



## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

**Ensure lower taxes:** The Legislature will approve the water management districts' budget each year.

#### B. EFFECT OF PROPOSED CHANGES:

Article VII, Section 9(b) of the Florida Constitution provides that ad valorem taxes may be levied for water management purposes in an amount no greater than .05 mill for the northwest portion of the state and no greater than 1.0 mill for the remainder of the state.

The Legislature has created five water management districts.<sup>1</sup> The Legislature has declared that the millage authorized for water management purposes by the state constitution shall only be levied by the five water management districts.<sup>2</sup> The districts may levy ad valorem taxes on property within the district solely for the purposes of water management as set forth the by the Legislature.<sup>3</sup>

The Legislature has presently authorized a millage rate for most districts that is less than the maximum allowed by the state constitution.<sup>4</sup> The maximum total millage rate for each district 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.

The water management districts are special taxing districts.<sup>5</sup> A special taxing district may not be created with general taxing authority and may be empowered to levy only those taxes bearing a substantial relation to the special purpose of the taxing district. Crowder v. Phillips, 146 Fla. 440, 1 So. 2d 629 (1941); State ex rel. City of Gainesville v. St. Johns River Water Management Dist., 408 So. 2d 1067 (Fla. Dist. Ct. App. 1st Dist. 1982).

The Legislature has determined that the taxes authorized for the water management districts to levy are in proportion to the benefits to be derived by the real estate within the districts.<sup>6</sup>

The bill provides that in order to ensure that the taxes authorized by Chapter 373 continue to be in proportion to the benefits derived of real estate within the districts, the Legislature shall annually review the authorized millage rate for each district and annually set the amount or revenue authorized to be raised by each district. However, the maximum millage rate for each district shall not exceed the rate currently in section 373.503(3), Florida Statutes.

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<sup>1</sup> Section 373.069, Florida Statutes

<sup>2</sup> Section 373.503(2)(a), Florida Statutes

<sup>3</sup> Section 373.503(3), Florida Statutes

<sup>4</sup> Section 373.503(3), Florida Statutes

<sup>5</sup> Section 189.403(6), Florida Statutes

<sup>6</sup> Section 373.503(4), Florida Statutes

C. SECTION DIRECTORY:

Section 1. Amends section 373.503, Florida Statutes relating to manner of taxation.

Section 2. Provides an effective date of October 1, 2005.

**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:

This bill provides that the Legislature shall annually review the authorized millage rate for each water management district and annually set the amount of revenue authorized to be raised by each district from the taxes authorized by Chapter 373.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None

D. FISCAL COMMENTS:

None

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require counties or municipalities to take an action requiring the expenditure of funds, does not reduce the authority that counties or municipalities have to raise revenues in the aggregate, and does not reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None

B. RULE-MAKING AUTHORITY:

No additional rulemaking authority is required to implement the provisions of this bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

**IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**

On April 12, 2005, the Committee on Finance and Tax adopted one clarifying amendment to this bill. The amendment replaced the term "amount" with the term "amount of revenue".