaluate the projects and programs to be funded with these outside dollars, if only to determine whether the expenditures are feasible in the long-term. At the very least, the Legislature may offer a statewide perspective to a WMD's spending plan that the governing board and its staff can not, because they are so closely tied to the local aspects of their budget.

A fiscal oversight role also may alert Members to the fact that over the years, the Legislature has given the WMDs a large number of responsibilities, without establishing any priorities. And, the different responsibilities do not share equal importance among all five WMDs. The best example is the Suwannee River WMD, which has no foreseeable need to spend a lot of time and money on water resource development or structural flood control measures. More knowledge of how and why the WMDs divvy up their revenues could help the Legislature determine when to be more flexible in appropriating state funds, rather than use the standard percentage formula that has been in law for 15 years.

(2.) What negative policy implications could result, if any, from legislative oversight of WMD budgets?

There appear to be no negative policy implications.

However, some might raise a concern of unnecessary state involvement in regional or local issues. Florida's water management system was specifically designed to address issues on a regional basis because of the varying geographies, water sources, consumer and natural system needs, and socio-economic strengths in this state. It would be difficult (but not impossible) for the Legislature to quickly assess the regional dynamics of water issues. Legislative oversight of WMD budgets each year could be viewed as an additional layer of time-consuming bureaucracy -- especially since the



Governor's Office of Planning and Budgeting already evaluates these budgets and makes recommendations to the Governor.

(3.) What form might a legislative review of WMD budgets take?

As discussed earlier in the report, different approaches have been filed as legislation in recent years. Because the state and the WMDs are on different fiscal years, a proposal where the Legislature would actually approve the budgets would be unwieldy, especially in light of the ad valorem notification requirements in statute and the dates of session. It would require a long lead-time and a great deal of built-in flexibility so that the WMDs could adjust their spending if ad valorem revenues were miscalculated, or emergencies occurred.

The proposal to make the WMDs state agencies would require changing the state constitution in two places: s. 6, Art. IV to increase the number of allowable state agencies from 25 to 30, and s. 1(a), Art. VII to remove the prohibition against a state ad valorem tax on real property. Florida voters might view such a proposal with suspicion. And it is unclear what other policy benefits would be gained by making the WMDs state agencies.

Another method, also floated in 1998, would have the Legislature establish program priorities for each WMD, based on its needs. Each year, the Legislature would review the priorities, and modify them if necessary. The priority-setting could take the form of a simple list, from 1 to 10, for each responsibility of each WMD. For example, the Legislature could list "water resource development" as the No. 1 priority for a WMD, with "natural systems restoration" as its No. 2, establishing minimum flows and levels (MFLs), as No. 3, recreational land acquisition as No. 4, and flood control as No. 5. Or, the Legislature could establish percentages of funding it wants each WMD to spend on each priority. Recrafting the above example, the Legislature could direct a WMD to spend 50 percent of its budget on water resource development, 25 percent on restoration, 15 percent on establishing MFLs, 6 percent on land acquisition, and 4 percent on flood control. There would be inherent difficulties with this approach because many of the WMDs' responsibilities overlap.

The Legislature could direct the Governor to veto those portions of the WMD budgets that did not implement the priorities, and/or withhold state appropriations until the WMDs complied.

Because this scenario is not specifically tied to legislative budget approval, no significant timing problems appear to exist. The priorities could be set a year out, to give the WMDs time to adjust.

The above scenario also would not impinge on the existing budget oversight the Governor currently has.

(4.) Would the creation of a process for legislative oversight of WMD budgets be done statutorily, or would the state constitution have to be changed?

The legality of legislative oversight of WMD budgets was discussed in 1997 and 1998, but since there is no case law on the issue, no definitive answer can be given.

As previously mentioned, the Florida Constitution prohibits a state ad valorem tax, and opponents of legislative oversight of WMD budgets argue that giving the Legislature any such control would violate s. 1(a), Art. VII. They have argued that even the statutory establishment of priority programs for WMD spending would, in effect, mean the Legislature is forcing the WMDs to spend their ad valorem revenues a certain way, to further state directives.

Those who favor legislative oversight point out the power to tax is reserved to the Legislature; even s. 9(a), Art. VII, says, "Counties, school districts, and municipalities shall, and special districts may, be authorized by law to levy ad valorem taxes...." So without legislative authorization, no local government, including WMDs, can tax real property. One also could argue that as long as the Legislature doesn't specifically require a WMD to levy a certain millage rate or require the WMDs to spend property tax revenues on purely state functions, no constitutional breach will occur.

The state Supreme Court, in 1982's St. Johns River Water Management District vs. Deseret Ranches of Florida, Inc., ruled that the WMDs could levy ad valorem taxes to finance their water management responsibilities that further both local and state goals. The Court found that:

"The fact that water resource conservation, control, planning and development are state functions does not make them exclusively so. The availability of adequate fresh water supplies is of critical local interest. .... It is clear that simply because a water management district furthers a state function, policy or purpose does not prevent it from levying ad valorem taxes where the local function, policy or purpose is similarly vital to the local district area."

The Legislature already directs local governments on how to spend their ad valorem revenues, the best example being public K-12 schools, which the courts have ruled serve local as well as state interests.

A final point is this: if it would be unconstitutional for the Legislature to guide the WMDs on how to spend their revenues, then the Governor's statutory authority to reject those portions of a WMD's budget not in compliance with state law also appears to be unconstitutional.

## **CONCLUSIONS**

Compared to the duties of other public agencies, the WMDs' statutory responsibilities are among the most complicated, expensive, economically significant, and environmentally necessary. As water supply and water resource development issues move to the forefront of state policy, the WMDs by necessity will play a major role in shaping Florida's future economy, population growth, and quality of life. The Legislature would be well within its constitutional and statutory duties to create a stronger role overseeing the WMDs as they fully implement chapter 373, F.S.

## END NOTES

<sup>1</sup> Water Management Bulletin, Vol. 5, Number 3, December-January 1971-1972.

<sup>2</sup> "A History of Water Management Districts' Ad Valorem Taxing Power Under the Florida Constitution." Written by L.M. "Buddy" Blain. Published in Northwest Florida WMD newsletter The Pump in April 1986.

<sup>3</sup> Bridge Over Troubled Water: Recommendations of the Water Management District Review Commission. December 29, 1995.

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The Constitutional Millage Cap of the Northwest Florida Water Management District: Review and Recommendations. Executive Office of the Governor, Office of Planning and Budgeting Environmental Policy Unit. January 30, 1998.

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## **APPENDIX 1**

**REVENUE, EXPENDITURE & PERSONNEL COMPARISON  
FOR THREE FISCAL YEARS**

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT**

<b>REVENUE COMPARISON</b>	<b>FY 1997-1998 Actual Audited</b>	<b>FY 1998-1999 Estimated*</b>	<b>FY 1999-2000 Budgeted</b>	<b>Percentage Change (FY98-99 to FY99-00)</b>
Carryover	9,406,649	11,325,450	11,887,822	4.97%
Ad Valorem Taxes	1,625,932	1,837,367	1,837,367	0.00%
Permit and License Fees	459,890	425,000	433,882	2.09%
Local Revenues	216,084	106,354	118,045	10.99%
Ecosystem Management Trust Fund	679,976	854,541	1,120,000	31.06%
Water Management Lands Trust Fund/P2000	27,678,508	17,398,108	12,838,024	-26.21%
State General Revenue	1,399,922	1,399,922	1,399,922	0.00%
Other State Revenues	780,199	1,961,994	2,249,752	14.67%
Federal Revenues	649,781	803,182	417,500	-48.02%
Miscellaneous Revenues	1,088,553	705,231	1,195,495	69.52%
<b>TOTAL</b>	<b>43,985,494</b>	<b>36,817,149</b>	<b>33,497,809</b>	<b>-9.02%</b>

<b>EXPENDITURE COMPARISON</b>	<b>FY 1997-1998 Actual Audited</b>	<b>FY 1998-1999 Estimated*</b>	<b>FY 1999-2000 Budgeted</b>	<b>Percentage Change (FY98-99 to FY99-00)</b>
Salaries and Benefits	4,270,371	4,851,141	4,895,754	0.92%
Other Personal Services	1,168,442	2,705,345	2,729,717	0.90%
Operating Expenses	922,068	1,307,018	1,358,792	3.96%
Operating Capital Outlay	442,181	432,517	353,567	-18.25%
Fixed Capital Outlay	23,599,676	13,755,277	8,200,350	-40.38%
Interagency Expenditures (Grants and Aids)	174,500	356,000	158,000	-55.62%
Debt	2,588,815	2,577,463	2,588,141	0.41%
Reserves		10,832,388	13,213,488	21.98%
<b>TOTAL</b>	<b>33,166,053</b>	<b>36,817,149</b>	<b>33,497,809</b>	<b>-9.02%</b>

\*does not include carry-forward encumbrances

<b>PERSONNEL COMPARISON</b>	<b>FY 1997-1998</b>	<b>FY 1998-1999</b>	<b>FY 1999-2000</b>	<b>Percentage Change (FY98-99 to FY99-00)</b>
Full Time Equivalents	65	57	57	0.00%
Contract/Other	40	48	48	0.00%
<b>TOTAL</b>	<b>105</b>	<b>105</b>	<b>105</b>	<b>0.00%</b>

**NOTE: SALARIES AND BENEFITS EXPENDITURE LINE TIES TO FULL TIME EQUIVALENTS IN THE PERSONNEL COMPARISON.**

## VIII. REVENUE, EXPENDITURE, AND PERSONNEL COMPARISON FOR THREE FISCAL YEARS

### ST. JOHNS RIVER WATER MANAGEMENT DISTRICT

REVENUE COMPARISON	FY 1997-1998 Actual Audited	FY 1998-1999 Estimated	FY 1999-2000 Budgeted	Percentage Change (FY98-99 to FY99-00)
Carryover	81,188,467	20,364,968	20,402,565	0.18%
Ad Valorem Taxes	57,440,472	59,525,216	63,252,403	6.26%
Ag Privilege Tax	0	0	0	
Permit and License Fees	2,245,786	2,000,000	1,936,883	-3.16%
Local Revenues	734,193	1,528,700	2,526,970	65.30%
Ecosystem Management Trust Fund	0	475,000	0	-100.00%
Water Management Lands Trust Fund/P2000	31,042,981	51,000,000	55,247,407	8.33%
Other State Revenues	54,117,605	12,373,358	11,859,222	-4.16%
Federal Revenues	1,528,588	5,180,813	4,281,503	-17.36%
Miscellaneous Revenues	5,623,787	6,187,192	4,264,146	-31.08%
<b>TOTAL</b>	<b>233,921,879</b>	<b>158,635,247</b>	<b>163,771,099</b>	<b>3.24%</b>

EXPENDITURE COMPARISON	FY 1997-1998 Actual Audited	FY 1998-1999 Estimated	FY 1999-2000 Budgeted	Percentage Change (FY98-99 to FY99-00)
Salaries and Benefits	34,198,392	37,642,270	38,006,018	0.97%
Other Personal Services	11,296,291	24,851,013	22,665,786	-8.79%
Operating Expenses	16,954,862	32,834,313	31,823,707	-3.08%
Operating Capital Outlay	1,973,989	3,779,735	3,054,652	-19.18%
Fixed Capital Outlay	89,263,265	50,618,353	52,150,805	3.03%
Interagency Expenditures	0	0	0	
Debt	7,001,483	7,019,563	6,994,813	-0.35%
Reserves		1,890,000	9,075,318	380.18%
<b>TOTAL</b>	<b>160,688,282</b>	<b>158,635,247</b>	<b>163,771,099</b>	<b>3.24%</b>

\*does not include carry-forward encumbrances

PERSONNEL COMPARISON	FY 1997-1998	FY 1998-1999	FY 1999-2000	Percentage Change (FY98-99 To FY99-00)
Full Time Equivalents	710	727	727	0.00%
Contract/Other	0	17	17	0.00%
<b>TOTAL</b>	<b>710</b>	<b>744</b>	<b>744</b>	<b>0.00%</b>

**NOTE: SALARIES AND BENEFITS EXPENDITURE LINE TIES TO FULL TIME EQUIVALENTS IN THE PERSONNEL COMPARISON.**



## VIII. REVENUE, EXPENDITURE, AND PERSONNEL COMPARISON FOR THREE FISCAL YEARS

### SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT

REVENUE COMPARISON	FY 1997-1998 Actual Audited	FY 1998-1999 Estimated	FY 1999-2000 Budgeted	Percentage Change (FY98-99 to FY99-00)
Carryover	12,408,347	14,719,722	16,864,656	14.57%
Ad Valorem Taxes	88,790,677	93,088,275	96,083,857	3.22%
Ag Privilege Tax	0	0	0	0.00%
Permit & License Fees	1,967,139	1,680,000	840,000	-50.00%
Local Revenues	2,444,306	1,719,500	3,023,467	75.83%
FDEP/EPC Gardiner Trust Fund	0	500,000	100,000	-80.00%
Ecosystem Management Trust Fund	1,273,651	0	0	0.00%
Water Management Lands Trust Fund/P2000	20,444,687	59,634,020	40,649,168	-31.84%
State General Revenue	0	0	5,000,000	0.00%
Other State Revenue	935,983	2,718,913	1,318,418	-51.51%
Federal Revenues	266,166	2,023,565	1,912,737	-5.48%
Miscellaneous Revenues	11,548,191	23,827,726	26,808,506	12.51%
<b>TOTAL</b>	<b>140,079,147</b>	<b>199,911,721</b>	<b>192,600,809</b>	<b>-3.66%</b>

EXPENDITURE COMPARISON	FY 1997-1998 Actual Audited	FY 1998-1999 Estimated	FY 1999-2000 Budgeted	Percentage Change (FY98-99 to FY99-00)
Salaries and Benefits	36,535,626	38,661,100	40,280,818	4.19%
Other Personal Services	9,264,348	21,256,746	26,611,821	25.19%
Operating Expenses	14,725,010	18,775,943	19,772,842	5.31%
Operating Capital Outlay	2,808,212	2,169,320	1,853,227	-14.57%
Fixed Capital Outlay	17,840,402	52,999,177	32,134,928	-39.37%
Interagency Expenditures	17,474,438	57,351,854	61,328,556	6.93%
Debt	0	0	0	0.00%
Reserves	0	8,697,581	10,618,617	22.09%
<b>TOTAL</b>	<b>98,648,036</b>	<b>199,911,721</b>	<b>192,600,809</b>	<b>-3.66%</b>

\*Does not include prior year encumbrances

PERSONNEL COMPARISON	FY 1997-1998	FY 1998-1999	FY 1999-2000	Percentage Change (FY98-99 To FY99-00)
Full Time Equivalents	735.50	736.50	735.50	-0.14%
Contract/Other	31.75	43.50	45.13	3.75%
<b>TOTAL</b>	<b>767.25</b>	<b>780.00</b>	<b>780.63</b>	<b>0.08%</b>

**NOTE: SALARIES AND BENEFITS EXPENDITURE LINE TIES TO FULL TIME EQUIVALENTS IN THE PERSONNEL COMPARISON.**

## VIII. REVENUE, EXPENDITURE, AND PERSONNEL COMPARISON FOR THREE FISCAL YEARS

### SOUTH FLORIDA WATER MANAGEMENT DISTRICT

REVENUE COMPARISON	FY 1997-1998 Actual Audited	FY 1998-1999 Estimated	FY 1999-2000 Budgeted	Percentage Change (FY98-99 to FY99-00)
Carryover	337,119,860	143,308,024	13,335,113	-90.69%
Ad Valorem Taxes	197,644,377	207,638,299	219,989,562	5.95%
Ag Privilege Tax	12,163,732	12,549,563	12,298,572	-2.00%
Permit and License Fees	9,088,486	2,086,708	9,129,950	337.53%
Local Revenues	694,806	369,000	135,000	-63.41%
Ecosystem Management Trust Fund	2,778,333	2,950,000	6,177,000	109.39%
Water Management Lands Trust Fund/P2000	45,336,895	39,000,000	45,200,000	15.90%
State General Revenue	0	1,200,000	0	-100.00%
Other State Revenues	17,769,328	9,219,536	10,913,356	18.37%
Alligator Alley	0	1,000,000	0	-100.00%
Water Quality Assurance Trust Fund	0	125,000	0	-100.00%
Federal Revenues	26,767,075	55,188,391	77,878,434	41.11%
Miscellaneous Revenues	23,311,492	34,662,816	28,213,619	-18.61%
<b>TOTAL</b>	<b>672,674,384</b>	<b>509,297,337</b>	<b>423,270,606</b>	<b>-16.89%</b>

EXPENDITURE COMPARISON	FY 1997-1998 Actual Audited*	FY 1998-1999 Estimated**	FY 1999-2000 Budgeted**	Percentage Change (FY98-99 to FY99-00)
Salaries and Benefits	96,931,311	108,554,683	104,954,930	-3.32%
Other Personal Services	12,622,676	31,461,491	23,213,939	-26.21%
Operating Expenses	51,491,984	72,163,470	73,499,429	1.85%
Operating Capital Outlay	10,580,662	16,965,432	7,720,517	-54.49%
Fixed Capital Outlay	83,956,827	224,021,889	141,962,764	-36.63%
Interagency Expenditures	21,385,291	41,679,233	42,762,777	2.60%
Debt	7,866,097	7,856,315	7,852,838	-0.04%
Reserves	0	6,594,824	21,303,412	223.03%
<b>TOTAL</b>	<b>284,834,848</b>	<b>509,297,337</b>	<b>423,270,606</b>	<b>-16.89%</b>

\*Excludes Internal Service Fund charges (fund 601)

\*\*Does not include carry-forward encumbrances. Includes Internal Service Fund charges (fund 601)

\*\*\*Includes Internal Service Fund charges (fund 601)

PERSONNEL COMPARISON	FY 1997-1998	FY 1998-1999	FY 1999-2000	Percentage Change (FY98-99 To FY99-00)
Full Time Equivalents	1,676	1,735	1,735	0.00%
Contract/Other****	134	178	154	-13.48%
<b>TOTAL</b>	<b>1,810</b>	<b>1,913</b>	<b>1,889</b>	<b>-1.25%</b>

\*\*\*\*Includes Leased Worker, Overfill and Center for Environmental Studies positions.

**NOTE: SALARIES AND BENEFITS EXPENDITURE LINE TIES TO FULL TIME EQUIVALENTS IN THE PERSONNEL COMPARISON.**

## **APPENDIX 2**

## THREE-YEAR AD VALOREM TAX COMPARISON

### SOUTH FLORIDA WATER MANAGEMENT DISTRICT

AD VALOREM TAX COMPARISON DISTRICT-AT-LARGE	FISCAL YEAR 1997-1998	FISCAL YEAR 1998-1999	FISCAL YEAR 1999-2000
Millage Rate	0.284	0.284	0.284
Rolled-Back Rate	0.275	0.274	0.272
Percent Increase Above Rolled-Back Rate	3.27%	3.60%	4.41%
Current Year Net New Taxable Value	\$7,872,306,119	\$9,161,889,523	\$10,401,770,811

AD VALOREM TAX COMPARISON OKEECHOBEE BASIN	FISCAL YEAR 1997-1998	FISCAL YEAR 1998-1999	FISCAL YEAR 1999-2000
Millage Rate	0.313	0.313	0.313
Rolled-Back Rate	0.279	0.302	0.300
Percent Increase Above Rolled-Back Rate	12.19%	3.64%	4.33%
Current Year Net New Taxable Value	\$7,011,394,479	\$8,308,519,614	\$9,282,939,235

AD VALOREM TAX COMPARISON EVERGLADES CONSTRUCTION PROJECT	FISCAL YEAR 1997-1998	FISCAL YEAR 1998-1999	FISCAL YEAR 1999-2000
Millage Rate	0.100	0.100	0.100
Rolled-Back Rate	0.097	0.097	0.096
Percent Increase Above Rolled-Back Rate	3.09%	3.09%	4.17%
Current Year Net New Taxable Value	\$7,011,394,479	\$8,308,519,614	\$9,282,939,235

AD VALOREM TAX COMPARISON BIG CYPRESS BASIN	FISCAL YEAR 1997-1998	FISCAL YEAR 1998-1999	FISCAL YEAR 1999-2000
Millage Rate	0.278	0.278	0.278
Rolled-Back Rate	0.192	0.265	0.255
Percent Increase Above Rolled-Back Rate	44.79%	4.91%	9.02%
Current Year Net New Taxable Value	\$860,911,720	\$853,369,909	\$1,118,831,576

**THREE-YEAR AD VALOREM TAX COMPARISON  
SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT**

<b>AD VALOREM TAX COMPARISON DISTRICT-AT-LARGE</b>	<b>FISCAL YEAR 1997-1998</b>	<b>FISCALYEAR 1998-1999</b>	<b>FISCAL YEAR 1999-2000</b>
Millage Rate	0.422	0.422	0.422
Rolled-Back Rate	0.409	0.409	0.408
Percent Increase Above Rolled-Back Rate	3.18%	3.18%	3.43%
Current Year Net New Taxable Value	\$2,573,833,691	\$3,140,406,408	\$3,900,705,995

<b>AD VALOREM TAX COMPARISON ALAFIA RIVER BASIN</b>	<b>FISCAL YEAR 1997-1998</b>	<b>FISCALYEAR 1998-1999</b>	<b>FISCAL YEAR 1999-2000</b>
Millage Rate	0.240	0.240	0.240
Rolled-Back Rate	0.229	0.228	0.233
Percent Increase Above Rolled-Back Rate	4.80%	5.26%	3.00%
Current Year Net New Taxable Value	\$206,039,524	\$270,268,814	\$303,187,045

<b>AD VALOREM TAX COMPARISON HILLSBOROUGH RIVER BASIN</b>	<b>FISCAL YEAR 1997-1998</b>	<b>FISCALYEAR 1998-1999</b>	<b>FISCAL YEAR 1999-2000</b>
Millage Rate	0.285	0.285	0.285
Rolled-Back Rate	0.272	0.270	0.270
Percent Increase Above Rolled-Back Rate	4.78%	5.56%	5.56%
Current Year Net New Taxable Value	\$323,689,684	\$414,866,330	\$560,393,056

<b>AD VALOREM TAX COMPARISON NORTHWEST HILLSBOROUGH BASIN</b>	<b>FISCAL YEAR 1997-1998</b>	<b>FISCALYEAR 1998-1999</b>	<b>FISCAL YEAR 1999-2000</b>
Millage Rate	0.268	0.268	0.268
Rolled-Back Rate	0.256	0.256	0.257
Percent Increase Above Rolled-Back Rate	4.69%	4.69%	4.28%
Current Year Net New Taxable Value	\$237,390,330	\$310,464,436	\$486,592,438

<b>AD VALOREM TAX COMPARISON COASTAL RIVERS BASIN</b>	<b>FISCAL YEAR 1997-1998</b>	<b>FISCALYEAR 1998-1999</b>	<b>FISCAL YEAR 1999-2000</b>
Millage Rate	0.235	0.235	0.235
Rolled-Back Rate	0.229	0.233	0.227
Percent Increase Above Rolled-Back Rate	2.62%	0.86%	3.52%
Current Year Net New Taxable Value	\$151,896,086	\$188,278,440	\$210,824,822

<b>AD VALOREM TAX COMPARISON PINELLAS-ANCLOTE RIVER BASIN</b>	<b>FISCAL YEAR 1997-1998</b>	<b>FISCALYEAR 1998-1999</b>	<b>FISCAL YEAR 1999-2000</b>
Millage Rate	0.401	0.401	0.401
Rolled-Back Rate	0.392	0.388	0.389
Percent Increase Above Rolled-Back Rate	2.30%	3.35%	3.08%
Current Year Net New Taxable Value	\$406,706,815	\$535,993,459	\$679,351,393

<b>AD VALOREM TAX COMPARISON WITHLACOOCHEE RIVER BASIN</b>	<b>FISCAL YEAR 1997-1998</b>	<b>FISCALYEAR 1998-1999</b>	<b>FISCAL YEAR 1999-2000</b>
Millage Rate	0.298	0.298	0.298
Rolled-Back Rate	0.292	0.294	0.287
Percent Increase Above Rolled-Back Rate	2.05%	1.36%	3.83%
Current Year Net New Taxable Value	\$185,209,895	\$260,610,895	\$322,332,018

<b>AD VALOREM TAX COMPARISON PEACE RIVER BASIN</b>	<b>FISCAL YEAR 1997-1998</b>	<b>FISCALYEAR 1998-1999</b>	<b>FISCAL YEAR 1999-2000</b>
Millage Rate	0.195	0.195	0.195
Rolled-Back Rate	0.189	0.194	0.193
Percent Increase Above Rolled-Back Rate	3.17%	0.52%	1.04%
Current Year Net New Taxable Value	\$377,477,706	\$417,466,193	\$447,032,584

<b>AD VALOREM TAX COMPARISON MANASOTA BASIN</b>	<b>FISCAL YEAR 1997-1998</b>	<b>FISCALYEAR 1998-1999</b>	<b>FISCAL YEAR 1999-2000</b>
Millage Rate	0.160	0.160	0.160
Rolled-Back Rate	0.176	0.154	0.154
Percent Increase Above Rolled-Back Rate	-9.09%	3.90%	3.90%
Current Year Net New Taxable Value	\$657,968,948	\$741,260,142	\$888,646,249

## **APPENDIX 3**

Florida Constitution: Article 7, section 9.

**Section 9. Local taxes. --**

(a) Counties, school districts, and municipalities shall, and special districts may, be authorized by law to levy ad valorem taxes and may be authorized by general law to levy other taxes, for their respective purposes, except ad valorem taxes on intangible personal property and taxes prohibited by this constitution.

(b) Ad valorem taxes, exclusive of taxes levied for the payment of bonds and taxes levied for periods not longer than two years when authorized by vote of the electors who are the owners of freeholds therein not wholly exempt from taxation, shall not be levied in excess of the following millages upon the assessed value of real estate and tangible personal property: for all county purposes, ten mills; for all municipal purposes, ten mills; for all school purposes, ten mills; for water management purposes for the northwest portion of the state lying west of the line between ranges two and three east, 0.05 mill; for water management purposes for the remaining portions of the state, 1.0 mill; and for all other special districts a millage authorized by law approved by vote of the electors who are owners of freeholds therein not wholly exempt from taxation. A county furnishing municipal services may, to the extent authorized by law, levy additional taxes within the limits fixed for municipal purposes.

## **APPENDIX 4**



**373.503 Manner of taxation.--**

(1) It is the finding of the Legislature that the general regulatory and administrative functions of the districts herein authorized are of general benefit to the people of the state and should fully or in part be financed by general appropriations. Further, it is the finding of the Legislature that water resources programs of particular benefit to limited segments of the population should be financed by those most directly benefited. To those ends, this chapter provides for the establishment of permit application fees and a method of ad valorem taxation to finance the activities of the district.

(2)(a) The Legislature declares that the millage authorized for water management purposes by s. 9(b), Art. VII of the State Constitution shall be levied only by the water management districts set forth in this chapter and intends by this section to prevent any laws which would allow other units of government to levy any portion of said millage. However, this does not preclude such units of government from financing and engaging in water management programs if otherwise authorized by law.

(b) Pursuant to s. 11(a)(21), Art. III of the State Constitution, the Legislature hereby prohibits special laws or general laws of local application pertaining to the allocation of any portion of the millage authorized for water management purposes by s. 9(b), Art. VII of the State Constitution to any unit of government other than those districts established by this chapter.

(c) The authority of the Central and Southern Florida Flood Control District and the Southwest Florida Water Management District to levy ad valorem taxes within the territories specified in chapter 25270, 1949, Laws of Florida, and chapter 61-691, Laws of Florida, respectively, as heretofore amended, shall continue until those districts have authority to levy ad valorem taxes pursuant to this section.

(3)(a) The districts may levy ad valorem taxes on property within the district solely for the purposes of this chapter and of chapter 25270, 1949, Laws of Florida, as amended, and chapter 61-691, Laws of Florida, as amended. The authority to levy ad valorem taxes as provided in this act shall commence with the year 1977. However, the taxes levied for 1977 by the governing boards pursuant to this section shall be prorated to ensure that no such taxes will be levied for the first 4 days of the tax year, which days will fall prior to the effective date of the amendment to s. 9(b), Art. VII of the State Constitution, which was approved March 9, 1976. When appropriate, taxes levied by each governing board may be separated by the governing board into a millage necessary for the purposes of the district and a millage necessary for financing basin functions specified in s. 373.0695. Beginning with the taxing year 1977, and notwithstanding the provisions of any other general or special law to the contrary, the maximum total millage rate for district and basin purposes shall be:

1. Northwest Florida Water Management District: 0.05 mill.
2. Suwannee River Water Management District: 0.75 mill.
3. St. Johns River Water Management District: 0.6 mill.
4. Southwest Florida Water Management District: 1.0 mill.
5. South Florida Water Management District: 0.80 mill.

(b) The apportionment in the South Florida Water Management District shall be a maximum of 40 percent for district purposes and a maximum of 60 percent for basin purposes, respectively.

(c) Within the Southwest Florida Water Management District, the maximum millage assessed for district purposes shall not exceed 50 percent of the total authorized millage when there are one or more basins in the district, and the maximum millage assessed for basin purposes shall not exceed 50 percent of the total authorized millage.

(4) It is hereby determined that the taxes authorized by this chapter are in proportion to the benefits to be derived by the several parcels of real estate within the districts to which territories are annexed and transferred. It is further determined that the cost of conducting elections within the respective districts or within the transferred or annexed territories, including costs incidental thereto in preparing for such election and in informing the electors of the issues therein, is a proper expenditure of the department, of the respective districts, and of the district to which such territory is or has been annexed or transferred.

(5) Each water management district created under this chapter which does not receive state shared revenues under part II of chapter 218 shall, before January 1 of each year, certify compliance or noncompliance with s. 200.065 to the Department of Banking and Finance. Specific grounds for noncompliance shall be stated in the certification. In its annual report required by s. 218.32(2), the Department of Banking and Finance shall report to the Governor and the Legislature those water management districts certifying noncompliance or not reporting.

History.--s. 1, part V, ch. 72-299; s. 24, ch. 73-190; s. 12, ch. 76-243; s. 6, ch. 80-259; s. 41, ch. 80-274; s. 2, ch. 85-146; ss. 1, 2, ch. 85-211; s. 10, ch. 87-97; s. 8, ch. 91-288.

### **373.536 District budget and hearing thereon.--**

(1) The fiscal year of districts created under the provisions of this chapter shall extend from October 1 of one year through September 30 of the following year. The budget officer of the district shall, on or before July 15 of each year, submit for consideration by the governing board of the district a tentative budget for the district covering its proposed operation and requirements for the ensuing fiscal year. Unless alternative notice requirements are otherwise provided by law, notice of all budget hearings conducted by the governing board or district staff must be published in a newspaper of general circulation in each county in which the district lies not less than 5 days nor more than 15 days before the hearing. Budget workshops conducted for the public and not governed by s. 200.065 must be advertised in a newspaper of general circulation in the community or area in which the workshop will occur not less than 5 days nor more than 15 days before the workshop. The tentative budget shall be adopted in accordance with the provisions of s. 200.065; however, if the mailing of the notice of proposed property taxes is delayed beyond September 3 in any county in which the district lies, the district shall advertise its intention to adopt a tentative budget and millage rate, pursuant to s. 200.065(3)(g), in a newspaper of general paid circulation in that county. The budget shall set forth, classified by object and purpose, and by fund if so designated, the

proposed expenditures of the district for bonds or other debt, for construction, for acquisition of land, for operation and maintenance of the district works, for the conduct of the affairs of the district generally, and for other purposes, to which may be added an amount to be held as a reserve. District administrative and operating expenses must be identified in the budget and allocated among district programs.

(2) The budget shall also show the estimated amount which will appear at the beginning of the fiscal year as obligated upon commitments made but uncompleted. There shall be shown the estimated unobligated or net balance which will be on hand at the beginning of the fiscal year, and the estimated amount to be raised by district taxes and from other sources for meeting the requirements of the district.

(3) As provided in s. 200.065(2)(d), the board shall publish one or more notices of its intention to finally adopt a budget for the district for the ensuing fiscal year. The notice shall appear adjacent to an advertisement which shall set forth the tentative budget in full. The notice and advertisement shall be published in one or more newspapers having a combined general circulation in the counties having land in the district. Districts may include explanatory phrases and examples in budget advertisements published under s. 200.065 to clarify or illustrate the effect that the district budget may have on ad valorem taxes.

(4) The hearing to finally adopt a budget and millage rate shall be by and before the governing board of the district as provided in s. 200.065 and may be continued from day to day until terminated by the board. The final budget for the district will thereupon be the operating and fiscal guide for the district for the ensuing year; however, transfers of funds may be made within the budget by action of the governing board at a public meeting of the governing board. Should the district receive unanticipated funds after the adoption of the final budget, the final budget may be amended by including such funds, so long as notice of intention to amend is published one time in one or more newspapers qualified to accept legal advertisements having a combined general circulation in the counties in the district. The notice shall set forth the proposed amendment and shall be published at least 10 days prior to the public meeting of the board at which the proposed amendment is to be considered. However, in the event of a disaster or of an emergency arising to prevent or avert the same, the governing board shall not be limited by the budget but shall have authority to apply such funds as may be available therefor or as may be procured for such purpose.

(5)(a) The Executive Office of the Governor is authorized to approve or disapprove, in whole or in part, the budget of each water management district and shall analyze each budget as to the adequacy of fiscal resources available to the district and the adequacy of district expenditures related to water supply, including water resource development projects identified in the district's regional water supply plans; water quality; flood protection and floodplain management; and natural systems. This analysis shall be based on the particular needs within each water management district in those four areas of responsibility.

(b) The Executive Office of the Governor and the water management districts shall develop a process to facilitate review and communication regarding water management district budgets, as necessary. Written disapproval of any provision in the tentative budget must be received by the district at least 5 business days prior to the final district

budget adoption hearing conducted under s. 200.065(2)(d). If written disapproval of any portion of the budget is not received at least 5 business days prior to the final budget adoption hearing, the governing board may proceed with final adoption. Any provision rejected by the Governor shall not be included in a district's final budget.

(c) Each water management district shall, by August 1 of each year, submit for review a tentative budget to the Governor, the President of the Senate, the Speaker of the House of Representatives, the chairs of all legislative committees and subcommittees with substantive or fiscal jurisdiction over water management districts, the secretary of the department, and the governing body of each county in which the district has jurisdiction or derives any funds for the operations of the district. The tentative budget must include, but is not limited to, the following information for the preceding fiscal year and the current fiscal year, and the proposed amounts for the upcoming fiscal year, in a standard format prescribed by the Executive Office of the Governor which is generally consistent with the format prescribed by legislative budget instructions for state agencies and the format requirements of s. 216.031:

1. The millage rates and the percentage increase above the rolled-back rate, together with a summary of the reasons the increase is required, and the percentage increase in taxable value resulting from new construction;
2. The salary and benefits, expenses, operating capital outlay, number of authorized positions, and other personal services for the following program areas, including a separate section for lobbying, intergovernmental relations, and advertising:
  - a. District management and administration;
  - b. Implementation through outreach activities;
  - c. Implementation through regulation;
  - d. Implementation through acquisition, restoration, and public works;
  - e. Implementation through operations and maintenance of lands and works;
  - f. Water resources planning and monitoring; and
  - g. A full description and accounting of expenditures for lobbying activities relating to local, regional, state, and federal governmental affairs, whether incurred by district staff or through contractual services and all expenditures for public relations, including all expenditures for public service announcements and advertising in any media.In addition to the program areas reported by all water management districts, the South Florida Water Management District shall include in its budget document a separate section on all costs associated with the Everglades Construction Project.
3. The total amount in the district budget for each area of responsibility listed in paragraph (a) and for water resource development projects identified in the district's regional water supply plans.
4. A 5-year capital improvements plan.
5. A description of each new, expanded, reduced, or eliminated program.
6. A proposed 5-year water resource development work program, that describes the district's implementation strategy for the water resource development component of each approved regional water supply plan developed or revised pursuant to s. 373.0361. The work program shall address all the elements of the water resource development component in the district's approved regional water supply plans. The office of the Governor, with the assistance of the department, shall review the proposed

work program. The review shall include a written evaluation of its consistency with and furtherance of the district's approved regional water supply plans, and adequacy of proposed expenditures. As part of the review, the Executive Office of the Governor and the department shall afford to all interested parties the opportunity to provide written comments on each district's proposed work program. At least 7 days prior to the adoption of its final budget, the governing board shall state in writing to the Executive Office of the Governor which changes recommended in the evaluation it will incorporate into its work program, or specify the reasons for not incorporating the changes. The office of the Governor shall include the district's responses in the written evaluation and shall submit a copy of the evaluation to the Legislature; and

7. The funding sources, including, but not limited to, ad valorem taxes, Surface Water Improvement and Management Program funds, other state funds, federal funds, and user fees and permit fees for each program area.

(d) By September 5 of the year in which the budget is submitted, the House and Senate appropriations chairs may transmit to each district comments and objections to the proposed budgets. Each district governing board shall include a response to such comments and objections in the record of the governing board meeting where final adoption of the budget takes place, and the record of this meeting shall be transmitted to the Executive Office of the Governor, the department, and the chairs of the House and Senate appropriations committees.

(e) The Executive Office of the Governor shall annually, on or before December 15, file with the Legislature a report that summarizes the expenditures of the water management districts by program area and identifies the districts that are not in compliance with the reporting requirements of this section. State funds shall be withheld from a water management district that fails to comply with these reporting requirements.

History.--s. 28, ch. 25209, 1949; s. 3, ch. 29790, 1955; s. 4, ch. 61-497; s. 1, ch. 65-432; s. 1, ch. 67-74; s. 25, ch. 73-190; s. 18, ch. 74-234; s. 46, ch. 80-274; s. 230, ch. 81-259; s. 3, ch. 84-164; s. 2, ch. 86-190; s. 9, ch. 91-288; s. 24, ch. 93-213; s. 276, ch. 94-356; s. 1012, ch. 95-148; s. 5, ch. 96-339; s. 16, ch. 97-160; s. 6, ch. 98-88.  
Note.--Former s. 378.28.

373.539 Imposition of taxes.--

(1) Each year the governing board of the district shall certify to the property appraiser of the county in which the property is situate, timely for the preparation of the tax roll, the tax rate to be applied in determining the amount of the district's annual tax, and the property appraiser shall extend on his or her county tax roll the amount of such tax, determined at the rate certified to the property appraiser by the governing board, and shall certify the same to the tax collector at the same time and in like manner as for county taxes.

(2) Collection of district taxes, the issuance of tax sale certificates for nonpayment thereof, the redemption or sale of said certificates, the vesting of title by tax forfeiture, and the sale of the land and other real estate so forfeited shall be at the same time, in conjunction with, and by like procedure and of like effect as is provided by law with respect to county taxes, nor may either the county or the district taxes be paid or redemption effected without the payment or redemption of both. The title to district tax forfeited land shall vest in the county on behalf of said district along with that of the

county for county tax forfeited land, said district tax forfeited land to be held, sold, or otherwise disposed of by said county for the benefit of said district. The proceeds therefrom, after deducting costs, shall be paid to the district in amounts proportionate to the respective tax liens thereon.

(3) The district tax liens shall be of equal dignity with those of the county.

(4) The tax officers of the county are hereby authorized and directed to perform the duties devolving upon them under this chapter, and to receive compensation therefor at such rates or charges as are provided by law with respect to similar services or charges in other cases.

History.--s. 29, ch. 25209, 1949; s. 25, ch. 73-190; s. 1, ch. 77-102; s. 608, ch. 95-148.

Note.--Former s. 378.29.