

Economic Infrastructure Subcommittee

Wednesday, March 5, 2025
10:15 AM - 12:15 PM
Reed Hall (102 HOB)

Daniel Perez
Speaker

Chip LaMarca
Chair

The Florida House of Representatives

Commerce Committee

Economic Infrastructure Subcommittee

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Meeting Agenda

Wednesday, March 5, 2025
10:15 am – 12:15 pm
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I. Call to Order

II. Roll Call

III. Welcome and Opening Remarks

IV. Consideration of the following bill(s):

- HB 11 Municipal Water and Sewer Utility Rates by Robinson, F.

V. Panel Discussion on Utility Use of the Public Right-of-Way

VI. Closing Remarks

VII. Adjournment

HB 11

FLORIDA HOUSE OF REPRESENTATIVES
BILL ANALYSIS

This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.

BILL #: HB 11	**COMPANION BILL:** SB 202 (Jones)
TITLE: Municipal Water and Sewer Utility Rates	**LINKED BILLS:** None
SPONSOR(S): Robinson, F.	**RELATED BILLS:** None

Committee References

Economic Infrastructure ➤ Intergovernmental Affairs ➤ Commerce

SUMMARY

Effect of the Bill:

The bill states that a municipality which operates a water or sewer utility outside its municipal boundaries must charge consumers outside its boundaries the same rates, fees, and charges as it charges consumers within its boundaries if:

- The consumers are located in a separate municipality, and
- The municipality providing service uses a water or sewer treatment plant located in the separate municipality to serve those consumers.

Fiscal or Economic Impact:

The bill may have an indeterminate negative impact on certain local government revenues.

JUMP TO SUMMARY ANALYSIS RELEVANT INFORMATION BILL HISTORY

ANALYSIS

EFFECT OF THE BILL:

The bill provides that a municipally owned utility which provides water or sewer services outside of its municipal boundaries must charge consumers outside its boundaries the same rates, fees, and charges as it charges consumers within its boundaries if:

- The consumers are located in a separate municipality, and
- The municipality providing service uses a water or sewer treatment plant located in the separate municipality to serve those consumers. (Section 1).

The bill provides an effective date of July 1, 2025. (Section 2).

FISCAL OR ECONOMIC IMPACT:

LOCAL GOVERNMENT:

The bill may have a negative fiscal impact on municipalities which own and operate water or sewer utilities and serve consumers located in another municipality with facilities located in the recipient municipality, as it reduces the amount that those municipal water and sewer utilities that use such facilities can charge such consumers.

PRIVATE SECTOR:

The bill may result in cost savings for certain municipal water and sewer utility consumers located outside of municipal boundaries.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Municipally Owned Utilities

Pursuant to Art. VIII, s. 2(b), of the Florida Constitution, municipalities have the governmental, corporate, and proprietary powers to enable them to conduct municipal government, perform municipal functions, and render municipal services. Municipalities may exercise any power for municipal purposes, except when expressly prohibited by law.[1] The legislative body of each municipality has the power to enact legislation on any subject upon which the state Legislature may act with certain exceptions.[2] Under their home rule power and as otherwise provided or limited by law or agreement, municipalities may provide utilities to citizens and entities within the municipality's corporate boundaries, in unincorporated areas, and even in other municipalities.

Municipalities are authorized by general law to provide water and sewer utility services.[3] With respect to public works projects, including water and sewer utility services,[4] municipalities may extend and execute their corporate powers outside of their corporate limits as "desirable or necessary for the promotion of the public health, safety and welfare."[5] A municipality may not extend or apply these corporate powers within the corporate limits of another municipality.[6] However, it may permit any other municipality and the owners of lands outside its corporate limits or within the limits of another municipality to connect with its water and sewer utility facilities and use its services upon agreed terms and conditions.[7] An informal study conducted in 2014 indicated that approximately 250 municipalities provided water service and approximately 220 municipalities provided wastewater service. Of these municipalities, the study found that approximately 140 provided water and/or wastewater services to consumers outside of their municipal boundaries, which may have included consumers in unincorporated areas of counties or in other municipalities.[8] These utility systems are exempt from the jurisdiction of the Florida Public Service Commission.[9]

Municipal Utility Rates, Fees, and Charges Outside of Municipal Boundaries

A municipality that operates a water or sewer utility outside of its municipal boundaries may impose higher rates, fees, and charges on consumers receiving service outside of its corporate boundaries as compared to the rates, fees, and charges imposed on consumers within its boundaries. The municipality can accomplish this in two ways:

- First, for consumers outside of its boundaries, it may add a surcharge of up to 25 percent of the rates, fees, and charges imposed on consumers within its boundaries. This mechanism does not require a public hearing.[10]
- Second, it may set separate rates, fees, and charges for consumers outside its boundaries based on the same factors used to set rates for consumers within its boundaries. It may add a surcharge of up to 25 percent of these charges, provided that the total of all such rates, fees, and charges for service to consumers outside its boundaries may not exceed the total charges to consumers within its boundaries by more than 50 percent for corresponding service. Rates set in this manner require a public hearing at which all users served or to

[1] Section 166.021(2), F.S., provides that any activity or power which may be exercised by the state or its political subdivisions is considered a municipal purpose.
[2] Pursuant to s. 166.021(3), F.S., a municipality may not enact legislation on the following: the subjects of annexation, merger, and exercise of extraterritorial power, which require general law or special law; any subject expressly prohibited by the constitution; any subject expressly preempted to state or county government by the constitution or by general law; and any subject preempted to a county pursuant to a county charter adopted under the authority of the State constitution.
[3] Pursuant to s. 180.06, F.S., a municipality may "provide water and alternative water supplies;" "provide for the collection and disposal of sewage, including wastewater reuse, and other liquid wastes;" and "construct reservoirs, sewerage systems, trunk sewers, intercepting sewers, pumping stations, wells, siphons, intakes, pipelines, distribution systems, purification works, collection systems, treatment and disposal works" to accomplish these purposes.
[4] Other public works projects authorized under s. 180.06, F.S., include alternative water supplies, maintenance of water flow and bodies of water for sanitary purposes, garbage collection and disposal, airports, hospitals, jails, golf courses, gas plants and distribution systems, and related facilities.
[5] S. 180.02(2), F.S.
[6] *Id.*
[7] S. 180.19, F.S.
[8] Analysis of House Bill 813 (2014), Florida House of Representatives.
[9] S. 367.022(2), F.S.
[10] S. 180.191(1)(a), F.S.

be served by the water or sewer utilities and all other interested persons will have an opportunity to be heard concerning the proposed rates. [11]

There is no central repository for information concerning municipal water or sewer service rates that identifies municipalities that impose higher rates on consumers outside of the municipal boundaries, the specific mechanism used by such municipalities to establish such rates, or the level of any additional charge or surcharge imposed.

Additional Relevant Information

Art. VII, s. 18(b), of the Florida Constitution states that the legislature may not enact any law that would reduce the authority municipalities or counties have to raise revenues in the aggregate, except upon approval of two-thirds of the membership of each house of the legislature.

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Economic Infrastructure Subcommittee			Keating	Bauldree
Intergovernmental Affairs Subcommittee				
Commerce Committee				

[11] S. 180.191(1)(b), F.S.

A bill to be entitled

An act relating to municipal water and sewer utility rates; amending s. 180.191, F.S.; requiring a municipality to charge consumers receiving its utility services in another municipality the same rates, fees, and charges as it charges consumers within its own municipal boundaries under certain circumstances; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsections (2), (3), and (4) of section 180.191, Florida Statutes, are renumbered as subsections (3), (4), and (5), respectively, subsection (1) is amended, and a new subsection (2) is added to that section, to read:

180.191 Limitation on rates charged consumer outside city limits.—

(1) Any municipality within this ~~the~~ state that operates ~~operating~~ a water or sewer utility outside ~~of~~ the boundaries of the ~~such~~ municipality shall charge consumers outside the boundaries rates, fees, and charges determined in one of the following manners:

(a) It may charge the same rates, fees, and charges as consumers inside the municipal boundaries. However, in addition ~~thereto~~, the municipality may add a surcharge of not more than

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

25 percent of such rates, fees, and charges to consumers outside the boundaries, except as provided in subsection (2). Fixing of the ~~such~~ rates, fees, and charges in this manner does ~~shall~~ not require a public hearing except as may be provided for service to consumers inside the municipality.

(b) It may charge rates, fees, and charges that are just and equitable and that ~~which~~ are based on the same factors used in fixing the rates, fees, and charges for consumers inside the municipal boundaries, except as provided in subsection (2). In addition ~~thereto~~, the municipality may add a surcharge not to exceed 25 percent of the ~~such~~ rates, fees, and charges for ~~said~~ services to consumers outside the boundaries. However, the total of all the ~~such~~ rates, fees, and charges for the services to consumers outside the boundaries may ~~shall~~ not be more than 50 percent in excess of the total amount the municipality charges consumers served within the municipality for corresponding service. The ~~No Such~~ rates, fees, and charges may not ~~shall~~ be fixed until after a public hearing at which all of the users of the water or sewer systems; owners, tenants, or occupants of property served or to be served ~~thereby~~; and all others interested ~~shall~~ have had an opportunity to be heard concerning the proposed rates, fees, and charges. Any change or revision of the ~~such~~ rates, fees, or charges may be made in the same manner as the ~~such~~ rates, fees, or charges were originally established, but if a ~~such~~ change or revision is to be made substantially pro

rata as to all classes of service, both inside and outside the municipality, a ~~no~~ hearing or notice is not ~~shall be~~ required.

(2) Any municipality within this state that operates a water or sewer utility providing service to consumers within the boundaries of a separate municipality using a water treatment plant or sewer treatment plant located within the boundaries of that separate municipality shall charge consumers in the separate municipality the same rates, fees, and charges as it charges the consumers within its own municipal boundaries.

Section 2. This act shall take effect July 1, 2025.