

1                                   A bill to be entitled  
 2           An act relating to municipal utilities; amending s.  
 3           166.201, F.S.; authorizing a municipality to fund or  
 4           finance general government functions with a portion of  
 5           revenues from utility operations; establishing limits  
 6           on utility revenue transfers for municipal utilities  
 7           that serve customers located outside the municipal  
 8           boundaries; amending s. 180.1291, F.S.; modifying  
 9           provisions relating to permissible rates, fees, and  
 10          charges imposed by municipal water and sewer utilities  
 11          on customers located outside the municipal boundaries;  
 12          providing an effective date.

13  
 14   Be It Enacted by the Legislature of the State of Florida:

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 16           Section 1.   Section 166.201, Florida Statutes, is amended  
 17   to read:

18           166.201   Taxes and charges.—

19           (1)   A municipality may raise, by taxation and licenses  
 20   authorized by the constitution or general law, or by user  
 21   charges or fees authorized by ordinance, amounts of money which  
 22   are necessary for the conduct of municipal government and may  
 23   enforce their receipt and collection in the manner prescribed by  
 24   ordinance not inconsistent with law.

25           (2) (a)   A municipality that owns and operates an electric,

26 natural gas, water, or wastewater utility may fund or finance  
27 general government functions using a portion of the revenues  
28 generated from rates, fees, and charges for the provision of  
29 such utility service. The portion of utility revenues that may  
30 be used during a fiscal year to fund or finance general  
31 government functions, after payment of all utility expenses, may  
32 not exceed:

33 1. For revenues generated from electric utility  
34 operations, a transfer rate equal to the amount derived by  
35 applying the average of the midpoints of the rates of return on  
36 equity approved by the Public Service Commission for each  
37 investor-owned electric utility in the state to the municipal  
38 electric utility's revenues.

39 2. For revenues generated from natural gas utility  
40 operations, a transfer rate equal to the amount derived by  
41 applying the average of the midpoints of the rates of return on  
42 equity approved by the Public Service Commission for each  
43 investor-owned natural gas utility in the state to the municipal  
44 natural gas utility's revenues.

45 3. For revenues generated from water or wastewater  
46 operations, a transfer rate equal to the amount derived by  
47 applying the rate of return on equity established by the Public  
48 Service Commission under s. 367.081(4)(f) to the municipal water  
49 or wastewater utility's revenues.

50 (b) Except as provided in paragraph (c), the transfer rate

51 applied to municipal utility revenues under subparagraphs (a)1.-  
 52 3. shall be reduced as follows:

53 1. If more than 15 percent of a municipal utility's retail  
 54 customers, as measured by total meters served, are located  
 55 outside the municipal boundaries, the transfer rate applied to  
 56 utility revenues shall be reduced by 150 basis points.

57 2. If more than 30 percent of a municipal utility's retail  
 58 customers, as measured by total meters served, are located  
 59 outside the municipal boundaries, the transfer rate applied to  
 60 utility revenues shall be reduced by 300 basis points.

61 3. If more than 45 percent of a municipal utility's retail  
 62 customers, as measured by total meters served, are located  
 63 outside the municipal boundaries, the transfer rate applied to  
 64 utility revenues shall be reduced by 450 basis points.

65 (c) The reductions specified in paragraph (b) shall not  
 66 apply to a municipal utility service if the utility service is  
 67 governed by a utility authority board that, through the election  
 68 of voting members from outside the municipal boundaries,  
 69 provides for representation of retail customers located outside  
 70 the municipal boundaries approximately proportionate to the  
 71 percentage of such customers, as measured by total meters  
 72 served, that receive service from the utility.

73 Section 2. Subsection (1) of section 180.191, Florida  
 74 Statutes, is amended to read:

75 180.191 Limitation on rates charged consumer outside city

76 | limits.-

77 |       (1) Any municipality within the state operating a water or  
78 | sewer utility outside of the boundaries of such municipality  
79 | shall charge consumers outside the boundaries rates, fees, and  
80 | charges determined in one of the following manners:

81 |       (a) It may charge the same rates, fees, and charges as  
82 | consumers inside the municipal boundaries. ~~However, in addition~~  
83 | ~~thereto, the municipality may add a surcharge of not more than~~  
84 | ~~25 percent of such rates, fees, and charges to consumers outside~~  
85 | ~~the boundaries.~~ Fixing of such rates, fees, and charges in this  
86 | manner shall not require a public hearing except as may be  
87 | provided for service to consumers inside the municipality.

88 |       (b)1. It may charge rates, fees, and charges that are just  
89 | and equitable and which are based on the same factors used in  
90 | fixing the rates, fees, and charges for consumers inside the  
91 | municipal boundaries. ~~In addition thereto, the municipality may~~  
92 | ~~add a surcharge not to exceed 25 percent of such rates, fees,~~  
93 | ~~and charges for said services to consumers outside the~~  
94 | ~~boundaries. However, the total of all such~~ Such rates, fees, and  
95 | charges for the services to consumers outside the boundaries  
96 | shall not be more than 25 ~~50~~ percent greater than ~~in excess of~~  
97 | the total amount the municipality charges consumers served  
98 | within the municipality for corresponding service. No such  
99 | rates, fees, and charges shall be fixed until after a public  
100 | hearing at which all of the users of the water or sewer systems;

101 owners, tenants, or occupants of property served or to be served  
102 thereby; and all others interested shall have an opportunity to  
103 be heard concerning the proposed rates, fees, and charges. Any  
104 change or revision of such rates, fees, or charges may be made  
105 in the same manner as such rates, fees, or charges were  
106 originally established, but if such change or revision is to be  
107 made substantially pro rata as to all classes of service, both  
108 inside and outside the municipality, no hearing or notice shall  
109 be required.

110 (2) Any municipality within the state operating a water or  
111 sewer utility that provides service to consumers within the  
112 boundaries of a separate municipality through the use of a water  
113 treatment plant or sewer treatment plant located within the  
114 boundaries of that separate municipality may charge consumers in  
115 the separate municipality no more than the rates, fees, and  
116 charges imposed on consumers inside its own municipal  
117 boundaries.

118 Section 3. This act shall take effect July 1, 2024.