

HOUSE OF REPRESENTATIVES FINAL BILL ANALYSIS

BILL #:	HB 7081	FINAL HOUSE FLOOR ACTION:	
SPONSOR(S):	Rulemaking Oversight & Repeal Subcommittee, Beshears	114 Y's	0 N's
COMPANION BILLS:	SB 7062	GOVERNOR'S ACTION:	Pending

SUMMARY ANALYSIS

HB 7081 passed the House on April 9, 2015, and subsequently passed the Senate on April 29, 2015.

The Department of Environmental Protection (DEP) or the five water management districts (WMDs) are required to establish minimum flows for surface watercourses and minimum levels for groundwater and surface waters within each district. "Minimum flow" is the limit at which further water withdrawals from a given watercourse would significantly harm the water resources or ecology of the area. "Minimum level" is the level of groundwater in an aquifer or the level of a surface waterbody at which further withdrawals will significantly harm the water resources of the area.

For waterbodies that are below their minimum flows and levels (MFLs) or are projected to fall below them within 20 years, the WMDs are required to implement a recovery or prevention strategy, which includes the development of additional water supplies and other actions to achieve recovery to the established MFL as soon as practicable or prevent the existing MFL from falling below the established MFL. The recovery or prevention strategy must include phasing or a timetable that will allow for the provision of sufficient water supplies for all existing and projected reasonable-beneficial uses, including development of additional water supplies and implementation of conservation and other efficiency measures concurrent with, to the extent practical, and to offset, reductions in permitted withdrawals.

In June 2013, the Suwannee River Water Management District (SRWMD) governing board requested that DEP adopt MFLs it proposed for the Lower Santa Fe and Ichetucknee Rivers and associated priority springs. The decision was based on the technical work conducted for the proposed MFLs by SRWMD staff, and the potential for cross-basin impacts originating outside of the SRWMD. SRWMD staff had also assessed the streamflows observed in the recent historical record and recent trends in the flow regime, and determined that a recovery strategy was required.

On March 7, 2014, DEP proposed rule 62-42.300, F.A.C., establishing MFLs for the Lower Santa Fe and Ichetucknee Rivers and associated priority springs, as well as regulatory flow recovery provisions. The proposed rule was estimated to have an economic impact in excess of \$1 million over 5 years. If an agency rule meets that economic threshold, current law requires legislative ratification of the rule before it can take effect. On April 8, 2014, the DEP filed a Notice of Change modifying the proposed rule. The Legislature passed HB 7171 (2014) which exempted the April 8 version of the proposed rule from the ratification requirement. However, prior to adoption, the rules were successfully challenged the Division of Administrative Hearings (DOAH). On November 7, 2014, a Notice of Change was published resolving the rule's noted deficiencies. The November change did not change the proposed minimum flows or the recovery strategy included in the proposed rule. After an unsuccessful DOAH challenge the rule was filed for adoption on February 18, 2015. A revised SERC was made available to the public on December 5, 2014.

The bill satisfies the legislative ratification requirement based on the rule's economic and regulatory cost impact. The bill expressly states that it serves no purpose other than satisfying the ratification requirement and that it will not be codified in the Florida Statutes.

The bill does not appear to have a fiscal impact on state government.

Subject to the Governor's veto powers, the effective date of this bill is upon becoming law.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h7081z.RORS

DATE: May 12, 2015

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Present Situation

Consumptive Use Permits

For water uses other than private wells for domestic use, the statutes authorize the Department of Environmental Protection (DEP) and the water management districts (WMDs) to require any person seeking to use “waters in the state”¹ to obtain a consumptive use permit (CUP).² A CUP establishes the duration and type of allowed water use as well as the maximum amount that may be used. Each CUP must be consistent with the objectives of the WMD and may not be harmful to the water resources of the area.³ To obtain a CUP, an applicant must establish that the proposed use of water satisfies a statutory test, commonly referred to as “the three-prong test.”⁴ Specifically, the proposed water use:

1. Must be a reasonable-beneficial use;⁵
2. May not interfere with any presently existing legal use of water; and
3. Must be consistent with the public interest.

Minimum Flows and Levels (MFLs)

DEP or the WMDs are required to establish minimum flows for surface watercourses and minimum levels for groundwater and surface waters within each WMD.⁶ “Minimum flow” is the limit at which further water withdrawals from a given watercourse would significantly harm the water resources or ecology of the area.⁷ “Minimum level” is the level of groundwater in an aquifer or the level of a surface waterbody at which further withdrawals will significantly harm the water resources of the area.⁸

Section 373.042(2), F.S., requires each WMD to submit annually to DEP for review and approval of a priority list and schedule for the establishment of MFLs for surface watercourses, aquifers, and surface waters within the WMD. The priority list and schedule must identify those waterbodies for which the WMD will voluntarily undertake independent scientific peer review.

In 2003, the Legislature passed SB 244, which required the priority list and schedule to also include:

- Any reservations proposed by the WMD to be established under s. 373.223(4), F.S.;⁹ and
- Those listed waterbodies that have the potential to be affected by withdrawals in an adjacent WMD for which the DEP’s adoption of a reservation or MFL may be appropriate.¹⁰

¹ Section 373.019(22), F.S., defines “water” or “waters in the state” to mean any and all water on or beneath the surface of the ground or in the atmosphere, including natural or artificial watercourses, lakes, ponds, or diffused surface water and water percolating, standing, or flowing beneath the surface of the ground, as well as all coastal waters within the jurisdiction of the state.

² Section 373.219, F.S.

³ Section 373.219, F.S.

⁴ Section 373.223, F.S.

⁵ Section 373.019(16), F.S., defines “reasonable-beneficial use” to mean the use of water in such quantity as is necessary for economic and efficient utilization for a purpose and in a manner that is both reasonable and consistent with the public interest.

⁶ Section 373.042(1), F.S.

⁷ Section 373.042(1)(a), F.S.

⁸ Section 373.042(1)(b), F.S.

⁹ Section 373.223(4), F.S., provides that the WMD or DEP can reserve from use by permit applicants water in such locations and quantities, and for such seasons of the year, as in its judgment may be required for the protection of fish and wildlife or the public health and safety. These reservations must be subject to periodic review and revision in light of changed conditions. However, all presently existing legal uses of water must be protected so long as such use is not contrary to the public interest.

The WMDs use science that includes a variety of the best available information including meteorological, hydrological, and ecological data that typically includes a historical range of drought and flood conditions to establish scientifically the point beyond which additional withdrawals would cause significant harm.¹¹ Usually, a WMD selects a peer review committee to evaluate the scientific principles and methods used to establish MFLs. Once an MFL is calculated, it is adopted by rule of the WMD and implemented by the WMD.¹² However, in instances where DEP is setting an MFL, for example, when a MFL is being set for a waterbody affected by withdrawals between WMD boundaries, a WMD is required to provide DEP with technical information and staff support for the development of a reservation, MFL, or recovery or prevention strategy to be adopted by DEP by rule.¹³ Furthermore, a WMD is required to apply any reservation, MFL, or recovery or prevention strategy adopted by DEP by rule without the WMD's adoption by rule of a reservation, MFL, or recovery or prevention strategy.¹⁴

For a waterbody that is below an MFL or is projected to fall below it within 20 years, the WMDs are required to implement a recovery or prevention strategy, which includes the development of additional water supplies and other actions to achieve recovery to the established MFL as soon as practicable or prevent the existing MFL from falling below the established MFL.¹⁵ The recovery or prevention strategy must include phasing or a timetable that will allow for the provision of sufficient water supplies for all existing and projected reasonable-beneficial uses,¹⁶ including development of additional water supplies and implementation of conservation and other efficiency measures concurrent with, to the extent practical, and to offset, reductions in permitted withdrawals.¹⁷

Lower Santa Fe and Ichetucknee Rivers and Associated Springs

The Ichetucknee River and associated springs are part of the Ichetucknee Springs State Park. The park is a high quality natural area that is partly developed and whose heavy public use is highly regulated in order to minimize damage to the environment.¹⁸ The Ichetucknee River has 11 springs that include one first magnitude spring,¹⁹ seven second magnitude springs,²⁰ two third magnitude springs,²¹ and one whose magnitude is unknown. A list of these springs can be found in Appendix A at the end of this analysis. The most northern spring, Ichetucknee Head Spring, forms the head of the river.²²

The Ichetucknee River discharges into the Santa Fe River.²³ O'Leno State Park is located on the Santa Fe River and is also very popular due to the many springs on the Santa Fe River. The Santa Fe River has 67 springs that include 10 first magnitude springs, 23 second magnitude springs, 20 third

¹⁰ Chapter 2013-229, Laws of Fla.

¹¹ *Minimum Flows and Levels Fact Sheet: Lower Santa Fe and Ichetucknee Rivers and Priority Springs Protecting Water Resources from Significant Harm*. See Suwannee River Water Management District's website, available at <http://www.mysuwanneeriver.com/Search/Results?searchPhrase=MFL+fact+sheet&page=1&perPage=10> (accessed March 24, 2015).

¹² Central Florida Water Initiative website; available at <http://cfwiwater.com/MFLs.html> (accessed March 24, 2015).

¹³ Section 373.042(4), F.S.

¹⁴ *Id.*

¹⁵ Section 373.0421(2), F.S.

¹⁶ Section 373.019(16), F.S., defines "reasonable-beneficial use" to mean the use of water in such quantity as is necessary for economic and efficient utilization for a purpose and in a manner that is both reasonable and consistent with the public interest.

¹⁷ Section 373.0421(2), F.S.

¹⁸ Florida Geological Survey, Bulletin No. 66, Springs of Florida, DEP; available at <http://www.dep.state.fl.us/geology/geologictopics/springs/bulletin66.htm> (accessed March 24, 2015).

¹⁹ First magnitude springs discharge 64.6 million gallons of water per day (MGD) or more.

²⁰ Second magnitude springs discharge 6.46 to 64.6 MGD.

²¹ Third magnitude springs discharge 0.0646 to 6.46 MGD.

²² Florida Geological Survey, Bulletin No.66, Springs of Florida, DEP; available at <http://www.dep.state.fl.us/geology/geologictopics/springs/bulletin66.htm> (accessed March 24, 2015).

²³ *Id.*

magnitude springs, 8 fourth magnitude springs,²⁴ and 6 whose magnitude are unknown. A list of these springs can be found in Appendix A at the end of this analysis.

The following table shows the park attendance for each state park for the last five fiscal years:

	FY 2008/2009	FY 2009/2010	FY 2010/2011	FY 2011/2012	FY 2012/2013
O'Leno	63,625	58,586	63,023	63,035	71,429
Ichetucknee	161,990	184,151	204,586	148,213	135,923

Proposed MFL Rules for the Lower Santa Fe and Ichetucknee Rivers and Associated Priority Springs

The Lower Santa Fe and Ichetucknee Rivers and associated springs are water bodies that have the potential to be affected by withdrawals in an adjacent WMD for which the DEP adoption of a reservation or MFL is appropriate pursuant to s. 373.042(2), F.S. Consequently, the Suwannee River WMD (SRWMD) governing board requested that DEP adopt MFLs it proposed for the Lower Santa Fe and Ichetucknee Rivers and associated priority springs in June, 2013. The decision to make the request was based on the technical work conducted for the proposed MFLs by SRWMD staff and the potential for cross-basin impacts originating outside of the SRWMD.²⁵ SRWMD staff had also assessed the streamflows observed in the recent historical record and recent trends in the flow regime, and determined that a recovery strategy was required.²⁶

The MFL science, as described above in the MFL section, shows that the Lower Santa Fe River and its associated priority springs are in “recovery,” meaning that they have fallen below their proposed MFL.²⁷ The flow is 17 cubic feet per second (CFS), or 11 MGD, below the proposed MFL at the river gage near Fort White. The MFL science shows that the Ichetucknee River and its associated priority springs are also in “recovery.” The flow is 3 CFS or 2 MGD below the proposed MFL at the river gage located at the US 27 Bridge.

On March 7, 2014, DEP proposed rules 62-42.100 and 62-42.200, F.A.C., providing the scope and definitions for DEP-adopted MFLs. DEP also proposed rule 62-42.300, F.A.C., establishing MFLs for the Lower Santa Fe and Ichetucknee Rivers and Associated Priority Springs, as well as regulatory flow recovery provisions. The rules will apply to the SRWMD and the St. Johns River WMD (SJRWMD), allowing both WMDs to apply the MFLs and the associated regulatory strategy, resulting in a streamlined rulemaking process.²⁸

Proposed rule 62-42.300, F.A.C., also adopts and incorporates by reference a document entitled “Supplemental Regulatory Measures,” which contains regulatory provisions for the MFLs proposed for the Lower Santa Fe and Ichetucknee Rivers and associated priority springs.²⁹ The proposed rule will apply to renewal and new CUP applications for withdrawals within the SRWMD and Planning Region 1 of the SJRWMD.³⁰ Only those applications proposing new or additional withdrawal quantities that

²⁴ Fourth magnitude springs discharge 448 gallons of water per minute.

²⁵ SERC (Revised 04/08/2014), available at <http://www.dep.state.fl.us/water/waterpolicy/mflrulemaking.htm> (accessed March 24, 2015).

²⁶ Id.

²⁷ The information in this paragraph was obtained from the *Minimum Flows and Levels Fact Sheet: Lower Santa Fe and Ichetucknee Rivers and Priority Springs Protecting Water Resources from Significant Harm*. See Suwannee River Water Management District's website, available at <http://www.mysuwanneeriver.com/Search/Results?searchPhrase=MFL+fact+sheet&page=1&perPage=10> (accessed March 24, 2015).

²⁸ DEP MFL Rulemaking website, (accessed March 24, 2015).

²⁹ *Supplemental Regulatory Measures*, available at <https://www.flrules.org/Gateway/reference.asp?No=Ref-03947> (accessed March 24, 2015).

³⁰ Region 1 includes Alachua, Baker, Bradford, Clay, Duval, Flagler, Nassau, Putnam, and St. Johns counties. Planning in this area is conducted as part of the North Florida Regional Water Supply Partnership in coordination with the SRWMD.

impact the Lower Santa Fe and Ichetucknee Rivers and associated priority springs MFLs will be subject to additional regulatory costs as a result of the proposed rule. These applications will be required to eliminate or reduce the impact of the new proposed withdrawal quantities on the MFLs. The proposed rule can be generally divided into two components, summarized as follows:³¹

1. Additional Review Criteria for all Individual CUP Applicants:

- Primarily defines how the existing requirements that proposed water uses not cause harm to water resources will be addressed in the water use permitting review process with regard to the proposed MFLs.
- Ensures that the impact of new withdrawals or increases in permitted water use will be eliminated or offset as a condition for issuance of a CUP.
- Provides protections for existing uses by specifying that existing uses that do not request increases in water use are considered consistent with the recovery strategy. Existing users who request new quantities will only be required to offset the impacts of their increase in water use, and not their existing use.
- Establishes that the WMD may use the best available information and modeling tools to evaluate the potential impacts of proposed water uses to MFL waterbodies.
- Provides that the additional review criteria for individual CUP applications will be implemented in the entirety of the SRWMD and the portion of the North Florida Regional Water Supply Planning Area in SJRWMD.

2. Additional Individual Permit Conditions:

- Establishes two new special conditions that will be applied to new or renewed CUPs:
 - The first special condition will be applied to individual permits issued within the boundaries of the SRWMD and the portion of the North Florida Regional Water Supply Planning Area within the SJRWMD, and is designed to ensure continuing compliance of the water use with the ongoing efforts of the recovery strategy. This condition allows for future modification of the permit to address impacts to the MFL water bodies, and provides an important means for adaptive management by the issuing WMD in light of new technical tools, future hydrologic conditions, and the development of long-term recovery strategies to be developed in the context of the North Florida Regional Water Supply Plan.³²
 - The second special condition will only be applied to individual CUPs for agricultural use located within Columbia, Suwannee, Union, and Gilchrist Counties, and the portions of Baker, Bradford, and Alachua Counties within the boundaries of the SRWMD. This special condition requires that the permittee participate in a Mobile Irrigation Lab (MIL) program and allow access to the project site for the purpose of conducting an MIL evaluation at least once every five years. This condition will provide the WMD with critical information about agricultural water use efficiency to direct future water conservation measures and agricultural cost-share programs.

Analysis of future water use projections and permit records indicates approximately 308 current CUP holders in the SRWMD and affected area of SJRWMD will renew their permits in the next five years, including 49 non-agricultural users and 259 agricultural users.³³ The assessment conducted indicated

See St. Johns River Water Management District website, available at <http://floridaswater.com/watersupply/planning.html> (accessed March 24, 2015).

³¹ SERC (Revised 04/08/2014), available at

http://www.dep.state.fl.us/water/waterpolicy/docs/mflrulemaking/serc_04_08_2014.pdf

³² The North Florida Regional Water Supply Plan is a collaborative effort between DEP, the SRWMD, the SJRWMD, local governments, and other stakeholders throughout the region to ensure sustainable water supplies and protect north Florida's waterways and natural systems. See the North Florida Regional Water Supply Partnership website, available at <http://northfloridawater.com/>

³³ SERC (Revised 04/08/2014), available at

http://www.dep.state.fl.us/water/waterpolicy/docs/mflrulemaking/serc_04_08_2014.pdf (accessed March 24, 2015).

that it is unlikely that current non-agricultural water users will request increased water allocations that will be affected by the proposed rule in the next five years. Of the 259 agricultural CUP holders likely to renew in this area in the next five years, approximately 28 would be expected to request new quantities likely to impact the MFLs, and would be required to offset or reduce their impacts to the MFL water bodies. The projected increase in water use that would require offsets of impacts among renewing existing permit holders is approximately 2.6 MGD.³⁴

In addition to the renewal of current permits, assessment of water use projections and existing permit records and water uses indicated that it is unlikely that new non-agricultural permits will be affected by the proposed rule. However, approximately 400 new agricultural permit applications are anticipated over the next five years in the SRWMD. Of these, approximately 40 are projected to impact the MFL water bodies, requiring a total offset of approximately 11.2 MGD in new withdrawals.³⁵

Rulemaking Authority and Legislative Ratification

A rule is an agency statement of general applicability that interprets, implements, or prescribes law or policy, including the procedure and practice requirements of an agency as well as certain types of forms.³⁶ Rulemaking authority is delegated by the Legislature³⁷ through statute and authorizes an agency to “adopt, develop, establish, or otherwise create”³⁸ a rule. Agencies do not have discretion as to whether to engage in rulemaking.³⁹ To adopt a rule an agency must have a general grant of authority to implement a specific law by rulemaking.⁴⁰ The grant of rulemaking authority itself need not be detailed.⁴¹ The specific statute being interpreted or implemented through rulemaking must provide specific standards and guidelines to preclude the administrative agency from exercising unbridled discretion in creating policy or applying the law.⁴²

An agency begins the formal rulemaking process by filing a notice of the proposed rule.⁴³ The notice is published by the Department of State in the Florida Administrative Register⁴⁴ and must provide certain information, including the text of the proposed rule, a summary of the agency’s statement of estimated regulatory costs (SERC), if one is prepared, and how a party may request a public hearing on the proposed rule. The SERC must include an economic analysis projecting a proposed rule’s adverse effect on specified aspects of the state’s economy or increase in regulatory costs.⁴⁵

The economic analysis mandated for each SERC must analyze a rule’s potential impact over the five-year period after the rule goes into effect. First discussed in the analysis is the rule’s likely adverse impact on economic growth, private-sector job creation or employment, or private-sector investment.⁴⁶ Next is the likely adverse impact on business competitiveness,⁴⁷ productivity, or innovation.⁴⁸ Finally, the analysis must discuss whether the rule is likely to increase regulatory costs, including any

³⁴ Id.

³⁵ Id.

³⁶ Section 120.52(16), F.S.; *Florida Department of Financial Services v. Capital Collateral Regional Counsel-Middle Region*, 969 So. 2d 527, 530 (Fla. 1st DCA 2007).

³⁷ *Southwest Florida Water Management District v. Save the Manatee Club, Inc.*, 773 So. 2d 594 (Fla. 1st DCA 2000).

³⁸ Section 120.52(17), F.S.

³⁹ Section 120.54(1)(a), F.S.

⁴⁰ Sections 120.52(8) & 120.536(1), F.S.

⁴¹ *Save the Manatee Club, Inc.*, supra at 599.

⁴² *Sloban v. Florida Board of Pharmacy*, 982 So. 2d 26, 29-30 (Fla. 1st DCA 2008); *Board of Trustees of the Internal Improvement Trust Fund v. Day Cruise Association, Inc.*, 794 So. 2d 696, 704 (Fla. 1st DCA 2001).

⁴³ Section 120.54(3)(a)1, F.S.

⁴⁴ Section 120.55(1)(b)2, F.S.

⁴⁵ Section 120.541(2)(a), F.S.

⁴⁶ Section 120.541(2)(a)1., F.S.

⁴⁷ Including the ability of those doing business in Florida to compete with those doing business in other states or domestic markets.

⁴⁸ Section 120.541(2)(a)2., F.S.

transactional costs.⁴⁹ If the analysis shows the projected impact of the proposed rule in any one of these areas will exceed \$1 million in the aggregate for the five-year period, the rule cannot go into effect until ratified by the Legislature.⁵⁰

Current law distinguishes between a rule being “adopted” and becoming enforceable or “effective.”⁵¹ A rule must be filed for adoption before it may go into effect⁵² and cannot be filed for adoption until completion of the rulemaking process.⁵³ A rule submitted under s. 120.541(3), F.S., becomes effective if ratified by the Legislature, and must be filed for adoption before being submitted for legislative ratification.

The economic impact of DEP’s proposed rule 62-42.300, F.A.C., for MFLs for the Lower Santa Fe and Ichetucknee Rivers and associated springs is estimated to exceed the economic impact dollar threshold that triggers the legislative ratification requirement. The proposed rule was published in the Florida Administrative Register on March 7, 2014. A rulemaking hearing was scheduled for April 3, 2014.⁵⁴ A Notice of Change revising the proposed rules was published on April 8, 2014, and challenges to the proposed rules were filed with the Division of Administrative Hearings (DOAH), with the result that the rule could not be filed for adoption and presented for legislative ratification before the end of the 2014 Regular Session. To avoid any significant impact on water flows in the affected areas, the Legislature enacted HB 7171 (2014) exempting the rule as changed on April 8, 2014, from ratification.

DOAH issued a ruling on September 11, 2014, finding that the proposed rules setting the river MFLs were vague because either the period of record or the technical source document for the flow duration curve used to set the MFLs was not referenced in the rule. The Administrative Law Judge also found that the rest of proposed Chapter 62-42, F.A.C., including the springs MFLs and the recovery strategy are valid exercises of delegated legislative authority.⁵⁵

On November 7, 2014, a Notice of Change was published making changes adding the existing technical information that the ALJ found missing in the previous version of the rule. The November change did not change the proposed MFLs or the recovery strategy included in the proposed rule. A subsequent DOAH challenge was successfully defended by the DEP⁵⁶ and the rules were filed for adoption on February 17, 2015. A revised SERC was made available to the public on December 5, 2014.

Effect of Changes

The bill ratifies DEP’s proposed rule 62-42.300, F.A.C., regarding MFLs for the Lower Santa Fe and Ichetucknee Rivers and their associated springs, satisfying the legislative ratification requirement in s. 120.541(3), F.S.

The bill expressly states that it serves no purpose other than satisfying the ratification requirement and that it will not be codified in the Florida Statutes. Furthermore, the bill specifies that it does not:

- Alter rulemaking authority delegated by prior law;

⁴⁹ Section 120.541(2)(a)3., F.S.

⁵⁰ Section 120.541(3), F.S.

⁵¹ Section 120.54(3)(e)6, F.S.; Before a rule becomes enforceable, thus “effective,” the agency first must complete the rulemaking process and file the rule for adoption with the Department of State.

⁵² Section 120.54(3)(e)6, F.S.

⁵³ Section 120.54(3)(e), F.S.

⁵⁴ Section 120.54(3)(c)1., F.S.

⁵⁵ DOAH Final Order, available at <https://www.doah.state.fl.us/ROS/2014/14001420.pdf> (accessed March 24, 2015).

⁵⁶ DOAH Summary Final Order, available at <https://www.doah.state.fl.us/ROS/2014/14005658.pdf> (accessed March 24, 2015.)

- Constitute legislative preemption of or exception to any provision of law governing adoption or enforcement of the rule cited; or
- Cure any rulemaking defect or preempt any challenge based on a lack of authority or a violation of the legal requirements governing the adoption of any rule cited.

The bill is effective upon becoming law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The bill does not appear to have a fiscal impact on state government revenues.

2. Expenditures:

The bill does not appear to have a fiscal impact on state government expenditures.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The bill does not appear to have a fiscal impact on local government revenues.

2. Expenditures:

According to the applicable SERC, and its revisions through December 12, 2014, implementation of the rule being ratified will result in a negative fiscal impact of \$300,000 on the SRWMD. The rule requires DEP, in coordination with the SRWMD and the SJRWMD, to reevaluate the MFL and the present status of the waterbody and readopt the rule before December 31, 2019. Current statute⁵⁷ also requires that MFLs be reevaluated periodically and revised as needed. To the extent that these costs could be considered attributable to the proposed rule, SRWMD would include an analysis by district staff and would likely include contractor assistance and a peer review. (See C., below, for discussion of cost-share program of SRWMD relating to potential agricultural water conservation measures implicated by the likely reductions in water allocations under the rule.)

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill itself does not have a direct fiscal impact on the private sector; however, the substantive policy of the rule is expected to have an economic impact on the private sector. Those impacts are analyzed in DEP's SERC for the rule, as revised.⁵⁸

According to the SERC, based on the SRWMD's analysis of likely CUP renewals in the SRWMD and the SJRWMD (permits expiring in years 2014 through 2018) and assessment of future new water use projections and recent new CUP applications (2013 new CUPs), the SRWMD estimates rule 62-42.300, F.A.C., is likely to affect some existing and future agricultural water users (approximately 68 over a five-year timeframe) in the Lower Santa Fe Basin because potential adverse impacts to the MFL waterbodies resulting from new and increased water quantity allocations must be offset by 13.8 MGD. If all of the 13.8 MGD were offset by implementing additional agricultural water conservation measures, the cost of providing these offsets would be approximately \$3 million over a five-year timeframe (approximately \$600,000 per year) for agricultural water users. The existing SRWMD cost-share

⁵⁷ Section 373.0421(3), F.S.

⁵⁸ All versions of the SERC are available for review on the DEP rulemaking website at: <http://www.dep.state.fl.us/water/waterpolicy/mflrulemaking.htm> (accessed March 24, 2015).

program typically covers 80 percent of retrofit costs and is expected to substantially reduce the cost to be borne by the agricultural users.

D. FISCAL COMMENTS:

None.