

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Environmental Preservation and Conservation Committee

BILL: SB 1436

INTRODUCER: Senator Bennett

SUBJECT: Water management

DATE: March 31, 2009      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Kiger	Kiger	EP	<b>Fav/1 amendments</b>
2.			FT	
3.			GA	
4.			WPSC	
5.				
6.				

**Please see Section VIII. for Additional Information:**

- |                              |                                     |   |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input type="checkbox"/>            | Statement of Substantial Changes        |
| B. AMENDMENTS.....           | <input checked="" type="checkbox"/> | Technical amendments were recommended   |
|                              | <input type="checkbox"/>            | Amendments were recommended             |
|                              | <input type="checkbox"/>            | Significant amendments were recommended |

**I. Summary:**

The bill would prohibit a water management district from issuing certificates of participation unless the electors of the district approve their issuance.

The bill would take effect July 1, 2009.

This bill substantially amends section 373.584 of the Florida Statutes.

**II. Present Situation:**

Section 373.584, F.S., authorizes the water management districts to issue general obligation bonds to finance the undertaking of any capital or other project or to refund previous bond issuances. Included in the family of revenue bonds are certificates of participation.

Certificates of participation, commonly referred to as COPs, are a form of lease purchase financing. In a typical arrangement a governmental entity, known as a lessee, purchases property or equipment under contract from a lessor. Lessors are generally other public entities or special purpose nonprofit corporations that retain the assets and receive and remit the payments to those

that hold the COPs. In many cases the governmental entity acting as the lessee will create the entity that acts as the lessor. COPs are generally used by local governments and school boards. Because they are classified as revenue bonds and issued pursuant to a specific grant of statutory authority, they are not subject to a vote of the electors whose tax revenues are being used to finance them.

To date, only the South Florida Water Management District has chosen to issue COPs. The district issued \$546 million in 2008 for the purposes of funding a series of projects, known as Acceler8, to expedite Everglades restoration. Currently, the district is proposing to issue another \$1.34 billion in order to purchase an estimated 180,000 acres of land owned by the U.S. Sugar Corporation.

### **III. Effect of Proposed Changes:**

The bill amends s. 373.584, F.S., to provide that the issuance of COPs by any water management district shall be subject to vote of the electors of the district by referendum.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

The bill requires that local governments within the boundaries of a water management district shall conduct an election when a district proposes to issue COPs. The cost of conducting an election would exceed the \$1.9 million statewide threshold and would trigger the finding of a mandate.

#### **B. Public Records/Open Meetings Issues:**

None.

#### **C. Trust Funds Restrictions:**

None.

### **V. Fiscal Impact Statement:**

#### **A. Tax/Fee Issues:**

None.

#### **B. Private Sector Impact:**

None.

C. **Government Sector Impact:**

Counties would be required to conduct and pay for the elections. Based on data collected by the Senate Committee on Ethics and Elections the average cost to conduct an election can vary widely depending on the number of electors in a given county. Survey data from the 16 counties that comprise the South Florida Water Management District estimated costs for the election would total \$10.2 million.

Aside from the cost there be would logistical impacts related to conducting elections within the boundary of a given water management district. The boundaries of the districts were created based on the hydrological features of the state. Because of this, portions of counties may lie in as many as three separate districts. County Supervisors of Elections would be required to overlay district boundaries with precincts and would most likely find that they do not align.

VI. **Technical Deficiencies:**

None.

VII. **Related Issues:**

None.

VIII. **Additional Information:**

A. **Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. **Amendments:**

**Barcode 534598 by Environmental Preservation and Conservation on March 31, 2009:**

The amendment provides that COPs validated and issued before January 1, 2009 do not have to be approved by voter referendum.