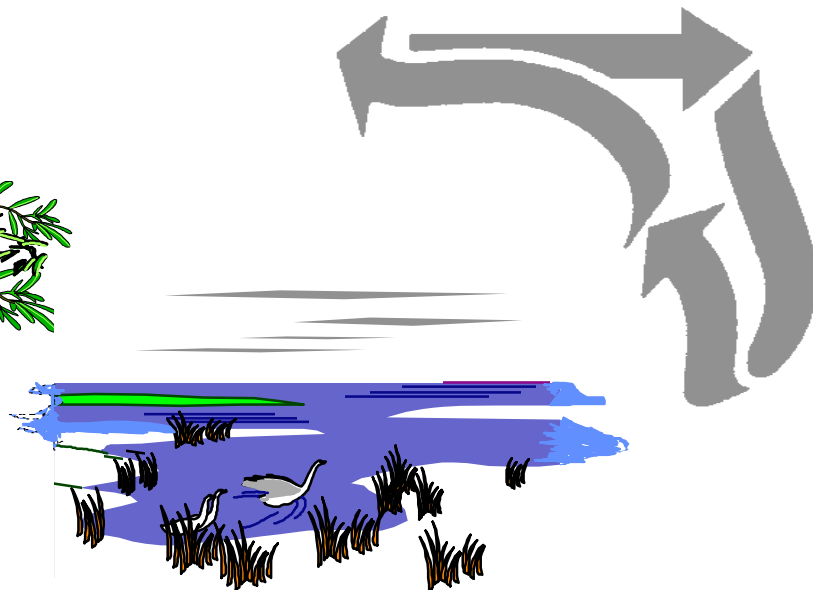
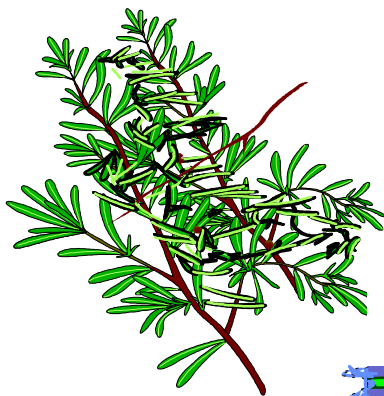


Solid Waste Management Trust Fund Review Commission

Final Report



January 30, 1998

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Review Commission
Final Report
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Solid Waste Management Trust Fund Review Commission

Table of Contents

	Pages
I. EXECUTIVE SUMMARY	1-2
II. RECOMMENDATIONS	3-9
A. Recommendations Applicable to All Three Programs	
B. Recommendations Regarding Solid Waste Recycling	
C. Recommendations Regarding Aquatic Plant Management	
D. Recommendations Regarding Surface Water Improvement and Management	
III. FORMATION AND PUBLIC MEETINGS OF THE COMMISSION	9-10
IV. LEGISLATIVE BACKGROUND AND THE COMMISSION'S CHARGE	10-13
V. SOLID WASTE RECYCLING PROGRAM	13-22
A. Overview	
B. Program Description	
C. Funding History	
D. Funding Needs	
VI. AQUATIC PLANT MANAGEMENT PROGRAM	22-36
A. Overview	
B. Program Description	
C. Funding History	
D. Funding Needs	
VII. SURFACE WATER IMPROVEMENT AND MANAGEMENT PROGRAM	36-44
A. Overview	
B. Program Description	
C. Funding History	
D. Funding Needs	
VIII. APPENDICES	

[Note: a draft of the final report of the Solid Waste Management Trust Fund Review Commission was presented to the Senate Natural Resources Committee on January 21, 1998. That version is slightly different than this version, due to final corrections and other editorial changes. However, there were no substantive changes made in the Report's key findings and recommendations.]

Solid Waste Management Trust Fund Review Commission

Final Report

I. EXECUTIVE SUMMARY

The Solid Waste Management Trust Fund Review Commission (“the Commission”) was created by statute in 1997 to review the current uses of the Solid Waste Management Trust Fund (“the SWMTF”) and recommend alternative funding sources for recycling, aquatic plant management and surface water improvement and management. The Commission held public meetings at various locations around the state to gather information and formulate this report to the Governor, President of the Senate and the Speaker of the House.

The Florida Department of Environmental Protection (“the FDEP” or “the Department”) , has the responsibility to staff and support the Commission in the development and production of this document pursuant to Section 36 of SB 2402.

Recycling

Florida’s Solid Waste Management Act of 1988 led the nation in changing the way society handles its solid waste. In just one decade, the Act has created a strong culture of recycling, while effectively eliminating many of the problems associated with waste tires, biomedical waste, used oil, batteries, mercury-containing devices, construction and demolition debris and yard trash. Now over three million households are served by the 13,000 Floridians employed, in the recycling industry.

The Solid Waste Management Trust Fund is an integral part of the solid waste solution. It is the State’s contribution to 285 curbside recycling partnerships formed with local governments. It provides the research and development funds to encourage innovative solutions. It is the essential aid small counties need to provide the basic services that keep our rural countryside clean. It is the catalyst for transforming the public perception of solid waste and initiating the individual’s responsibility to recycle.

Without the Solid Waste Management Trust Fund, Florida would lose its momentum and steerage to guide future solutions for solid waste. The Commission finds the Solid Waste Management Trust Fund was a good idea in 1988, remains a good idea and should be maintained to fulfill the intent of the Solid Waste Management Act.

Aquatic Plant Management

Florida’s aquatic plant management program is its first line of defense against an array of invasive plants that, when uncontrolled, cause substantial environmental and economic harm. The state’s extensive waters and subtropical climate make it particularly susceptible to infestation by exotic plants, which flourish in their new environment without the natural stresses of their native ecosystems.

Exotic, aquatic plants cause harm by obstructing navigational waterways, ruining fish habitat and degrading water quality. They compromise public safety by threatening the stability and use of bridges, boat docks and water control structures. Aquatic weeds cannot be ignored; they must be controlled. The only question is whether they are controlled systematically through a planned, measured and consistent approach, or whether we react to crisis infestations at greater expense.

The Legislature has designated the FDEP to control aquatic plants throughout the state. Under a centralized program, the Department monitors, evaluates and sets priorities for aquatic plant management throughout the state. Working in partnership with the federal and local governments for implementation, the Department administers the state's defense against this constant and persistent threat.

Funding for the control of aquatic weeds, however, has been neither constant nor persistent. The Commission finds that aquatic plant management is essential to protect the state's natural and economic resources and requires a level of funding commensurate with the need and benefit.

Surface Water Improvement and Management

The Surface Water Improvement and Management ("SWIM") Act is the centerpiece of Florida's strategy to restore and protect its surface waters. It is the only program for this purpose that is operated from a statewide perspective to set priorities and form partnerships among government agencies, assuring that scarce public funds are wisely spent and maximally leveraged.

SWIM was born of the realization that Florida's waters are essential to economic prosperity and that while the State must play a role in setting priorities, development of strategies, and the expenditure of funds, it is not the only player in the effort to restore and save our waters.

Without SWIM there would remain *ad hoc* and regional efforts to deal with specific problems as they become manifest, but planning and protective strategies would necessarily take a back seat to the succession of crises that prevail when systematic management is lacking. It would truly be a false economy to sacrifice the long term management programs that can save the high cost of remedial action. Florida can ill afford additional restoration efforts on the scale of the Everglades and, therefore, must rely on consistent funding for planning and implementing protective strategies.

SWIM funding, however, has been anything but consistent. The Commission believes that a consistent, systematic program to address Florida's surface waters is needed and recommends program improvements and funding commensurate with that objective.

Recommendations

The Commission finds that recycling, aquatic plant management and surface water improvement and management are all essential to protecting Florida's environment, quality of life and economy. All three programs should be continued and adequately funded. To that end, specific recommendations are offered in the following section.

II. RECOMMENDATIONS

A. RECOMMENDATIONS APPLICABLE TO ALL THREE PROGRAMS

- **All three programs should be continued and funded at required levels**

Recycling, aquatic plant management and SWIM are all essential to protecting Florida's environment, quality of life and economy. Each program was created by the Legislature for purposes still valid and should be adequately funded.

The Commission believes that funding for the recycling program has been adequate and consistent over the history of the program, except for the transfers in FY 97-98 from the SWMTF. Funding for aquatic plant management and SWIM, however, has been inconsistent and inadequate to meet legislative mandates.

- **There should be a strong nexus between revenue sources and uses.**

To the extent feasible, funds for any program should be derived from sources which either contribute to the problems the program addresses or benefit from the program. It is misleading to the public to create a trust fund for a specific purpose, raise revenues for that purpose and then divert their use to something else.

Revenues to the SWMTF were intended to fund solid waste management, which includes recycling. Testimony from the business community and former FDER Secretary Dale Twachtmann, parties to the consensus that produced the 1988 Solid Waste Management Act, made clear that the business fee and two-tenths percent sales tax were only intended to fund solid waste management. This intent was key to obtaining support from the business community, that bears the burden of revenue generation for the SWMTF.

The business community has supported the use of the SWMTF for intended purposes but indicated that should it be used for other than solid waste purposes, they will seek legislation to have the fees repealed.

In summary, without a nexus between the sources of revenue funding the SWMTF and the aquatic plant management and SWIM programs, other revenue sources need to be found.

- **Local participation is essential**

In a time of increasing demand on state money, it is essential that it be leveraged or matched at the local level. Local government and private participation, including cash or in-kind contributions of land or labor, help stabilize funding and broaden political support.

Local participation is evident in all three programs. In recycling, local governments are spending an average of \$4.50 for each state dollar. The SWIM program requires a 40/60 local-to-state match for the three large water management districts and a 20/80 match for the two smaller districts. The state manages aquatic plants in intercounty sovereign waters with public access,

while local governments and private interests (e.g. golf courses and homeowners associations) are responsible for management costs in intracounty water bodies and waterbodies with no public access.

- **All programs should have measurable goals and performance criteria.**

All three programs should have measurable goals or outcomes to be met by specific dates and specific performance outputs to reach the goals. Without such goals, programs tend to outlive their usefulness and escape accountability.

Each program deals with tangible objectives that would be suitable performance criteria. Solid waste recycling has statutory goals. Aquatic plant management readily lends itself to measurement and the program already collects useful data. SWIM is the program most difficult to measure, perhaps because of the diversity of activities across the state, but its many activities are tangible and can be formulated as performance standards.

B. RECOMMENDATIONS REGARDING SOLID WASTE RECYCLING

- **Florida's recycling program is essential to solid waste management and must be continued.**

Recycling is crucially important to Florida. Less recycling would inevitably mean more landfills. And while solid waste management is primarily a local government responsibility, solid waste problems, water pollution, siting issues and others, quickly become state problems.

Recycling has substantially reduced solid waste going to landfills, but Florida's per capita rate of solid waste generation is still growing, as is the population. As a result, Florida's recycling efforts are barely keeping pace with increases in solid waste generation.

- **Recycling grant funding should be restored to historic levels (i.e. before diversions to aquatic plant management and SWIM) and maintained until recycling goals have been met.**

The statutory recycling goals have not been met. Recycling grants to local governments encourage recycling. They are the "carrot" for hundreds of successful local government recycling efforts and since the goals have not yet been achieved, the grants should not be cut.

- **The Innovative Grants Program initiated in FY 97-98 should be implemented for two years and evaluated before additional changes are made to make grants more performance-based or competitive.**

The \$1.7 million Innovative Grants program initiated in FY 97-98 are competitively based. This program should be allowed to operate for two years before making further changes in all the grants.

- **Small counties should continue to receive grant funds in amounts larger than warranted by their populations.**

Small counties (less than 100,000 population) receive grant funds in amounts larger than warranted solely by population, even though they produce under five percent of the state's solid waste. First, they receive a \$50,000 base grant (unavailable to larger counties) that can support any solid waste management purpose. Second, they receive an equal portion of 25% of the recycling grant pool. Third, in FY 97-98 grants to small counties were maintained at FY 96-97 levels, even while recycling grants to the larger counties were cut by nearly two-thirds due to the transfer of funds to the SWIM and aquatic plant management programs.

Without this level of support, most small counties would have to stop recycling. There is also the "threshold" issue, that without a minimum level, most small counties would not get enough funding for positions or large equipment purchases. While solid waste management problems in rural areas are generally less pressing than in the larger, urban counties, it is still important to protect the rural countryside by supporting proper solid waste management.

- **All grant recipients should develop "enterprise-like funds" by a date certain.**

To continue to be eligible for recycling grants, counties should be required within four years to have an "enterprise-like" fund (a dedicated and recurring source of money) for solid waste management, based at least in part, on user fees or other *non ad valorem* sources. Most large counties have already done so, and it is particularly important that small counties take steps to provide secure funding, while they continue to receive preferential grant funding that will enable them to continue their solid waste program when grants are no longer available. A number of smaller counties have already taken this step by enacting solid waste management fees.

- **All grant recipients should procure products with recycled content.**

The state has made numerous attempts to improve markets for recovered materials including grants to private companies for innovative recycling technologies, a sales exemption for recycling equipment and a \$2.7 million loan program for recycling businesses. While these programs have assisted some local businesses, they have not been markedly successful in stimulating statewide market improvements.

A step all local governments can take, however, is to purchase products with recycled content. The law currently requires all governmental entities receiving state funds to purchase products with recycled content. FDEP should step up its implementation of this provision. Since the state procurement contract now has some 600 products on it with recycled content and local governments can buy directly off the state contract, this requirement is not burdensome.

- **A portion of the state recycling grants should be used for education.**

Recycling is based on individual behavior and must be reinforced. Because education encourages the cultural change in the way citizens view solid waste and their recycling responsibility, the Commission recommends the FDEP establish that a given portion of each

year's grants be used by local governments in public education and awareness.

- **Counties which reach recycling goals should be given added flexibility.**

When a county has successfully reached and maintained the mandated 30% recycling goal, it should be given added flexibility by FDEP in the use of its grant dollars.

- **The SWMTF and the recycling goals should be subjected to a Legislative review.**

The Commission recognizes that the attainment of the 50 % recycling goal for the "Minimum Five" materials (newspaper, glass bottles, aluminum cans, plastic bottles and steel cans), required by Section 403.706, F.S., has not been obtained and recommends that the Legislature review this mandated goal within two years. This review should address both the attainability of the current goal and its mandatory nature.

The Commission also recognizes that it may appropriate to phase out the recycling grants at some point in the future. The precursors to a successful phase out, however, are that 1) state recycling goals are being met and 2) local programs have matured to the point that the phase out of state funding would not cause their demise. The Commission believes that the recycling goals should be reviewed and modified, if appropriate, with a Sundown Review to be conducted within the next five years to evaluate whether the recycling goals have been met or need revision and whether state recycling grants should be phased out.

C. RECOMMENDATIONS REGARDING AQUATIC PLANT MANAGEMENT

- **A reliable source of recurring funding is needed for the state's aquatic plant management program.**

Without recurring, annual funding, the aquatic plant management program cannot be effective and will not achieve its legislatively mandated goals. In addition to current recurring funding sources, the program needs an additional \$12.5 million annually, for a total annual funding of approximately \$22 million.

- **Sources of funding for aquatic plant management should be identified and utilized with an obvious nexus between funding sources and the program needs.**

Revenue sources exist that have a strong nexus to the aquatic plant management program. Taxes collected from the sale of fuels for motorboats are, for example, an appropriate revenue source for aquatic plant management. Motorboat users both benefit from aquatic plant management and contribute to the proliferation of aquatic weed infestations. The strength of this funding source is dependent upon the existence of lakes and streams free of aquatic plant problems.

Motor boat gas tax revenues are estimated to generate approximately \$29 million for FY 97-98. Local governments contributed approximately \$41 million to general revenue in service charges in FY 97-98 from the local option fuel tax. The Commission found an appropriate funding nexus to the general revenue funds generated by the service fee on local option fuel tax and

recommends a recurring transfer of \$12.5 million from this general revenue funding source for aquatic plant control. The aquatic plant management program already receives \$6.3 million/year from state gas tax funds, and the Commission recommends that an increased allotment of \$12.5 million should be redirected on a recurring basis to the Aquatic Plant Trust Fund from the source of General Revenue generated by the service fee on the Local Option Fuel Tax.

- **The Aquatic Plant Management program should continue to be reviewed annually to determine the adequacy of funding.**

The Commission believes the Bureau of Aquatic Plant Management's use of available funds is, and has been, well managed and that the Bureau should remain within the FDEP. Further, the aquatic plant management program's organization, which is based on a "centralized program administration" approach, is essential to establish and execute priority aquatic plant control in sovereign waters. This centralized approach, which emphasizes partnerships with local governments, is required for coordinated aquatic plant management in water bodies that cross multiple political boundaries. The program should continue to be reviewed annually pursuant to Section 369.22(7), F.S. to determine the adequacy and level of funding.

D. RECOMMENDATIONS REGARDING SURFACE WATER IMPROVEMENT AND MANAGEMENT

- **The statewide SWIM program should be continued with the provision for adequate funding . (If statewide funding for SWIM were discontinued, consideration should be given to the NFWMD and SRWMD to continue their SWIM activities.)**

The Commission feels strongly that there should be state funding for SWIM and that this funding should be leveraged with funds from other sources. The value of the program is its statewide perspective, with the State playing a crucial role in setting priorities, developing strategies and expending funds. The alternative is to have regional and *ad hoc* programs driven by crisis management.

The larger districts may be able to continue a reduced level of restoration/preservation activities without state funds. However, the Suwannee River Water Management District (" the SRWMD") and especially the Northwest Florida Water Management District (" the NFWMD"), which have limited revenues, must continue to rely heavily on state funding for SWIM.

The Commission also strongly recommends programmatic and restructuring changes to deal with the eight problems outlined on pages 40-41. These changes are independent of the funding process and will strengthen the statewide perspective in the priority setting process. These are outlined in the next recommendation.

- **The SWIM Act's priority-setting process needs to be more formalized, reflecting and confirming statewide priorities.**

To ensure that SWIM water bodies are selected and funded on a statewide priority basis, based on scientifically demonstrated needs, and that specific, objectively measurable goals and timetables are established for each water body, a formalized statewide priority-setting process should be established. A technically based, nonpartisan SWIM review board should be established and patterned after the Land Acquisition and Management Advisory Council, which selects lands for public acquisition under the Conservation and Recreation Lands (CARL) program. The SWIM review board should be composed of one member appointed from each water management district, a representative from the FDEP and a representative from the Florida Game and Fresh Water Fish Commission (“the FGFWFC”). Liaison should be maintained with the Division of Forestry whenever its expertise is relevant. The board should also work with the Florida Department of Transportation (“the FDOT”), local governments and other appropriate agencies, so that if any agency is undertaking major activity in an area of interest, work can be coordinated. This coordination would also provide an automatic mechanism for taking local effort into account in setting timetables and priorities.

The review board should assess the progress on each SWIM water body annually, with in depth reviews every three to five years. This period need not be uniform, since water bodies vary widely and some programs will be inherently much longer term than others. In setting priorities, the SWIM board should heavily weigh the ability to leverage state dollars with funds, in-kind contributions, or both from other levels of government and the private sector.

- **The SWIM program funding needs range from a low of \$12 million to a high of \$40 million, depending on the scope of the program. The Commission recommends that SWIM receive state funding of \$25 - 30 million/year.**

The Commission has determined three levels of potential funding for the SWIM program: a low level of \$12-15 million/year; a midrange level of \$25-30 million/year; and a high level of \$35-40 million/year. The \$12-15 million level is considered a minimum amount needed to respond to the intent and requirements of the SWIM Act and support activities for managing the priority surface water bodies of all five districts. Some of the districts stated that if funding could not be maintained at this level there was little justification for the program. The Commission notes that funding levels must take into account the fact that SWIM has moved beyond the early years of data collection and pilot projects into full scale work. It is inherently much more expensive to pour concrete, move dirt and do full scale restoration than to collect data.

Accordingly, the Commission recommends that dedicated state funding be provided at the midlevel range of \$25-30 million/year. This will allow the SWIM program to achieve results at the level envisioned by the Legislature and needed to restore and protect the state’s priority waterbodies.

- **A clear nexus can be established between funding sources derived from water-related activities and the SWIM program.**

A number of revenue sources are appropriate for funding the SWIM program. These include: the motor-boat gas tax, saltwater fisheries license fees, service charges on water related trust funds, and boat and car title transactions. Transportation-related activities and SWIM are connected

because runoff from roads adds sediment and a wide range of pollutants to water bodies . General Revenue is also appropriate since all Floridians benefit from improved water bodies, and clean water bodies support more uses and generate more revenues than impaired ones.

Two alternatives are available to fund SWIM at the \$25-\$30 million level as recommended by the Commission. Under the first alternative, funding could be provided through revenues generated from a fee on car and boat titles and registrations, portions of existing saltwater recreational fishing license fees and gas taxes. These funds have a nexus with the purposes of the SWIM program because boat fuel sales obviously relate to aquatic activities and highway transportation results in significant pollution in water bodies. The majority of funds for this alternative can be derived from an additional fee on boat and car title and registration transactions. The use of cars contributes to a variety of impacts on water quality, and recreational and commercial boating benefit from clean water and productive aquatic ecosystems.

Based on the number of car and boat title and registration transactions in 1995, approximately \$21.5 million could be raised annually by adding a \$1.00 fee per transaction. This fee could be graduated, so that a smaller fee is imposed on lower license fees and a larger fee is imposed on titles and registrations for higher value boats and cars. Added to this should be \$1 million from salt water fishing license fees, provided that their use does not jeopardize federal funding sources. At least 30% of the money collected from salt water fishing license fees must be spent on fishery enhancement. The Commission suggests that at least \$1 million of fishery enhancement funds be contributed toward dedicated funding for the SWIM Program since SWIM projects provide a nexus with salt water fishing license fees by improving in-shore and estuarine fishery habitats. The remaining funds needed to reach an approximately \$29.5 million total for the SWIM Program could be provided by diverting \$7 million from fuel tax revenue. This \$7 million is part of approximately \$29 million to be generated in FY 97-98 from motor boat gas tax revenues.

The second alternative is to use the \$1 million in saltwater fishing license money, plus \$28.5 million raised by diverting a portion of the 7% to 7.3% service charge imposed on the following trust funds: the Minerals Trust Fund; the Marine Resources Conservation Trust Fund; the State Game Trust Fund; the Local Option Fuel Tax Trust Fund; and the Fuel Tax Collection Trust Fund. Since these service charges are already deducted from the various trust funds, diverting a portion of these service charges to the SWIM program does not cause any loss to the programs funded by those trust funds. If any motor boat fuel tax money, as described in alternative one, is available to the SWIM Program, then the diversion of service fees on trust funds could be reduced accordingly.

III. FORMATION AND PUBLIC MEETINGS OF THE COMMISSION

The Commission was created by the 1997 Florida Legislature to review the current uses of the Solid Waste Management Trust Fund and recommend, where appropriate, alternative funding sources for recycling, aquatic plant management and surface water improvement and management. The fourteen Commission members, appointed by the FDEP Secretary Virginia Wetherell, are comprised of representatives of local governments, the private sector, and state agencies who are knowledgeable about the needs for recycling, surface water improvement and

management, and aquatic plant management.

The Commission held its organizational meeting in Tallahassee on August 13, 1997. Subsequent meetings were held on September 26 in Orlando, October 22 in Miami and November 20-21 in Tampa. All meetings and activities of the Commission met the requirements of Florida's Government-in-the-Sunshine requirements, including: noticing of all meetings in the Florida Administrative Weekly, providing opportunity for public comment at all meetings; posting all written materials used or reviewed by the Commission (meeting agendas and minutes, background review information, and other information) for public review on the FDEP World Wide Web site (<http://www.dep.state.fl.us>); and providing opportunity for public review and comment on the final report. Audio tapes were also made of all four meetings and are available upon request from the Department.

The Commission is grateful for the staff assistance and support provided by the FDEP, without whose assistance this report could not have been produced.

IV. LEGISLATIVE BACKGROUND AND THE COMMISSION'S CHARGE

The Commission was created by the 1997 Florida Legislature, in Section 36 of SB 2402, the Implementation or "Cut" Bill which accompanied the FY 97-98 Appropriations Act. However, the issues which gave rise to its creation were first raised in the 1996 Legislative Session.

1996 Legislative Session

In the 1996 session, the Senate Natural Resources Committee passed a bill (SB 120) to reduce recycling grants and divert funds to aquatic plant management. The bill failed to pass the Senate. The House passed a substantial revision of the Solid Waste Management Act (HB 1826), but kept funding for local government grants at historic levels.

1997 Legislative Session

During the 1997 session, bills were filed in the House and Senate to divert funding from the SWMTF to the aquatic plant management or SWIM programs. These were:

- HB 1149 by Representative Spratt, (companion Senate bill SB 2366 by Senator Bronson) would cut sales tax going into the SWMTF from .2 of a percent to .1 of a percent and divert the balance to aquatic plant control.
- HB 1189 by Representative Kelley (companion Senate bill SB 554 by Senator Latvala) would cut sales tax going into the SWMTF from .2 to .12 and divert the resulting funds into the SWIM program.

The Florida Retail Federation and other retail groups stated that the \$6 million dollars collected from the registration fee were, by agreement in 1988, to go toward solid waste management. They felt that if SWMTF dollars were going to be diverted to other uses, they would press for the repeal of the registration fee. A bill was subsequently introduced to do so, although it did not

pass.

Compromise was finally reached, which is reflected in SB 2402: For FY 97-98 only, the bill transferred \$6 million from the SWMTF to the Aquatic Plant Trust Fund and \$6 million from the SWMTF to the Ecosystem Management and Restoration Trust Fund for surface water improvement and management activities. Counties which received some of the \$6 million from the SWMTF for aquatic weed funding could, at their discretion, spend these funds on recycling if they desired. In addition, the Solid Waste Management Trust Fund Review Commission was created.

The Commission's Charge

Section 36 of SB 2402 created the SWMTF Review Commission, and directed it to review:

“...the following matters, including, but not limited to:

A. The current uses of funds; the need to continue those uses; and alternative techniques for phasing out grants to local governments;

B. Alternative techniques for restructuring grants to local governments for recycling and education purposes, including measures that make the grants more performance-based or competitive;

C. The appropriateness of allowing local governments to use funds available to the SWMTF for either recycling activities, surface water improvement and management program activities, or aquatic weed control activities; and

D. Alternative funding strategies for meeting the needs of solid waste management, the surface water improvement and management program, and aquatic weed control.”

The bill states that the FDEP Secretary shall appoint the members of the Commission “so that there are representatives of local governments knowledgeable about local needs for recycling, surface water improvement and management, and aquatic weed control, agency representatives for the recycling program, for the surface water improvement and management program, and for the aquatic weed control program, private industry representatives for recycling programs, for the surface water improvement and management program, and for the aquatic weed control program, and other representatives the Secretary determines to be appropriate on the Commission.” Based on this guidance, FDEP decided to appoint a total of 14 members instead of 10, adding an additional private sector representative in each of the three areas to provide more private sector input and better balance the Commission between public and private points of view, and a representative from the Florida League of Cities to increase the input from local governments. The Commission membership is shown in Appendix A.

The Commission is required to issue a final report and recommendations to the Governor, President of the Senate, and Speaker of the House by January 30, 1998.

Other Pertinent Changes Made in SB 2402

While the most significant components of SB 2402 were the transfer of \$12 million from the SWMTF to the aquatic plant management and SWIM programs and the creation of the Commission, SB 2402 made several additional changes which affect how grants are dispersed to local governments, and which are pertinent to the Commission's work. These are summarized as follows:

- The Legislature "held harmless" small county grant funding for solid waste management and recycling grants. "Held harmless" means that small counties received the same amount of money as they did in FY 96-97, with no reductions, leaving the large counties to absorb the \$12 million loss from the SWMTF for the FY 97-98.
- The population threshold for the definition of small counties as it pertains to grant distributions was increased from 75,000 to 100,000. This added four more counties (Highlands, Monroe, Putnam and Santa Rosa) to the universe of "small counties" which, as explained in (d) below, had a significant effect on how many grant dollars they received. [Note: the Legislature did not change the population threshold of counties who have to reach mandated recycling goals. Thus, these four counties have to meet the same 30% Recycling and "Minimum Five" goals as the other large counties, but unlike the other large counties, the grants to those four counties were held harmless compared to last year.]
- The Legislature allocated 10% (which equals approximately \$1.7 million) of the SWMTF money (after all of the above items are subtracted from it) for a competitive innovative grants program.

Summary of Fiscal Impacts of SB 2402

The following summarizes the fiscal impacts of SB 2402 as they relate to the historic funding level of \$35 million for solid waste management and recycling grants:

\$35,000,000: the amount appropriated to counties for solid waste management and recycling grants in FY 96-97:

-\$ 12,000,000 TRANSFERRED TO THE AQUATIC PLANT MANAGEMENT AND ECOSYSTEM MANAGEMENT AND RESTORATION TRUST FUNDS

\$23,000,000: Subtotal

-\$ 6,000,000 SMALL COUNTIES: the amount needed to "hold the small counties harmless" compared to the FY 96-97, as discussed above.

\$17,000,000 Subtotal

-\$ 1,700,000 INNOVATIVE GRANTS: the Legislature allocated 10% of the SWMTF, after the above item is subtracted from the initial \$23 million, for an innovative grants program. Counties will be the only eligible entities for these grants, which will be competitive.

\$15,300,000 Subtotal

-\$ 8,300,000 WASTE TIRE & LITTER GRANTS: for large counties (over 100,000 population). Grants in these categories were allocated in FY 97-98 at the same levels as for FY 96-97 so, for these grants, large counties were also “held harmless.”

\$ 7,000,000 LARGE COUNTY RECYCLING GRANTS: the amount left for recycling grants for large counties (over 100,000 population), to be distributed as they traditionally have been (25% equal split, 75% per capita). In the past, the amount of recycling grants going to the large counties has been approximately \$19,000,000 per year, so this is approximately a two-thirds cut. However, for some counties this will be partially offset if they successfully compete for the Innovative Grants listed above.

V. SOLID WASTE RECYCLING PROGRAM

A. OVERVIEW

Each of Florida’s 14 million people generates nearly 9 pounds of municipal solid waste (MSW) per day, for a yearly statewide total of 23 million tons. Florida manages this waste through an integrated, “three-legged” strategy of recycling, waste-to-energy and landfills. In 1988, when Florida’s Solid Waste Management Act was passed and the state’s recycling program was initiated, 4% of Florida’s MSW was recycled, 16% was burned for energy recovery in waste-to-energy plants, and 80% was disposed of in landfills. Currently, 37% of Florida MSW is recycled, 23% is burned for energy recovery and the remaining 40% is landfilled. Florida has 13 waste-to-energy plants and has the capacity to burn more waste than any other state. All of the state’s 67 landfills which receive MSW have liners. In addition, Florida has developed specific management and regulatory programs for a number of special wastes including: biomedical waste, waste tires, used oil, batteries, mercury containing devices, construction and demolition debris “C&D” and yard trash.

The growth in the recycling rate, from less than 4% in 1988 to 37% in 1995, has been particularly striking as seen in Figure 1. The state currently recycles almost 9 million tons of material, up from less than an estimated one million tons in 1988. There are currently 285 city and county curbside recycling programs, covering nearly 3 million residences. These programs collect a broad range of materials. Nearly all collect aluminum cans, steel cans, glass containers, plastic bottles and newspaper (see the discussion of the “Minimum Five” goal below). In addition, various programs collect yard trash, white goods, residential waste paper, corrugated boxes, plastic films and wrapping, and other materials.

Florida’s recycling program has created jobs. In a 1996 Department of Commerce study, it was determined that over 13,000 people are employed in some aspect of the recycling industry in Florida as of 1995, making it one of the state’s largest sources of employment as shown in

Figure1: Florida's Integrated Waste Management Strategy

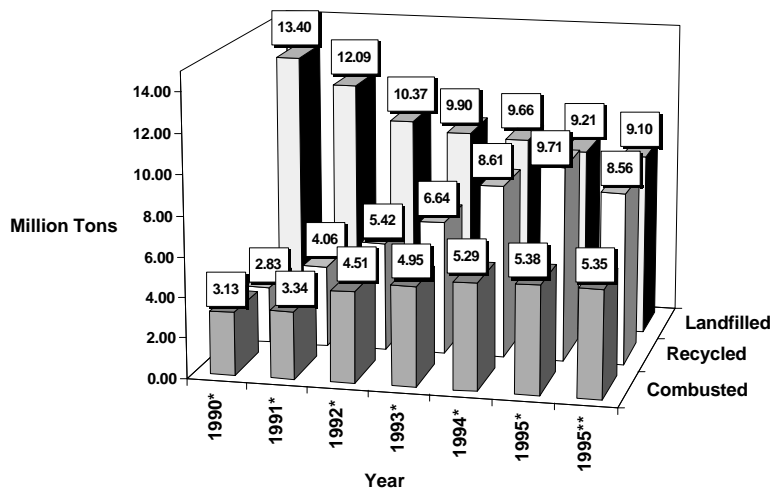


Figure 2. These jobs are estimated to pay an average wage of over \$21,000 annually, which falls within 10% of the statewide average. Over 90% of these jobs are in the private sector.

B. PROGRAM DESCRIPTION

The County Recycling Goals

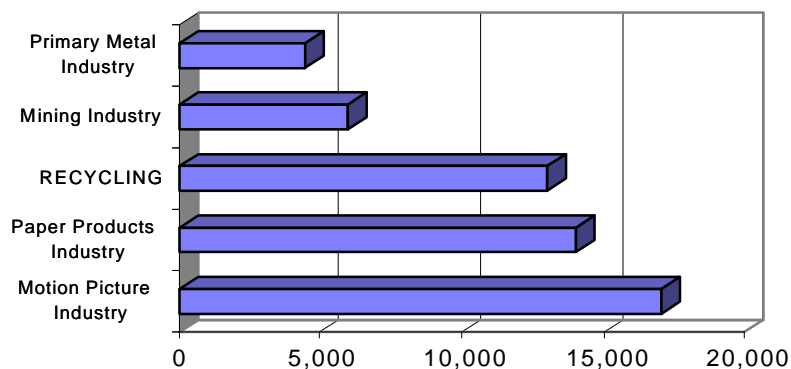
Section 403.706, F.S. establishes two goals for counties with populations greater than 50,000, which were to be met by the end of calendar year 1994. (Counties with less than 50,000 people are exempt from the goals as long as they provide their residents the “opportunity to recycle”.)

- The first goal requires that counties with populations greater than 50,000 are required to meet a 30 percent “adjusted” recycling rate for all MSW. A distinction must be made between “adjusted” and “unadjusted” recycling rates when looking at whether counties have achieved the mandated recycling 30 percent goal. The unadjusted recycling rate is the weight of recycled MSW divided by the total weight of all MSW. The adjusted recycling rate requires that *no more than one-half* of the goal can be met by a combination of certain special wastes: yard trash, white goods, C&D debris, tires and process fuel. (Process fuel is composed of pretreated yard trash, wood and paper waste used in process boilers.)
- The second goal is to “separate and offer for recycling” a majority of each of the so-called “Minimum Five” materials: newspaper, glass bottles, aluminum cans, plastic bottles and steel cans.

It is important to note that the goals are mandatory. The FDEP is given broad powers to mandate that goals be met, including the reduction or elimination of solid waste grants, the withholding of other grants, and the imposition of recycling conditions on county landfill operating permits. In response to the state mandatory recycling goals, many local governments have adopted various forms of mandatory local ordinances. Eighty cities, or about 30 percent of the total number of

cities in Florida with recycling programs, have some form of mandatory recycling requirements serving about 2.2 million people. In addition, six counties have adopted various forms of mandatory recycling ordinances.

Figure 2: Number of Employees by Industry in Florida



Current Status on Meeting Goals

There is little dispute that Florida’s recycling program has been a major success. The state has gone from disposing 80% of the state’s municipal solid waste in landfills in 1988, to 40% in 1995. In addition, over 75 % of the waste tires generated in the state are being recycled or burned as a fuel. Almost 50% of used oil generated/collected in Florida households is being properly collected for recycling at used oil centers throughout the state. Over 50% of Florida’s yard waste is reported to be recycled in calendar year 1995, and nearly half of newspaper and corrugated cardboard are being recycled.

While the state has achieved an overall adjusted recycling rate of 37%, 21 of the 37 counties mandated to meet the 30% recycling goal have failed to do so. In addition, none of the 67 counties have met the 50 percent recycling goal for all the “Minimum 5” materials. Table 1 shows the percent of the counties that have achieved the 50 percent Minimum Five recycling goal by material type.

Table 1: Florida Counties Meeting the Goal for the Minimum 5

<i>Minimum 5 Materials</i>	<i>Newspaper</i>	<i>Glass Bottles</i>	<i>Aluminum Cans</i>	<i>Plastic Bottles</i>	<i>Steel Cans</i>
# of Counties	18	6	6	0	9
% of Counties	27	9	9	0	13

In that a significant portion of the SWMTF goes to fund litter control activities, including annual grants to the counties, it should also be noted that we have not met the statutory mandated 50% litter reduction goal, to be achieved by January 1, 1997. Based upon three years of surveys conducted by the Florida Center for Solid and Hazardous Waste Management, there has been no

statistically significant reduction in roadside litter over the period of 1994-97.

Current Markets and Infrastructure

Florida has a total of 49 materials recovery facilities (MRFs) and 122 recovered materials Processing facilities (RMPFs). RMPFs process materials that have been cleaned by MRFs or collected directly from residential or commercial generators that have source separated recycled materials. The state has 471 drop-off centers for materials to be recycled and 145 buy-back centers. In addition, the state currently has 12 composting facilities operating in 9 counties. Interest in composting of waste materials continues to increase across the state, and basic research on MSW and material specific waste (e.g., food wastes) is being conducted as part of solid waste research projects at the Florida Center for Solid and Hazardous Waste Management located at the University of Florida.

By the end of 1995, the price paid for recycled materials had plummeted. There were numerous reasons for this decrease, but the three predominant reasons included:

- The stockpiling of large inventories of recyclable materials by the industrial users (especially the paper industry) in anticipation of their increased capacity needs, ultimately decreasing the demand for certain materials.
- The shutting down of some mills for maintenance and/or retrofitting and therefore creating a decline in demand for additional materials.
- A sudden downturn in the robust export markets of 1994 and the first half of 1995, dramatically decreasing the overall demand for secondary materials.

In 1996, there was a marked decline in market prices for recyclables. Nearly 650,000 tons of glass are being collected from households and businesses annually throughout the state. Markets for mixed glass, however, are tough to come by in a state with an abundant supply of sand. In addition, glass is heavy and costly to transport over large distances, so if local markets are not found, the economics of glass recycling collapse. The Recycling Markets Advisory Committee (RMAC) has assembled a Glass Recycling Workgroup to assess market potential for recovered mixed glass in Florida.

In 1996, the state began to focus its recycling market development efforts on those parts of the waste stream where a substantial amount of material still awaits recovery and where market inhibitors are present. At the top of the list are construction and demolition debris and organics. Combined, these materials make up nearly 50 percent of Florida's waste stream.

Market prices are currently low, but representatives in the recycling industry report that some commodities, such as various paper grades, are starting to stabilize. As recycling in Florida progresses, the supply of recovered materials grows, and the need for continued recycling market development becomes paramount.

C. FUNDING HISTORY

The SWMTF was created as a part of the comprehensive 1988 Solid Waste Management Act. It was to be used by FDEP to provide grants to counties and to fund the programs of FDEP and other state agencies to address the purposes of the Act.

To provide funding for the program, the Legislature focused on fees and other revenue from retail businesses. This approach reflected the view that, since nearly all of what eventually becomes municipal solid waste is first purchased in retail stores, fees imposed at this point integrate the disposal costs of goods and materials into their initial purchase.

After extended negotiations with the business community, several new sources of revenue were created to provide dollars to fund the solid waste program. These are as follows:

1. Business Registration Fee on businesses which collect the sales tax:

A new business registration fee was created in Section 212.18(5), F.S. which states:

“In addition to any other fee imposed under this part, persons who hold a certificate of registration granted under subsection (3) and who had taxable sales or purchases during the preceding calendar year of \$30,000 or more shall pay an additional annual registration fee for each certificate of registration granted. For certificate holders with taxable sales or purchases during the preceding calendar year of at least \$30,000 but not more than \$200,000, the fee shall be \$25. For certificate holders with taxable sales or purchases during the preceding calendar year of \$200,000 or more, the fee shall be \$50. However, the fee pursuant to this subsection shall not exceed \$10,000 for any dealer who files a consolidated return pursuant to s. 212.11. The fee shall be due and payable with the person's January return or first quarterly return each year. Failure to comply with the provisions of this subsection shall subject such person to penalties provided under s. 212.12(2).”

Further, the Act directed these revenues into the SWMTF:

212.20(6)(e) “Proceeds from the fee imposed pursuant to s. 212.18(5) shall be deposited in the Solid Waste Management Clearing Trust Fund, which is hereby created to be used by the department, and shall be subsequently transferred to the State Treasurer to be deposited into the Solid Waste Management Trust Fund.”

2. Two-tenths of one percent (0.2 %) of the sales tax

During the 1988 legislative session, retail businesses successfully negotiated to have the “dealer sales tax collection allowance” increased by two-tenths of one percent of the sales tax. (The dealer sales tax collection allowance is a portion of the sales tax which businesses that collect sales tax for the state are allowed to keep as an administrative fee.) However, rather than giving the increase to businesses, the .2% was diverted into the SWMTF. The applicable language from Chapter 212 is as follows:

212.20(6)(g) “The proceeds of all other taxes and fees imposed pursuant to this part shall be distributed as follows: ... 2. Two-tenths of one percent shall be transferred to the Solid Waste Management Trust Fund”.

3. Waste tire fee:

To deal with the state's burgeoning waste tire problem, the Legislature imposed a one dollar per tire fee on all new tires sold in Florida. Waste tire piles can be significant breeding grounds for mosquitoes and pose a major fire hazard. The funds were to be used for cleaning up waste tire piles and the collection, management, recycling and proper disposal of waste tires.

4. Oil Overcharge Settlement Fund:

For FY 88-89, \$19 million was diverted from the Oil Overcharge Settlement Fund to provide start-up funding for the new solid waste program, until revenue from the fees began to be collected. [Note: the Oil Overcharge Settlement Fund was established by Congress in the 1970s as part of a huge national settlement with the oil industry regarding alleged overcharging for oil during the period in the 70s, when the price of oil was controlled by the federal government. Each state received a portion of the settlement which it could use for energy conservation and related purposes. The state was able to demonstrate the substantial energy savings which result from recycling and, thereby, received approval to use the funds for recycling programs.]

Table 2 summarizes the funding history provided by these revenue sources.

Table 2: Florida Solid Waste Management Trust Fund Revenue Chronology

<i>Funding Source (dollars)</i>						
Year	Oil Overcharge	Advance Disposal Fee	Waste Tire Fee	0.2% from Ch 212, FS	Business Regist. Fee	TOTAL
1989	19,250,000		879,269.79	11,020,781.99	4,408,138.76	35,558,190.54
1990			7,376,344.80	16,056,081.14	7,521,958.54	30,954,384.48
1991			12,529,984.52	16,252,549.35	5,018,181.75	33,800,715.62
1992			16,449,729.66	16,827,792.82	4,966,856.79	38,244,379.27
1993			18,266,906.79	17,164,876.52	5,459,571.94	40,891,355.25
1994		37,757,452	16,572,633.18	20,113,103.65	6,124,004.41	80,567,193.24
1995		17,951,710	16,243,815.91	21,322,333.48	5,953,205.45	61,471,064.84
1996		8,267,704	17,445,230.82	22,891,225.64	6,046,347.16	54,650,507.62
TOTAL	19,250,000	63,976,866	105,763,915.47	130,627,962.60	45,498,264.80	365,117,008.87

5. Advance Disposal Fee:

Finally, the 1988 Solid Waste Management Act created an Advance Disposal Fee (ADF) of one cent per container on all containers made of glass, plastic, plastic-coated paper, steel and aluminum, which were not being recycled at a sustained rate of 50%. However, the collection of the fee was tolled in the law until affirmative action was taken by the Legislature to impose it. During the 1993 session, in 93-207, Laws of Florida, the ADF goals were broadened to include not only recovery rate, but also minimum content and takeback goals. The fee took effect on October 1, 1993 but was allowed to sunset on October 1, 1995.

It is important to note that the ADF was never designed as a revenue-raising tool. Rather, it was

intended to increase recycling rates and the markets for recovered materials. Nevertheless, the ADF raised \$63 million during the period it was in effect. Initially, any revenues raised by the ADF were to be used for solid waste management purposes. However, in the 1993 amendments, ADF funds were used for a variety of other environmental purposes. The programs and percentage of revenues to be directed to those programs were established by the 1993 Legislature in Section 32 of 93-207. The Advance Disposal Fee was repealed, in large part, because its funds were diverted to other uses. Table 3 below shows how the ADF funds were spent.

Table 3: Advance Disposal Fee Chronology (October 1993 - January 1996)

<i>Programs</i>	<i>1994</i>		<i>1995</i>		<i>1996*</i>		<i>Total</i>	
	<i>\$\$'s</i>	<i>%</i>	<i>\$\$'s</i>	<i>%</i>	<i>\$\$'s</i>	<i>%</i>	<i>\$\$'s</i>	<i>%</i>
Small County Closure Grants	10,194,523	27	4,846,962	27		0	15,041,485	24
Stormwater & Sewage Constr. Rev. Loan TF	10,194,523	27	4,846,962	27	8,267,704	100	23,309,189	36
Surface Water Improvement & Mgmt. TF	7,173,923	19	3,410,825	19		0	10,584,748	17
Small Community Sewer Construction TF	4,530,879	12	2,154,205	12		0	6,685,084	10
Recycled Materials Market Development	4,530,879	12	2,154,205	12		0	6,685,084	10
s218 DOR Small County Emergency Distrib.	1,132,725	3	538,551	3		0	1,671,276	3
Totals	37,757,452	100	17,951,710	100	8,267,704	100	63,976,866	100

*All ADF funds unobligated after June 30, 1995 transferred to the Stormwater and Sewer Construction Revolving Loan Trust Fund pursuant to Ch. 403.7197, F.S.

Uses of SWMTF Dollars

The uses of the SWMTF since its creation in 1988 are summarized in Table 4 below. Most of the funding has gone to local governments as grants.

Table 4 Appropriation From the Solid Waste Management Trust Fund

Recipient	Appropriation for Fiscal Year (\$)										Totals	
	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98		
Admin Hearings					132,460	110,386	116,386					359,232
Adopt A Shore			300,000									300,000
Aseptic Package						200,000						200,000
Aquatic Weed Programs										6,000,000		6,000,000
Capacity Needs Study						500,000						500,000
DACS	100,000											100,000
DGS/DMS Recycl. Materials	200,000	200,000	291,014	291,014	471,014	596,537	596,537	596,537	596,537	596,537		4,435,727
DMS Recycl. Content Study						300,000						300,000
DNR	90,000											90,000
DOE SW Ed. Program	175,000			117,743	117,743	117,743	117,743	117,743	117,743		139,135	1,020,593
DOR Tax Collection	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000		1,100,000
FCO Grants Program	30,175,000	30,275,000	34,375,000	33,200,000	33,200,000	34,475,000	35,000,000	35,000,000	35,000,000	23,000,000		323,700,000
FCSHM	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000		5,000,000
FCSHM Litter Survey						200,000	200,000	200,000	200,000	200,000		1,000,000
FDACS Mosquito Control						1,600,000	2,028,598	2,028,598	2,278,598	2,278,598		10,214,392
FDEP Innov. Recycl. Pjts.	750,000											750,000
FDEP Promote Used Oil	2,500,000											2,500,000
FDEP Seafood Demo	500,000											500,000
FDOT Adopt A Highway					100,000	100,000	100,000	100,000	100,000		100,000	600,000
FDOT FDOT Clean Fl. Comm.	1,000,000	900,000	900,000									2,800,000
FDOT Research and Demo	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000		1,500,000
HRS Biohaz/Biomed	50,000	50,000	620,854	620,854		880,000	880,000	880,000	880,000	880,000		5,741,708
IFAS	500,000											500,000
Keep Florida Beautiful		100,000	100,000			731,475	450,000	600,000	150,000	150,000		2,281,475
KFB Pub. Awareness			2,500,000			500,000						3,000,000
Litter Grants						500,000						500,000
Pass-Through Grants						100,000			450,000	250,000		800,000
PRIDE	150,000											150,000
Profess. Reg. TF	1,000,000											1,000,000
Recycl. Mercury Devices						200,000	100,000	100,000	100,000	100,000		600,000
Recycle Market Dev.							6,072,000			200,000		6,272,000
RMAC						300,000						300,000
Seafood Dep. Demo Proj.		500,000										500,000
Small County Emergency							1,518,000					1,518,000
Small County Landfill Closure							13,662,000	7,486,000				21,148,000
Sumter Co Integrated SW										250,000		250,000
SWIX					50,000							50,000
Trans. Sew. Treat. Rev. Loan TF							13,662,000	10,000,000				23,662,000
Trans. Sew. Con. TF							6,072,000					6,072,000
Transfer to SW IM TF							9,614,000			6,000,000		15,614,000
Univ. of FL (ETI)								600,000				600,000
Waste Tire Abatement			3,300,000	7,975,000	7,975,000	7,975,000	7,500,000		2,117,000	1,850,000		38,692,000
Working Capital Fund									25,000,000			25,000,000
WTE Fac Pilot Proj.						100,000						100,000
Totals	37,950,000	32,785,000	43,146,868	42,964,611	42,806,217	50,246,141	98,449,264	58,468,878	67,749,878	42,754,270		517,321,127

D. FUNDING NEEDS

Recycling Grants

Most of the revenues coming into the SWMTF are distributed by FDEP as grants to local governments for small county based solid waste operations, recycling, education, waste tire management and litter control. Table 5, summarizes the grants awarded by category since the inception of the program in FY 88-89:

Local Government Participation

The funds provided by the state for recycling are heavily matched by the counties, when evaluated on an overall state basis. For the county FY 95-96 (October 1, 1995 through September 30, 1996), total Recycling and Education (R&E) funds used statewide equaled \$22,520,390 which, divided by the State's estimated 1995 population, equal \$1.59 per capita.

Table 5: Solid Waste Grants and Awards (Million Dollars)

<i>Grants/Awards</i>	<i>FY89</i>	<i>FY90</i>	<i>FY91</i>	<i>FY92</i>	<i>FY93</i>	<i>FY94</i>	<i>FY95</i>	<i>FY96</i>	<i>FY97</i>	<i>Totals</i>
Recycling and Education	19.00	23.00	25.00	25.00	20.10	24.10	22.77	22.77	22.77	204.51
Small County	0.68	0.68	0.65	0.65	0.60	1.55	1.55	1.55	1.55	9.46
Waste Tire	0.39	3.60	6.50	7.55	7.55	8.80	9.68	9.68	8.43	62.18
Used Oil	1.00		1.00							2.0
Mosq. Control/Tire Abate.					1.50					1.5
Litter Control & Prevent.						0.50	1.0	1.0	1.0	3.5
Public Ed. Campaign									1.20	1.20
Local Gov. Awards	0.75									0.75
Innovative Recycl. Awards		0.75								0.75
Totals	21.82	28.03	33.15	33.20	29.75	34.95	35.0	35.0	34.95	285.9

Total recycling program related funds expended by local governments, not including the state grant funds, in FY 95-96 were \$100,582,613 or \$7.11 per capita. In other words, on average, local governments matched state funds at a rate of 4.5 to 1. [Note: As discussed in the Issues and Recommendations Sections which follow, some local governments, especially small counties, do not provide an adequate level of local participation]. State and local spending for FY 95-96 is summarized in Table 6.

The local match is generated in various ways by the state's cities and counties. Twenty-six of the thirty-two counties with populations over 100,000 have a dedicated enterprise fund established to help pay for their recycling programs. In contrast, only four of the thirty-five counties with populations under 100,000 have established a dedicated enterprise fund.

Table 6: County Recycling Program Cost Summary

Cost Categories	Dollars Spent and Encumbered²		
	R&E Funds	Local Funds ³	Total
Equipment & Building ⁴			
Public Sector ⁵	3,905,421	7,129,684	11,035,105
sub-total	3,905,421	7,129,684	11,035,105
Operating Services ⁶			
Public Sector ⁵	7,524,236	32,515,901	40,040,137
Private Sector Contracts ⁷	7,452,360	55,561,068	63,013,428
sub-total	14,976,596	55,561,068	103,053,565
Planning/Eng. Studies ⁸			
Public Sector ⁵	251,749	256,821	508,570
Private Sector Contracts ⁷	243,436	250,588	494,024
sub-total	495,185	507,409	1,002,593
Public Education ⁹			
Public Sector ⁵	2,816,284	3,254,171	6,070,455
Private Sector Contracts ⁷	326,905	1,614,380	1,941,285
sub-total	3,143,188	4,868,551	8,011,739
Total Public Costs	14,497,689	43,156,577	57,654,267
Total Private Contract Costs	8,022,700	57,426,036	65,448,736
Grand Total Used	22,520,390	100,582,613	123,103,002
Costs Per Capita ¹⁰	1.59	7.11	8.70
Remaining R&E Funds Not Used¹¹:			R&E Used+Not Used:
249,613			22,770,000
			Grant Award¹²:
			22,770,000

¹ This table includes compiled cost data provided by the counties for both the county and participating cities within its borders.
² Includes all dollars spent or committed via a purchase order by the local governments on recycling programs during the county fiscal year.
³ Includes local revenues i.e. tip fees, advalorem taxes, special assessments, recycling fees via disposal bill, material sales revenue etc.
⁴ Funds spent and encumbered for the acquisition of recycling equipment and recycling facilities.
⁵ Publicly funded and operated entities such as county or city governments, regional planning councils, public universities, schools, etc.
⁶ Funds spent and encumbered for the acquisition of services relating to the collection, processing, marketing and sales of recycled material.
⁷ Privately owned and operated entities, including non-profit org., contracted or retained to provide recycling services or products.
⁸ Funds spent and encumbered for the acquisition of planning and/or engineering products or services relating to the recycling program.
⁹ Funds spent and encumbered for the acquisition of recycling educational products or services for schools or the general public.
¹⁰ Based on the official 1995 Governor's Office estimate of 14,149,327.
¹¹ All remaining R&E grant funds not spent or encumbered during the county fiscal year.
¹² The total R&E grant award for the county fiscal year. This figure must equal R&E Used + Not Used.

VI. AQUATIC PLANT MANAGEMENT PROGRAM

A. OVERVIEW

The necessity to manage and control certain species of aquatic plants in Florida is the result of their introduction from foreign lands into the state's tropical environment. Here, they flourish without the stresses of their natural systems to keep them in check. The nonnative, noxious plants of concern are principally the floating plants, water hyacinth and water lettuce and the rooted plant, hydrilla. Together, these plants disrupt Florida's natural aquatic environment by impeding navigation, reducing fish and wildlife habitat, creating irrigation and flooding problems, choking out beneficial native vegetation and causing sedimentation and aging of lakes.

Florida has an active program to control these invasive aquatic plant species, managed by the Department, Bureau of Aquatic Plant Management, referred to in this section as “the Bureau”. The program’s effectiveness over the years has waxed and waned due principally to generally inadequate and nonrecurring state funding. Most recently, this funding predicament has resulted in the Legislature making a one time transfer of \$6,000,000 from the Solid Waste Management Trust Fund for FY 97-98. Additional funds are being drawn from the Aquatic Plant Management Trust Fund, thereby depleting this funding reserve.

The Aquatic Plant Management Task Force of the Commission finds, in accordance with the legislative directive to the Commission, that (a) the current funding level for effective aquatic plant management is inadequate, (b) the Bureau’s use of available funds is, and has been, well managed, (c) the Bureau is properly placed within the Department, (d) funding sources for the aquatic plant management program should be identified and appropriated from sources other than the Solid Waste Management Trust Fund, (e) there should be an obvious connection or nexus of funding sources to aquatic plant management program needs, (f) additional program funding should be provided through an increase in the allotment of motor-boat gas tax and the General Revenue Service Fee on local option gas tax related revenues, and (g) the aquatic plant management program should continue to be reviewed annually as prescribed in Section 369.22(7) to determine program status and the adequacy of funding.

B. PROGRAM DESCRIPTION

Program Necessity

The Department of Environmental Protection is vested with the responsibility of managing nuisance growths of aquatic plants in Florida's sovereign waters in accordance with Section 369.20(5),F.S. Particularly detrimental are three nonindigenous, or exotic, plants: hydrilla, water hyacinth and water lettuce.

Without continuous management, these invasive, biological pollutants can completely cover tens of thousands of acres of water in as little as a year, severely impacting navigation, recreation, flood control, public safety and fish and wildlife habitat. In the mid 1990’s, for example, the South Florida Water Management District (“ the SFWMD”) stationed up to five mechanical plant harvesters in Lake Kissimmee to intercept floating islands of aquatic plants (tussocks) broken loose by heavy rains. These tussocks threatened to compromise the flood control structure south of State Road 60 in Central Florida.

Not only water control structures, but bridges are also endangered by uncontrolled aquatic plant growth. In 1992, an FDOT maintenance engineer wrote to the chief of the Bureau regarding an aquatic plant jam against the US 192 bridge over the St. Johns River and stated in part, “If adequate preventive measures are not taken by the appropriate agencies we could lose our bridge.” In a separate letter, the same engineer wrote of the threat posed to two other bridges crossing the St. Johns River in Brevard County. In the event of coastal evacuation during a major storm, the loss of one or more of these bridges could result in the needless loss of human life.

Water hyacinth, water lettuce and hydrilla are widely dispersed in Florida, being found in 63%,

34% and 47% of Florida's 447 public waters, respectively. In addition to rapid growth, these plants possess multiple reproductive capabilities including budding, fragmentation, seeds, or subterranean propagules and can lie dormant, weathering years of environmental stress, only to sprout when conditions are again favorable. Once established, eradication of hydrilla, water hyacinth, or water lettuce is extremely difficult. Therefore, as legislatively mandated, these plants should be kept at their lowest levels through continuous maintenance to avoid environmental damage and the high costs of regaining control.

Examples of Environmental Degradation

The explosive growth of water hyacinth and water lettuce was exemplified on Lake Okeechobee in 1986 when the herbicide control program was suspended and replaced with mechanical harvesting. Harvesters could not keep pace with floating plant growth which increased by an average of 40 acres per day. Consequently, floating plants expanded from 2,000 to 8,000 acres in only five months. All public access points and navigational trails were blocked by water hyacinth and water lettuce. Thousands of acres of native vegetation were uprooted by shifting mats of floating plants, which severely impacted the nesting and feeding grounds of the endangered Everglades Kite. Two years and almost \$2 million were spent regaining control with herbicides.

Hydrilla expanded from 4,000 acres to impact 20,000 acres in Lake Istokpoga (Florida's fifth largest lake) in just one year. Navigation was brought to a standstill and the flood control capacity of this 27,600 acre reservoir was in jeopardy. A herbicide treatment in 1988-1989 controlled hydrilla for nearly two years, but no funding was available for follow-up control and hydrilla regrew. (Successful hydrilla management requires two or three successive herbicide treatments to deplete regrowth.) Funding became available in 1993 to reduce hydrilla to a few thousand acres, but again no funding for follow-up control was available. By October 1996, 25,800 acres of hydrilla again infested Lake Istokpoga. Renewed herbicide treatments began on Lake Istokpoga in February, 1997 after additional funds were made available by the Florida Legislature. This project not only resulted in a substantial reduction of hydrilla to approximately 5,000 acres, but also an increase of beneficial native vegetation once the competition from hydrilla was removed. The hydrilla control will be sustained into 1998 only because of the additional funding made available through the SWMTF.

Management Strategy and Structure

Florida's aquatic plant management program has served as the model for the rest of the world. In Florida, water hyacinth that once choked 125,000 acres of public waters from Lake Okeechobee to the Apalachicola River, is now under control. This success is owed to four essential principles; 1) a management philosophy known as maintenance control; 2) a centralized program administration to ensure that maintenance control is put into effect equitably across the state; 3) well trained, well equipped management crews; and 4) a sufficient, reliable funding source.

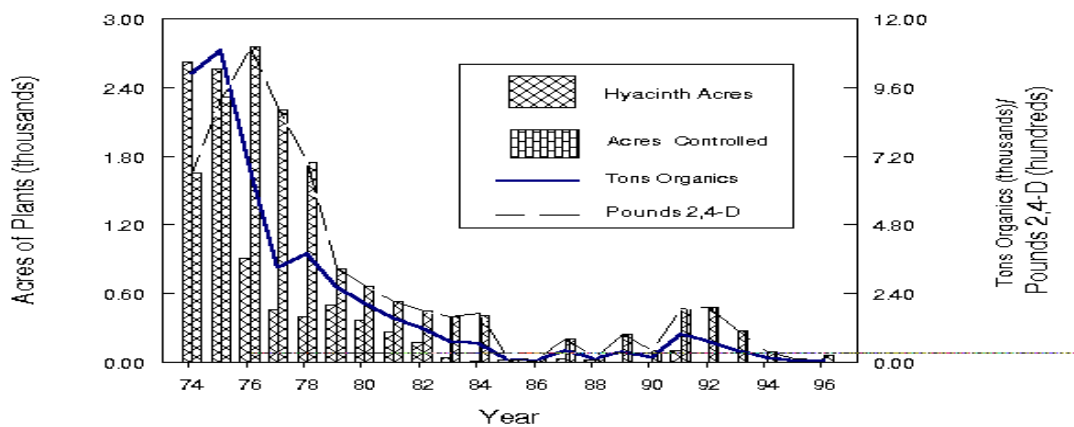
Maintenance Control

Maintenance control is simply defined in s.369.22(1)(d), F.S. as applying management techniques on a continuous basis to keep nonindigenous plant populations at the lowest feasible levels. Under maintenance control there is a reduction in:

- navigation and transportation restrictions,
- irrigation and flooding problems,
- sedimentation and lake aging,
- management costs,
- competition with native plants,
- loss of fish and wildlife habitat,
- use of herbicides.

Maintenance control is exemplified by the Suwannee River water hyacinth control program (see Figure 3). When the water hyacinth population was high in the early 1970s, tons of organic sediments were produced by sloughing of root and shoot material from live, as well as, controlled plants. Hundreds of acres required control with the use of thousands of pounds of herbicide. Since maintenance control was achieved in 1985, little control has been necessary, reducing environmental and economic impacts. Native vegetation has returned to the shores of the Suwannee River, restoring fish and wildlife habitat.

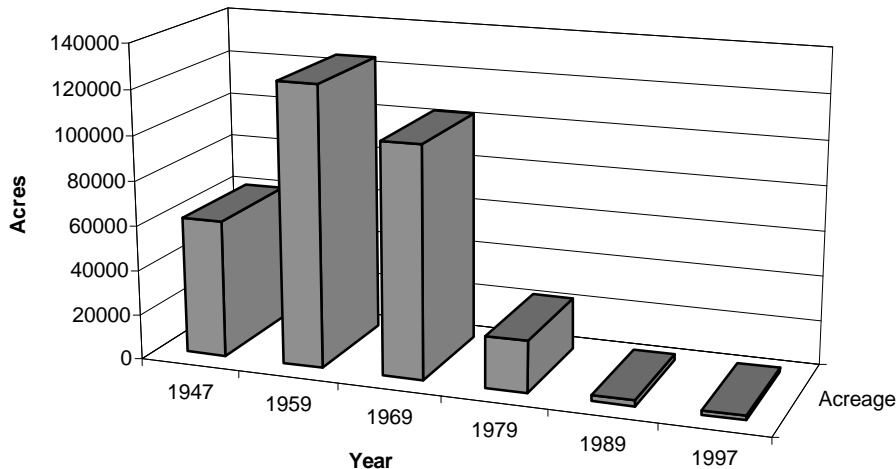
Figure 3: Maintenance control of water hyacinth on the Suwannee River 1974-1996



Centralized Program Administration

Achieving maintenance control is contingent upon sufficient management technology, labor force, funding and supervision. The technology and funding to manage floating plants have been available since the early 1950s. However, floating vegetation continued to expand into the 1960s (Figure 4) because no dedicated labor force, organizational structure, or dedicated funding existed to ensure implementation of maintenance control in all public waters.

Figure 4: Acres of water hyacinth in Florida’s public lakes and rivers from 1947-1997



Different organizations had different motives for managing water hyacinth. The U.S. Army Corps of Engineers (“the ACE”), for example, controlled floating plants to preserve navigation, while the water management districts (“the WMDs”) were interested primarily in flood control. The FGFWFC managed plants for fish and wildlife habitat, and special districts and local governments managed aquatic plants for mosquito control. Some waters were managed by several governments while others had no clear management authority. Consequently, many acres of water hyacinth were controlled, but the problems continued to expand.

The Department of Natural Resources (now the Department of Environmental Protection), was designated by the Legislature in 1972 as the lead agency for aquatic plant control in the state. The Department has joined into partnerships with federal, state and local governments to manage aquatic plants in public waters across the state. Government agencies are sought since they usually have some local stake in ensuring that maintenance control is achieved. This ownership is also helpful when state funding is insufficient. Sometimes, local governments will provide limited funding or in-kind services to maintain control until funding is again adequate. With government agencies acting as the primary managing entity, an assured management team is always on call, even for small jobs and on short notice. This approach is especially important when trying to eradicate new plant populations and in maintenance-control situations.

Although private companies are contracted as the exclusive management entity on 51 waters (about 16% of those managed) for FY 97-98, the Department prefers working with other governmental agencies because of the benefits from partnering with them, as noted above. The Department contracts directly with 13 federal, and state and local governments for aquatic plant control, and eight of these governments subcontract with private companies.

Contracts with private companies are established when no government entity is interested or available to manage plants. While most government programs have sufficient staff to accomplish maintenance programs, in times of greater need, when personnel or equipment shortages occur, private company subcontractors are called upon until the emergency passes. Private companies, however, are often reluctant to travel great distances on short notice or for only a few hours of work.

In the past, legislation has been proposed to transfer the aquatic plant management authority in

Florida public waters to the WMDs. However, two districts (NFWMD and SRWMD) have not indicated an interest in conducting or supervising aquatic plant control operations. The St. Johns River Water Management District (“the SJRWMD”), that once controlled plants in as many as 59 public waters, has notified the Department that these services will be discontinued in all but a handful of waters by 1999. In these areas, the Department contracts with private companies to control aquatic plants. Of the 325 waters in which aquatic plant management is authorized in FY 97-98, water management districts will control plants in 65. Most of the remaining work is contracted to county governments. Within Southwest Florida Water Management District (“the SWFWMD”), for example, aquatic plants are controlled under contract with the Department by the District, four counties and four private companies. Several counties control plants in more than one water management district; that is, in areas where the water management district also conducts aquatic plant control but lacks sufficient staffing to assume all responsibilities.

If water management districts were placed in charge of the aquatic plant management program, the Legislature would have to evaluate and appropriate funds to five districts rather than one bureau. The districts would need legislative approval to transfer funds between districts when problems diminished in one part of the state but emerged unexpectedly in another. Some counties would need to work with more than one water management district to receive their funding, adding unnecessary administrative burdens and costs to the program. While some of these problems would be diminished if water management districts funded their aquatic plant management efforts themselves (with no state funding), the Department believes that the benefits of the current centralized management, in which the Department seeks funding from the Legislature and distributes the bulk of these funds to its partnering governments, is better than having five separate water management districts coordinating efforts.

Available Management Options

The Department employs an integrated management program to control aquatic plants. Nearly 20 organisms (mostly insects) have been studied and released to control invasive nonindigenous aquatic plants. Eight general herbicide compounds, approved by the US Environmental Protection Agency, are available along with an array of mechanical apparatus. If water control structures are present, water level manipulation (drying and flooding) is considered.

A management team consisting of state, federal and local governments with regulatory responsibilities selects the best combination of control methods for each water body. Public and university input is also sought and evaluated. Management strategies are selected based on environmental impact and cost-effectiveness. In each case, the goal is to reduce or eliminate invasive, nonindigenous plants while preserving or enhancing native plant habitat and animal life.

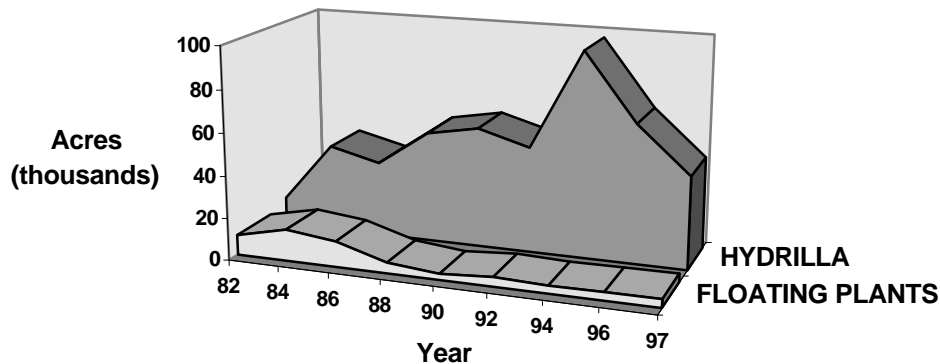
Benefits of a Centralized Program

A centralized management approach reduces administrative costs by reducing local government duplication in program development and funding procurement. It ensures that funds are distributed to areas of greatest need and that they are redistributed throughout the state as problems diminish in one area and arise in another. Centralized administration also ensures coordination among all entities controlling aquatic plants in public waters (one-stop permitting), as well as consistency in policy, goals and implementation of improved technologies.

Water hyacinth was brought under control statewide by the late 1980s (Figure 4) because adequate technology and funding were supplied to a well staffed, well trained and well directed labor force. Occasional flare-ups occur, but because floating plant control is the highest management priority, localized or even regional infestations are quickly brought under control.

The same strategies successfully employed to bring floating plants under control are also applicable to suppress hydrilla. The technology is available to manage hydrilla in most situations, and the labor force is sufficiently staffed, trained and motivated. However, funding has not been sufficient to apply management technologies on a regular basis to sustain hydrilla control. As a result, hydrilla became the most abundant aquatic plant in Florida's public waters, covering nearly 100,000 acres in 1994 (Figure 5). By the end of 1997, after two years of improved funding levels, hydrilla has been reduced to about 44,000 acres, the lowest level in ten years.

Figure 5: Acres of hydrilla and floating plants* surveyed in public lakes and rivers from 1982-1997



* Water hyacinth and water lettuce

Economic Benefit

The economic returns for aquatic plant management are substantial. A 1985 U.S. Fish and Wildlife Services report valued recreational, fresh water fishing, hunting and wildlife observation activities in Florida as a \$1.5 billion per year industry. Florida's fresh waters are used extensively, visited by Floridians nearly three times more frequently than are public parks.

A 1985 University of Florida report determined that recreational activities on Orange and Lochloosa Lakes generated more than \$10 million to the local economy each year when the water surfaces were free of exotic, aquatic plant problems. Revenues were nearly ten times lower when hydrilla covered these lakes.

Other studies have attached similar annual values to Lake Jackson in Leon County (\$10 million) and Rodman Reservoir (\$13 million), yet these lakes are rapidly filling with hydrilla as well and may soon lose much of their local economic potential. Without exotic aquatic plant management, many of these waters would be unusable in two to three years, substantially reducing their economic benefit to the state.

Expenditures and Results

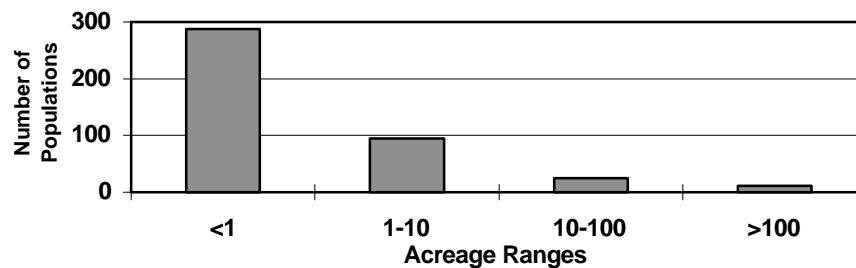
In order to detect new exotic plant populations, initiate management programs before problems occur, and gauge the success of these programs, 447 public lakes and navigable rivers covering more than 1.25 million acres are regularly surveyed by the Department for exotic aquatic plants. If invasive plants are controlled prior to becoming established, then eradication can be achieved at a low cost. Once the plants are under control, maintenance programs must be employed diligently to prevent further environmental damage and escalating management costs. Because of the potential for exponential growth of exotic aquatic plants, controlling outbreaks early pays great dividends in avoidance of higher future system-wide management costs.

Floating Plants

Of the approximate 325 public waters with active aquatic plant management programs, floating vegetation remains the highest management priority since water hyacinth and water lettuce mats can expand quickly and shift with wind or water currents, significantly impacting a variety of water uses. After these programs to control floating vegetation are developed and funded, nearly all of the remaining revenues are designated for hydrilla management, the second priority. Continual monitoring of public waters for water hyacinth and water lettuce and effective, immediate response by management crews are the key factors in keeping floating vegetation populations at the record low levels established in 1989. About \$3.0 million are spent each year controlling approximately 25,000-30,000 acres of floating exotic plants to preserve maintenance control.

Figure 6 shows that the vast majority of the water hyacinth and water lettuce populations are under control in Florida public waters. Two hundred ninety-eight (69%) of the populations cover less than one acre while 391 (90%) cover less than ten acres. Only seven water bodies had floating plant populations exceeding 100 acres in 1997.

Figure: 6 Range of water hyacinth and water lettuce population sizes in Florida public waters during 1997



Floating Tussocks

Increased water levels have torn massive amounts of native emergent plants loose from previously dry lake beds and river shorelines. Some of these floating tussocks have a foot or more of peat or other organic substrates attached to the root systems. Many of these islands drift into access points, bridges, navigation channels and flood control structures, and require immediate removal. Tussock removal can cost up to \$10,000 per acre, and more than 1,000 acres of problem tussocks

have been identified due to the increased water levels of 1994-1996. An estimated \$1.5 million is required to remove the most perilous of these tussocks.

Hydrilla

Hydrilla has become the most abundant aquatic plant in Florida public waters, covering three times more area in 1994 than cattail, the second most abundant plant. Hydrilla produces a subterranean propagule or bud known as a tuber which is resistant to control techniques. Tubers are developed at a density of millions per acre, about a half foot into lake or river sediments where control operations cannot reach them. When lethal effects of herbicides or harvesters subside or when biological controls move to other areas or die off, tubers sprout and hydrilla can dominate once again.

When demand for public access to waters is great and funding is low, managers must apply threshold herbicide concentrations or manage only the worst areas within hydrilla-infested waters. In this manner, all public waters have some measure of access and navigability each year. On the down side, threshold herbicide applications usually provide only seasonal control and must be repeated year after year. Controlling only the worst areas within water bodies or leaving entire waters full of hydrilla allows these waters to serve as foci for the accelerated spread of hydrilla. This type of management is brought on by insufficient funding and has allowed hydrilla to advance from isolated nuisances to a statewide crisis.

More than 50 new hydrilla populations have been found at boat ramps since 1990, most likely introduced by boat trailers. Eradication programs were initiated immediately and were able to eliminate all but two of these minimal populations. Hydrilla has filled the 200 acre Merritt's Mill Pond (Jackson County) and costs \$75,000 per year to manage. More than \$544,000 was required in FY 94-95 to manage hydrilla in Lake Weohyakapka (Polk County) which nearly filled this 8,000 acre lake just one year after its initial discovery in 1992.

During the period from 1992-1994, the Department requested \$10 to 14 million to control hydrilla each year; however, an average \$4.2 million was appropriated. After several years of receiving as little as one-third of the funding necessary to keep hydrilla in check, hydrilla expanded to new waters and within waters already colonized, doubling from 50,000 to 100,000 acres between 1992 and 1994.

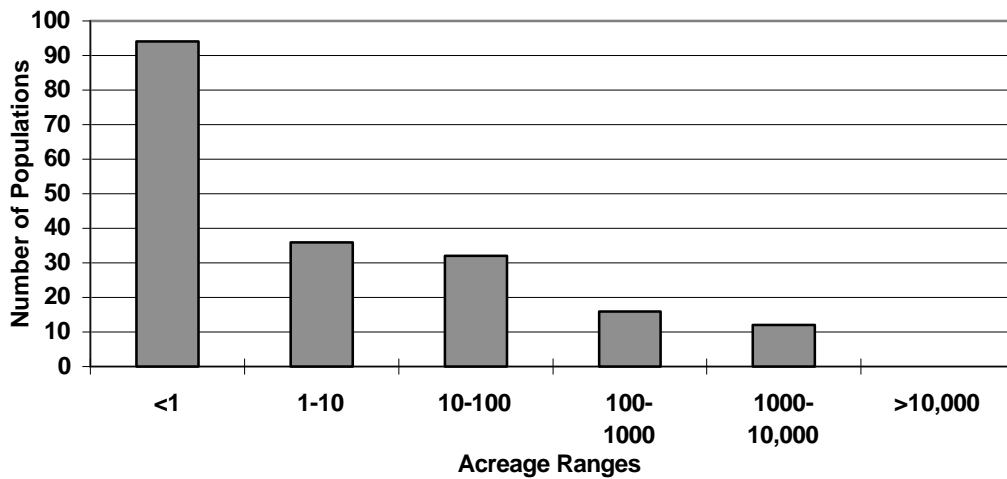
Increased funding provided by the Legislature since 1995 allowed managers to reduce hydrilla from 100,000 acres in 1994 to about 44,000 acres by the close of 1997. Continued funding will allow further reductions, perhaps to as low as 35,000 acres by the end of 1998. However, this funding has been provided in piecemeal fashion each year from different sources: C.A.R.L. in FY 95-96, the Mitigation Trust Fund in FY 96-97 and the Solid Waste Management Trust Fund in FY 97-98. Additionally, the Department has been allowed to spend down the Aquatic Plant Trust Fund so that the balance is nearly depleted. Without improved funding, the amount available for hydrilla control in FY 98-99 and beyond is estimated at less than \$2.0 million annually.

Economics of Hydrilla Maintenance

Hydrilla was observed in 208 public water bodies in 1996. Continuous monitoring and management of pioneer populations has kept 172 of these infestations under 50 acres in size; 109 cover less than 1.0 acre. Figure 7 shows that the vast majority of the hydrilla populations in public waters is under control.

As with floating plants, hydrilla management is most efficient in early stages of infestation. Currently, less than 50% of Florida's public waters contains hydrilla. Small scale management operations are authorized for more than 170 waters at a total cost of about \$1.0 million, an average of about \$6,000 for each water body. By contrast, projected hydrilla management costs in the remaining 40 large scale projects total about \$11.0 million, or about \$275,000 per water body. Thus, there is a clear economic incentive for eradicating pioneer populations of hydrilla and keeping small hydrilla infestations from becoming large.

Figure 7: Ranges of hydrilla populations in Florida public waters during 1997



Consequences of Unmanaged Hydrilla

Hydrilla infestations have historically caused economic hardship throughout the state, often to communities that can least afford it. Recreational and economic impacts were significant in 1994 when hydrilla grew out of control statewide in lakes such as Jackson (Leon County), Sampson (Bradford County) and Orange (Alachua County). Lakes Arbuckle, Pierce, Marion and Weohyakapka in Polk County have been filled with hydrilla during the early 1990s. Hydrilla is expanding within the Winter Haven chain of 55 lakes which provides 25% of the community's revenues through recreation and property values (taxes). Navigation came to a standstill on the 7,000 acre Lake Hatchineha (Osceola County) and the 27,600 acre Lake Istokpoga. The City of Melbourne's potable water supply is threatened by hydrilla in the head waters of the St. Johns River through Lake Washington in South Brevard County. Several highway and railroad bridges have been jeopardized in Brevard, Charlotte, Citrus, Manatee, Sarasota and Bradford Counties by tons of uprooted hydrilla forced against these structures.

The greatest impacts are being felt in Osceola County where the water bodies of the Kissimmee

Navigation project account for about 5% of Florida's public water surface area, but contain almost 37% of the state's hydrilla. Fish kills were reported in Osceola County waters infested by masses of oxygen consuming hydrilla. The flood control capacity of Lakes Toho, Cypress, Hatchineha and Kissimmee was compromised in 1994 as thousands of acres of hydrilla impeded water discharge during tropical storm Gordon. Inadequate water movement from these waters could compromise the Kissimmee River restoration project.

C. FUNDING HISTORY

Over the years, funding for the aquatic plant management program has been inconsistent, resulting in poor management results and the previously outlined negative environmental impacts. In the recent past, the Bureau of Aquatic Plant Management budget has fluctuated from \$9,075,371 in FY 94-95 to the current FY 97-98 budget of \$19,662,057 (which includes the one time \$6,000,000 appropriation from the Solid Waste Management Trust Fund), as well as \$4,393,057 from the Aquatic Plant Trust Fund. Without a dedicated funding source, the Bureau budget for FY 98-99 will be approximately \$9,400,000. (See Table 7).

Table 7: Estimated Aquatic Plant Trust Fund Sources and Uses

Sources	FY97-98	FY98-99
Grants and Donations (Corps of Engineers)	700,000	700,000
Interest	452,000	452,000
Solid Waste Management Trust Fund	6,000,000	0
Boat Registration (\$2/pleasure boat)	1,465,000	1,465,000
Boat Registration (40% commercial boat)	351,000	351,000
Gas tax	6,300,000	6,300,000
Total Revenues	\$15,268,000	\$9,268,000
Appropriated Expenditures*	\$19,661,057	\$9,367,017

*The difference between Total Revenues and Appropriated Expenditures for FY 97-98 will be generated by depleting the Aquatic Plant Trust Fund balance. With the trust fund balance nearly depleted, Appropriated Expenditures are expected to approximately equal Total Revenues in FY 98-99.

Uses	FY 97-98	FY 98-99
Aid to Local Governments	15,133,000	5,129,380
Salaries and benefits	1,348,916	1,362,641
Expenses (includes \$686,800 in apc to private cos.)	1,183,026	1,183,026
OPS (includes \$115,925 in apc to private cos.)	667,080	667,080
OCO (replace aging vehicles)	411,983	107,838
Legislative transfers to U of F and GFC	905,000	905,000
Health Ins. TF	12,052	12,052
Total	\$19,661,057	\$9,367,017

From: FDEP analysis of fund status and activity, actual and projected, Aquatic Plant Trust Fund, as of June 30, 1997 (preliminary).

Previous efforts to establish consistent, recurring program funding were reviewed by the Commission. These initiatives have included, among others, (a) a tax on the sale of aquatic plants, (b) the imposition of permit fees, (c) an increase in boat registration fees, (d) an increase in boat trailer registration fees, (e) use of tourist development taxes, and (f) increased use of the state/local gas tax. None of these initiatives have succeeded in providing the required program funding.

In fact, a 1995 Task Force established by the Governor and Lt. Governor to explore the increased use of motor-boat gas tax collections for aquatic plant control failed due to a lack of "consensus" primarily due to a mandate that local government's participate. Information on this effort is included in Appendix B.

Funding Partnerships

U. S. Army Corps of Engineers

The ACE once provided the Department with as much as \$4.0 million per year for aquatic plant management in public waters. However, this funding source has substantially diminished with the ACE providing the Department only \$700,000 for FY 97-98. This reduction of federal funding comes at a time when waters with great federal significance are in the greatest jeopardy from invasive exotic aquatic plants. Aquatic plant control within the waters of the Kissimmee Federal Navigation Project will require more than \$6.1 million in FY 97-98, yet only \$700,000 federal funds are allocated for the entire state. An additional \$3.0 million are needed to manage plants in the remaining public waters of the Kissimmee River watershed. If sufficient funds are not available to manage invasive exotic aquatic plants, water regulation, a focus of the Kissimmee River restoration project, will be difficult if not impossible.

Intercounty vs. Intracounty Funding

Local governments are required under Section 369.22(3), F.S., to fund aquatic plant control in intracounty water bodies (water bodies contained wholly within one county). The state is responsible for management of plants in waters that form or cross county boundaries. One hundred forty-eight of the 447 public waters are considered to be intracounty. These intracounty waters are dispersed among 28 counties. No plant management is necessary on 34 waters. On the waters that require management, 18 county, local or other state agencies are supplying 50-100% of the aquatic plant management funding at a total cost of approximately \$ 900,000 for FY 97-98, but it is usually difficult to generate local funding interest until invasive exotic plants reach crisis levels.

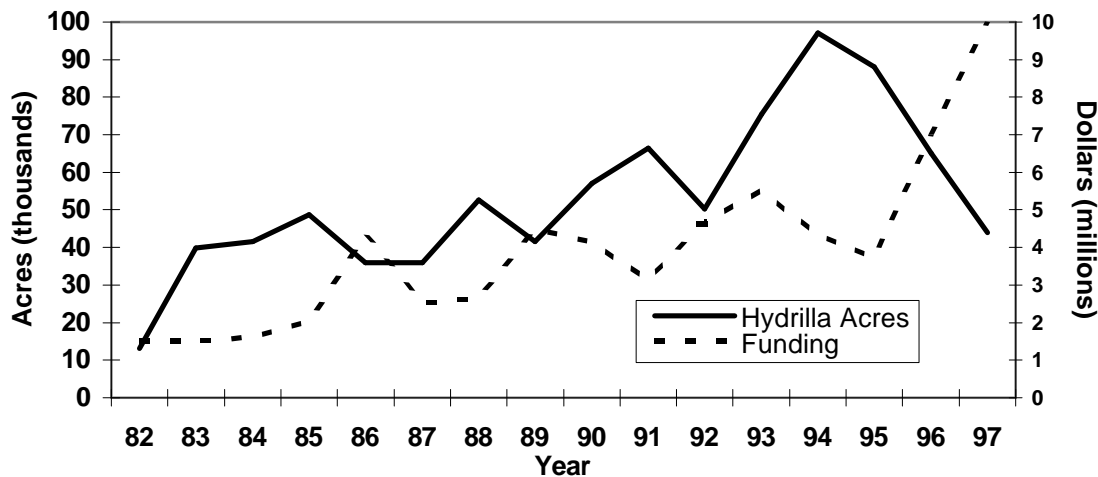
D. FUNDING NEEDS

The plant management achievements of recent years were impossible ten years ago. Technological developments and organizational strategies have allowed the Department to sustain statewide maintenance control of floating vegetation and accomplish large scale hydrilla management, enhancing the recovery of native plants and fish and wildlife habitat. However, maintenance control is dependent upon funding for staff to apply management techniques on a "continuous

basis" as directed in Section 369.22(2)(d), F.S.

For example, Figure 8 shows that when funding levels are high, hydrilla coverage can be managed at a low level. Conversely, when funds are insufficient, hydrilla expands. Each time hydrilla is allowed to expand, a higher level of funding is then required to regain control. Until sufficient funds are available on a continuous basis, hydrilla will continue to expand, and the cost to regain control will continue to spiral upward.

Figure 8: Acres of hydrilla in Florida public lakes and rivers and funds spent managing hydrilla from 1982 - 1997



Approximately \$17.5 million is now needed each year to adequately manage aquatic plants in Florida's public waters. This consists of: \$12.0 million to sustain hydrilla control; \$3.0 for water hyacinth/water lettuce; \$1.5 million to manage other plants and tussocks; and \$1.0 million to manage melaleuca as mandated by Section 206.606 (1)(a), F.S.

In addition to aquatic plant management requirements, the Bureau has been charged with the control of upland invasive exotic plants, in addition to melaleuca. One million dollars were provided for FY 97-98 for this function from the C.A.R.L. Trust Fund and represents the lowest funding level to provide a meaningful statewide control effort. A dedicated funding source is needed for the upland invasive plant management program to continue successfully.

The Bureau also permits the control of aquatic plants, as well as, business activities related to the collection of aquatic plants for such uses as aquascaping, mitigation or restoration projects. It is important to emphasize that the management plans are developed and contractors are in place to provide aquatic plant control. Any increase in funding will be applied directly toward aquatic plant control, not to administration.

Annual Bureau Budget Needs in Millions

The total annual Bureau budget needed is approximately \$22.0 million

\$17.5	Aquatic Plant Control
\$1.0	Upland Plant Control
\$3.5	Salaries, Operations Expenditures, Field Offices, Research

\$22.0	Total

Operating within the legislative mandate of “no new taxes” requires the redirection of State funds from other existing programs. The Commission, however, believes that funding sources should have a logical connection (i.e. nexus) to aquatic plant management. Ideally, these revenue sources would expand as the result of an effective aquatic plant maintenance program (e.g., there would be increased motor-boat taxes and fees paid because with aquatic weeds under control, the state’s water bodies would be more attractive to users).

A recognized nexus already exists between aquatic plant management and the payment of taxes to the state and local governments on the purchase of fuel for motor boats. Boaters are both the beneficiaries of aquatic plant management and one of the causes of the spread of aquatic plants into uninfested areas. The aquatic plant management program already receives \$6.3 million per year from this source.

Estimates of the taxes collected from this source have been provided by the FDOT and range from approximately \$29 million in FY 97\98 to almost \$38 million in FY 03\04 (Appendix C). These estimated amounts are more than sufficient for the additional \$12.5 million per year required for the aquatic plant management program.

Another nexus exists between aquatic plant management and the monies paid to the General Fund by local governments through the General Revenue Service Charge levied on local option gas tax collections. This is estimated by the FDOT at approximately \$41 million dollars in FY 97\98. (This information is set forth in the February, 1997 the FDOT publication “Florida’s Transportation Tax Sources - A Primer”, in Appendix D.)

Additionally, there is a strong possibility that the State of Florida will soon receive a percentage of the Federal Intermodal Surface Transport Efficiency Act funds (ISTEA), estimated to be in excess of \$150 million per year. When received, possibly in the FY 98\99 budget year, this monetary infusion could provide another source of funding for the aquatic plant management program. Again, the nexus is between fuel sales for boaters and the benefit boaters receive from aquatic plant management.

VII. SURFACE WATER IMPROVEMENT AND MANAGEMENT PROGRAM

A. OVERVIEW

In 1987, the Legislature enacted the Surface Water Improvement and Management Act, or SWIM, to restore and protect water bodies of state and regional significance.

The concerns that led to this legislation are still valid. The chief concern was that several major waterbodies were impaired to such an extent that they needed large scale and long term restoration actions. Losses in habitat and poor water quality in such major water bodies as Tampa Bay, Lake Apopka, Lake Okeechobee and Biscayne Bay had raised considerable public concern over the ability of single purpose programs to produce the long term, coordinated actions needed for making significant improvements.

A second concern was that other major water bodies, such as Apalachicola River and Bay, Charlotte Harbor and the Suwannee River, whose resources were largely intact, were at risk from future stresses and required focused protective actions. A third reason for the legislation stemmed from the recognition that while “point” sources of pollution, sewage and industrial waste were being controlled, managing more pervasive “nonpoint” discharges to priority water bodies needed additional cooperative efforts among all levels of government.

B. PROGRAM DESCRIPTION

Addressing these concerns required a priority-setting and comprehensive approach based on dependable funding. In order to accomplish these objectives, the Legislature provided a detailed framework in the SWIM Act, Sections 373.451-.4595, F.S., with the following features:

- SWIM, the only comprehensive surface water management program in the state, incorporates habitat restoration, stormwater facility construction, planning and diagnostic activities, enforcement and environmental education.
- The Act is the only statutory basis for identifying priority water bodies and establishing restoration and protection plans under a public review and explicit intergovernmental participation process.
- WMDs are responsible for identifying priority water bodies, developing restoration and protection plans for priority water bodies and implementing the plans.
- WMDs ensure local government, public and state agency participation in identifying priority waterbodies and developing and implementing SWIM plans.
- The FDEP reviews the identification of priority water bodies, development of plans and expenditures of state trust funds.

The legislation identifies six water bodies for inclusion in the SWIM Program: Lake Apopka, Tampa Bay, Lake Okeechobee, Biscayne Bay, Indian River Lagoon and Lower St. Johns River. At present, 29 SWIM water bodies have plans approved under the SWIM Act (see Table 7) .

Table 7: SWIM Waterbodies with Approved Plans

<u>SWIM Plan</u>	<u>Water Management District</u>	<u>Date</u>
Pensacola Bay System	NFWWMD	1997
Apalachicola River and Bay	NFWWMD	1996
Lake Jackson	NFWWMD	1994
St. Marks River	NFWWMD	1997
Choctawhatchee River and Bay	NFWWMD	1997
Deer Point Lake	NFWWMD	1991
Coastal Rivers	SRWMD	1996
Suwannee River	SRWMD	1992
Santa Fe River	SRWMD	1995
Alligator Lake	SRWMD	1997
Aucilla River	SRWMD	1991
Waccasassa River	SRWMD	1996
Lower St. Johns River	SJRWMD	1993
Lake Apopka	SJRWMD	1993
Upper Ocklawaha River	SJRWMD	1995
Indian River Lagoon	SJRWMD/SFWMD	1994
Lake Okeechobee/Kissimmee River	SFWMD	1997
Biscayne Bay	SFWMD	1995
Everglades/East Everglades	SFWMD	*
Charlotte Harbor	SWFWMD	1993
Tampa Bay	SWFWMD	1992
Lake Tarpon	SWFWMD	1994
Lake Thonotosassa	SWFWMD	1996
Banana Lake	SWFWMD	1995
Winter Haven Chain of Lakes	SWFWMD	1991
Lake Panasoffkee	SWFWMD	1989
Crystal River/Kings Bay	SWFWMD	1989
Rainbow River	SWFWMD	1995
Sarasota Bay	SWFWMD	1997

* Exempt from SWIM plan requirement

The ability of WMDs to identify priority water bodies and establish plans under the SWIM Act is used by other programs to strengthen their effectiveness in the state's major water bodies. The FDEP Stormwater Management Program coordinates funding assistance under Sections 319 and 6217 of the Clean Water Act with WMD and local government SWIM activities. The FDEP Division of Water Facilities uses SWIM priorities to meet federal requirements on establishing Total Maximum Daily Loads under Section 303 of the Clean Water Act. SWIM water bodies receive additional consideration in DEP wastewater facilities construction and land acquisition funding decisions, and the WMDs use SWIM plans to help make "Save Our Rivers" land-buying decisions.

Results of the SWIM Program

SWIM has improved the quality of impaired water bodies and made strides to protect healthy ones. However, water quality degradation and the elimination of habitat in such water bodies as Lake Okeechobee, Tampa Bay, Biscayne Bay, St. Johns River and Lake Apopka occurred over many years. These adverse conditions still exist, and long term and sustained efforts are essential in restoring and protecting these water bodies.

Because of state funding, the WMDs were able to develop networks of regional, local and state actions and funding sources needed to pursue long range restoration and management objectives. These actions involve coordinated restoration, land acquisition, stormwater management, local land use planning, permitting and environmental education. Further loss and uncertainty in SWIM funding will significantly weaken these cooperative efforts.

The following are highlights of SWIM Program activities for selected water bodies in the five Water Management Districts:

Lake Apopka - The SJRWMD has constructed a large demonstration marsh flow-way system adjacent to the lake to evaluate the techniques and impacts in the amount of nutrients and suspended solids.

Other projects include restoring shoreline vegetation, removing gizzard shad from the lake to reduce nutrients and involving citizen groups in the restoration process.

Indian River Lagoon (IRL) - SJRWMD is assisting the restoration of fishery habitat by reconnecting 18,049 acres of impounded salt marshes with the Lagoon. Cooperative stormwater management with local governments is occurring along the length of the IRL, and direct discharge from wastewater treatment plants to the IRL was removed under the “No-Discharge Bill.”

Upper Ocklawaha River Basin- The SJRWMD is restoring large areas of marsh in this basin, while evaluating contamination of soils in areas to be restored, along with water quality sampling, fish tissue and sediments analysis and rates of deposition of nutrients in lake sediments.

Biscayne Bay- The SFWMD working with Dade County and municipalities is improving water quality in the most degraded areas. Roughly 3,000 acres of urban area has been retrofitted to treat stormwater runoff, and compliance with environmental regulations has increased significantly in the Miami River watershed. About 700 acres of wetlands have been restored adjacent to the Bay.

Indian River Lagoon (south end)- The SFWMD has assisted in restoring over 3,000 acres of fishery habitat by reconnecting of salt marshes impounded for mosquito control with the Lagoon. Eight stormwater retrofit projects were completed providing over 1,500 acres of water quality treatment, and direct discharge from wastewater treatment plants to the IRL was removed under the “No-Discharge Bill.”

Lake Okeechobee- In-lake chlorophyll concentration levels have dropped and phosphorus loadings have been reduced by over 100 tons. Over 16 million *Melaleuca* trees have been killed.

Florida Everglades - The SFWMD is identifying phosphorus limits, appropriate loads and discharge controls for restoring water quality in the Everglades. This information will be used to set restoration goals, and develop a model to optimize Everglades stormwater treatment areas.

Tampa Bay - The SFWMD activities in the Bay focus on restoring habitat, reducing the effects of stormwater runoff and working with local governments to acquire land for restoration. Twenty-two urban stormwater projects involving local cooperative funding have been or are being constructed in addition to twenty-seven habitat restoration projects are complete or being completed with positive results. These activities are coordinated with the Tampa Bay National Estuary Program.

Charlotte Harbor - The focus of activities by SFWMD in this water body is the development of water quality and freshwater inflow targets to help identify nutrient control strategies and assist water management decisions in the Peace and Myakka River watersheds. In addition, exotic plant removal and habitat restoration projects are underway and a master plan is being developed for the Myakka River watershed to guide the placement of proposed linear infrastructure (transmission lines, pipelines and roads).

Lake Thonotosassa - Although this lake was one of the country's most degraded water bodies, it discharges to the Hillsborough River which is a drinking water supply for the City of Tampa. SFWMD worked extensively with state and county regulatory programs to reduce 60% of the lake's annual phosphorus inputs. In addition, the district helped develop stormwater treatment facilities, restore native aquatic plants and secure sites for public acquisition.

Apalachicola River & Bay - The Northwest Florida Water Management District (NFWMD) has conducted biological studies and hydrodynamic modeling to determine freshwater needs of the river and bay. This information will be used to address interstate water supply issues affecting the Apalachicola/Chattahoochee/Flint River System (ACF). The District and FDEP are pursuing interstate coordination and are working on an interstate compact for managing the ACF.

Lake Jackson - The NFWMD SWIM Program has been responsible for expansion of the Lake Jackson Stormwater Treatment Facility, construction of Interstate-10/Megginnis Arm Creek Pond Stormwater Treatment Facility and sediment removal from Megginnis Arm.

Suwannee River - Preservation and prevention are the thrusts of the Suwannee River Water Management District's (SRWMD) SWIM program. In the early SWIM efforts, it was found that very little was known about the District's priority waterbodies. The SWIM program began with an emphasis on diagnostic studies concerning the SRWMD's six SWIM Priority Waterbodies with the Suwannee River being the first priority.

District SWIM staff has pursued partnerships with local, state and federal entities, including the Suwannee Basin Interagency Alliance. This is a forum for coordinating efforts and addressing issues in the entire basin across the Georgia/Florida boundary. Other important activities include watershed assessments to look at nonpoint pollution, development of minimum flows and levels on the lower Suwannee River and working with dairy farmers to control nonpoint source pollution through the implementation of best management practices in the middle Suwannee River.

Structure of the SWIM Program

The Commission received testimony about the efficacy of the SWIM programs around the state. Much of this testimony supports the need to restructure the program, including its funding, to better address its mandate.

The Commission strongly recommends restructuring SWIM to address the following issues:

- First, and most fundamental, the wide and unpredictable fluctuations in SWIM funding make efficient management impossible and result in waste. Starting and stopping and speeding up and slowing down are inherently inefficient.
- Second, setting up SWIM by water management district results in not one program, but five, differing in concept and execution.
- Third, there is no correlation whatsoever between the location of water bodies of truly statewide significance and the geographical boundaries of the five water management districts.
- Fourth, there is little correlation between the cost of dealing with water bodies of SWIM significance and the financial resources of the water management district in which they are located.
- Fifth, there is no formal process for setting priorities on a statewide basis, although there has been informal cooperation among the districts. Budgeting state dollars for problems of statewide significance requires a system for setting statewide priorities.
- Sixth, there is no system for setting goals or measuring performance. Without goals, it is impossible to measure whether the desired result is being achieved or if the means chosen is cost effective relative to alternatives.
- Seventh, the system is open ended, because it allows water management districts to add SWIM water bodies. Although there is a SWIM plan approval process centralized in the FDEP, organization of the SWIM program by water management district results in differing sets of priorities and criteria. Some water management districts have added greatly to the SWIM list, while others have added very little.

In addition to the lack of consistency, another result of increasing the total number of SWIM water bodies is to create a program that never ends. The original legislative intent appears to be to address specific problems in the legislatively designated SWIM water bodies. The problems in the original SWIM water bodies can be dealt with by a series of discrete actions for the most part. It is only necessary to reconnect mosquito impoundments to the Indian River Lagoon once, for example, not every year.

- Eighth, there are large differences in the financial capabilities of the five water management districts. SJRWMD, SFWMD and SWFWMD have large tax bases. SRWMD has a much smaller tax base. NFWMD also has a small tax base, as well as a constitutional limitation on its ability to levy taxes that restricts it to 5% of what the other four districts can levy. There

is no apparent reason for this distinction, and it should be addressed, especially since several water bodies of SWIM significance lie within its boundaries.

Restructuring the program to address the above issues would help the program achieve its real potential, with consistent, measurable results occurring in the water bodies of greatest importance from a statewide perspective.

C. FUNDING HISTORY

Financial History

State SWIM funds depend on legislative appropriations deposited into the Ecosystem Management and Restoration Trust Fund. Initially, the major source of SWIM Program funding was state general revenue, but after the first three years, these appropriations were reduced and became unpredictable (see Figure 9). This situation has obstructed long range restoration and protection strategies and weakened the cooperative network of local, regional and federal financial and in-kind commitments made to the program.

SWIM Program appropriations from FY 87-88 through 97-98 (spent and unspent funds) total approximately \$92.4 million. In FY 95-96, there was no direct appropriation for the SWIM Program. In FY 96-97 and FY 97-98 SWIM funds were transferred from other trust funds.

The original SWIM cost share arrangement was 80% state funding with a 20% match from the WMDs. For the SFWMD, SWFWMD and SJRWMD, the state's contribution is now 60%, and the districts' match is 40%. The NFWMD and SRWMD matching requirements also were 60% state/40% district; however, their matching funds are now back to the original 80% state and 20% WMD funding.

The more financially capable districts have overmatched state funds in the face of shrinking state revenues. In the SJRWMD, for example, the state's share of SWIM funding fell from 80% in 87-88 to less than 30% in 1995. Clearly it is appropriate for the districts to partially fund the SWIM Program. In fact, several districts had efforts underway in watersheds of priority water bodies prior to passage of the SWIM Act.

However, the Commission does not believe it is appropriate for the districts to pay the entire difference in funding needed to achieve meaningful environmental results under the Act. SWIM was born of a need to better plan, manage and execute surface water improvements from a statewide perspective. Unreliable state funding undermines that intent.

The lack of dedicated state funding for the SWIM Program has severely hampered its effectiveness. Funding has not only decreased, but in some years there have been no new appropriations. The highly unpredictable levels of funding have obstructed long range restoration and protection strategies and weakened the supportive network of local, regional and federal financial and in-kind commitments made to the program.

The expenditures shown on Figure 10 generally reflect the level of work required to address the

problems of the largest and most impaired waterbodies. Districts' expenditures of state funds from inception through March 1997 total \$74,108,908. Approximately 78% of this amount has been spent on the six waterbodies identified in the SWIM Act plus the Suwannee River and the Apalachicola River and Bay.

Figure 9: Total SWIM Fund Appropriations for FY 88 - 98

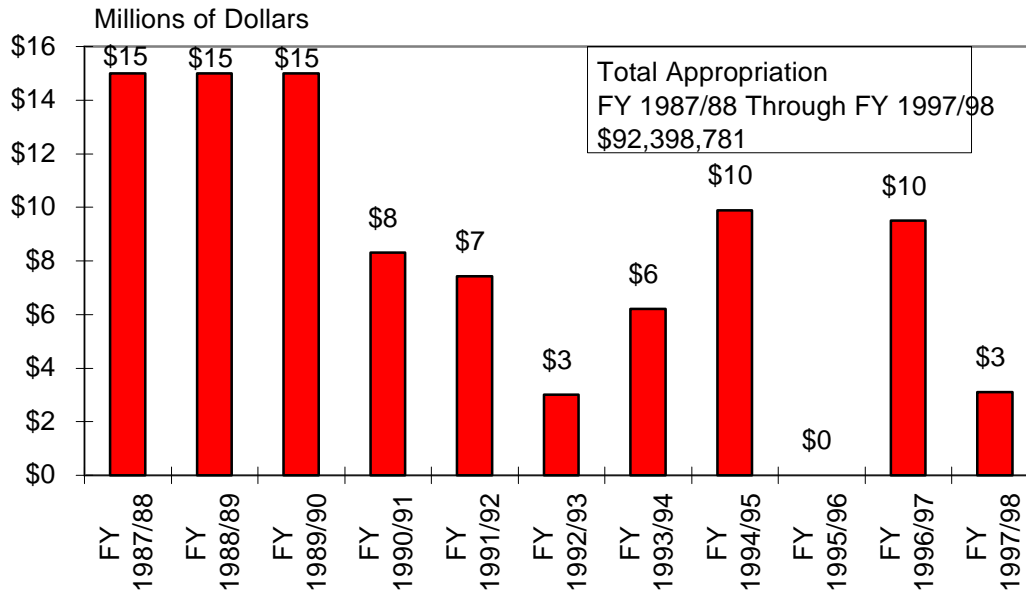
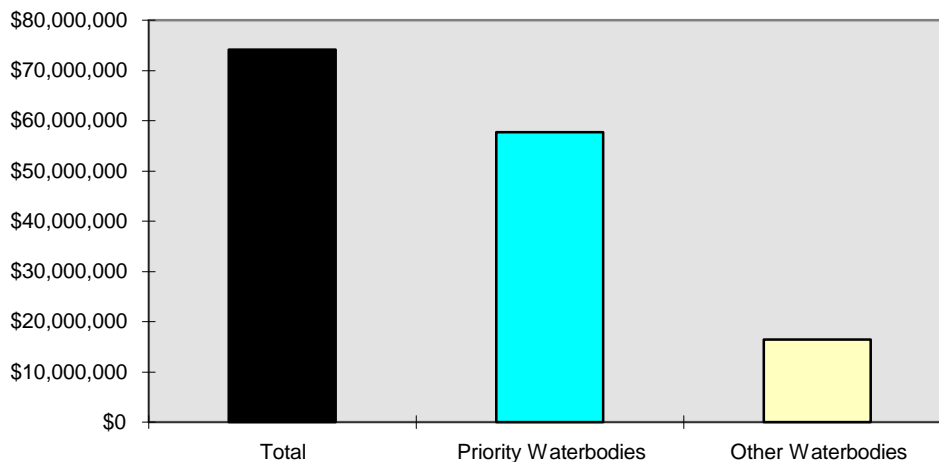


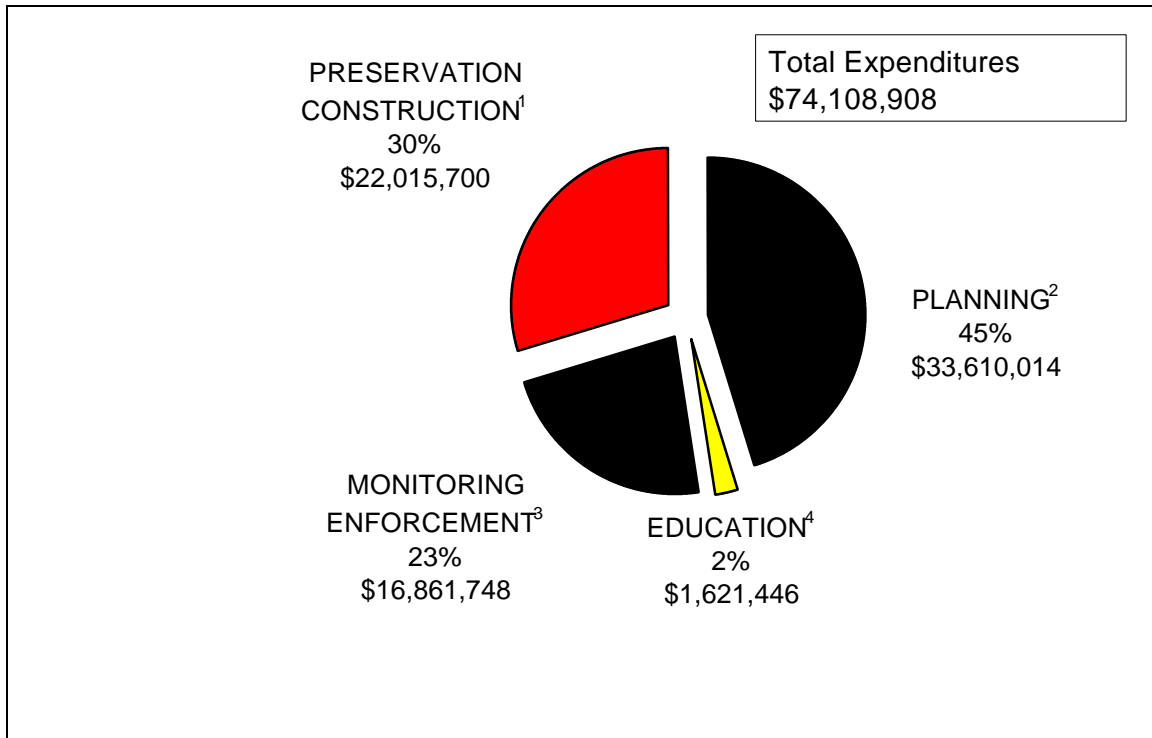
Figure 11 provides statewide SWIM Program expenditures of state funds from 1987-88 through March 1997 broken down into expenditures for construction and preservation, planning, enforcement and education. The relatively large amount expended on planning reflects, in part, the dearth of information on the major SWIM waterbodies and the diagnostic efforts needed in the earlier stages of the program to determine appropriate management approaches.

Figure 10: Expenditure of State SWIM Funds



Priority Waterbodies equal the six water bodies named in the SWIM Act (Lower St. Johns River, Lake Apopka, Indian River Lagoon, Biscayne Bay, Lake Okeechobee and Tampa Bay) plus Apalachicola River and Suwannee River. Other Waterbodies equal all SWIM waterbodies with approved SWIM plans excluding the eight waterbodies listed above.

Figure 11: All Districts Combined SWIM Program Expenditures by Category Through March 1997



¹CONSTRUCTION & PRESERVATION involves habitat restoration, actual building of stormwater treatment facilities, including retention and detention ponds and preservation of high quality wetlands and upland habitat.

²PLANNING includes development of SWIM waterbody plans, technical assistance to local governments, diagnostic studies and comprehensive reviews of SWIM activities.

³ENFORCEMENT seeks to identify pollution sources, establish pollution load reduction goals, assist local pollution control activities and implement best management practices.

⁴EDUCATION builds public awareness of environmental issues and encourages responsible actions to protect natural resources through public presentations, school information programs and distribution of written material.

State funds and district match have been augmented in several ways. The Department does not use SWIM funds to carry out its administrative and review responsibilities under the Act. Also, local, state and federal financial commitments, as well as the districts' overmatch have been essential to the effectiveness of the program.

D. FUNDING NEEDS

The Commission has determined three levels of potential funding for the SWIM program: a low level program funded at \$12-15 million/year; a mid-range program with annual funding of \$25-30 million; and a high level program of \$35-40 million/year. The \$12-15 million level is considered a minimum amount needed to respond to the intent and requirements of the SWIM Act and support activities for managing the priority surface water bodies of all five districts. Some of the districts stated that if funding could not be maintained at this level there was little justification for the program. The Commission notes that funding levels must take into account the fact that

SWIM has moved beyond the early years of data collection and pilot projects into full scale work. It is inherently much more expensive to pour concrete, move dirt and do full scale restoration than to collect data.

Accordingly, the Commission recommends that dedicated state funding be provided at the midlevel range of \$25-30 million/year. This will allow the SWIM program to achieve results at the level envisioned by the Legislature and needed to restore and protect the state's priority waterbodies. This funding level is based on the importance the Commission places on water quality as a key element in Florida's economic strategy, the increased pressure on surface water quality that is concurrent with the benefits of economic expansion and the belief that state water bodies should be restored and protected under a statewide, unified plan, rather than piecemeal efforts in reaction to manifest problems.

The Commission received testimony (from former FDER Secretary Dale Twatchman) that the larger districts may be able to continue a reduced level of restoration activities, even without state funds. However, no one believes that the NFWMD and the SRWMD, which have limited revenue raising abilities, have any choice but to rely heavily on state funding to pursue water body restoration and protection projects.

A number of revenue sources are appropriate for funding the SWIM program. These include: the motor-boat gas tax, saltwater fisheries license fees, service charges on water related trust funds, boat and car title transactions. Transportation related activities and SWIM are connected because runoff from roads adds sediment and a wide range of pollutants to water bodies. General revenue is also appropriate since all Floridians benefit from improved water bodies, and clean water bodies support more uses and generate more revenue than impaired ones.

Two alternative ways are available to fund SWIM at the \$25-\$30 million level. One is to divert the \$7 million in taxes from marina fuel sales that now go to the FDOT. These funds have a nexus because marina fuel sales obviously relate to aquatic activity, and since highway transportation results in significant pollution in water bodies, there is an additional nexus as well. Added to this should be \$1 million from salt water fishing license fees, since 30% of this money is required to be spent on "habitat restoration." Approximately 21.5 million car and boat titles and registration transactions occurred in 1995. Therefore, \$21.5 million dollars could be raised annually by imposing a fee on these transactions. This fee could be graduated, so that a small fee is imposed on low license fees and a larger fee is imposed on title and licenses applying to higher cost boats and vehicles. This alternative totals \$29.5 million.

The second alternative is to use the \$1 million in saltwater fishing license money, plus \$28.5 million raised by diverting a portion of the 7% to 7.3% service charge imposed on the following trust funds: the Minerals Trust Fund; the Marine Resources Conservation Trust Fund; the State Game Trust Fund; the Local Option Fuel Tax Trust Fund; and the Fuel Tax Collection Trust Fund. Since this source is entirely comprised of general revenue service charges, no loss occurs to the items funded from these trust funds. This option assumes that the \$7 million in taxes from marina fuel sales is diverted to aquatic weeds. If an alternative source is used for aquatic weeds, then this \$7 million should go to SWIM, and the diversion from service charges, really general revenue dollars, should be reduced accordingly.

Solid Waste Management Trust Fund Review Commission Appendix A:

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MEMORANDUM

Date: December 28, 1995

To: Lieutenant Governor Buddy MacKay

From: Tom Assistant Secretary for Finance and Administration

Copies: Secretary Watts, Linda Shelley, Todd Wilder, Representative Bronson, Representative Harris, Senator Bronson, Task Force Participants (list attached), Marcia Mathis, Jane Mathis

Subject: Motorboat Gas Tax Collection and Distribution Task Force

As you directed on October 6, a task force was formed to discuss the issue of motorboat gas tax collection and distribution. The task force was formed following a meeting with the Governor and yourself requested by Representatives Bronson and Harris and Senator Bronson. The task force was made up of representatives of local government (League of Cities, Association of Counties), state government (DEP, SFWMD, DOT) and other interested parties.

Your direction to the Department was to seek a consensus on the proper allocation of those gas taxes attributable to motorboats for boating related activities, to include aquatic weed control. The task force met twice, and I unfortunately must report that this consensus could not be reached. While not disagreeing that there is a need for increased funding, local government representatives were unable to support potential legislation that would increase the statewide aquatic weed control program using city and county gas taxes.

A complete report is attached for your information. I am available at your convenience to discuss any details.

TFB:b

Attachment

Motorboat Gas Tax Collection & Distribution

Task Force Participants and Interested Parties

December 20, 1995

Representing	Name	Phone
DOT	Tom Barry	488-6634 & 488-3526 (fax)
DEP	Tom Brown	488-5631 & 488-1254 (fax)
House Transportation Committee	John Johnston or designee	488-3483 & 414-6881 (fax)
Senate Transportation Committee	Dorothy Johnson or designee	487-5223 & 487-5037 (fax)
House Natural Resources Committee	Joyce Pugh	488-1564
Senate Natural Resources Committee	John.Gee	487-5372
Florida Association of Counties	John Smith	224-3148 & 561-0871 (fax)
Florida League of Cities	Kraig Conn, Ken Small	222-9684 & 222-3806 (fax)
South Florida Water Management District	Sally McPherson, Office of Gov't & Public Affairs	(407) 687-6004 (407) 687-6200 (fax)
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Osceola County	Sarah Bleakley	224-4070 & 224-4073 (fax)
FTBA	Alice Puckett	942-1404 & 942-5632 (fax)
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Hopping, Green, Sams & Smith	Lynne Bibeau	222-7500 & 224-8551 (fax)
FGFWFC	Dave Eggeman	487-1400

Motorboat Gas Tax Collection and Distribution

Task Force Summary Report

December 20, 1995

Background

The Governor and Lt. Governor directed the DOT to form a task force to review the collection and distribution of the estimated gas taxes paid by motorboat users (\$28 million in 1995 -96). The stated objective was to properly allocate the appropriate amount of these revenues toward boating related activities, including but not limited to the control of aquatic weeds. The Governor and Lt. Governor made it clear that their support for this issue would be dependent on the inclusion of county and municipal revenues.

Meetings

The first meeting of the task force was on October 6, 1995. DOT briefed the task force on the meeting with the Governor, Lt. Governor, Representatives Bronson and Harris and Senator Bronson that resulted in the creation of the task force. DEP reported that they have a total budget of \$12 million (sources: DOT, other state and federal funds), and a need for a total of \$24 million. Representatives of the League of Cities and Association of Counties indicated that they have not been supportive of the use of additional gas taxes (state, county, or municipal) for this program. While they may be supportive of increased funding, it would have to come from other sources. Additional flexibility for voluntary use of local gas taxes was discussed. The meeting ended with DEP to provide county-by-county information and city and county representatives to survey their members.

The second meeting of the task force was on November 21, 1995. Additional information on needs assessment was provided by DEP. The League of Cities and Association of Counties representatives reported that they would be opposed to a funding source that was assessed and managed at the state level, and they did not want to use gas taxes as an additional source of funds.

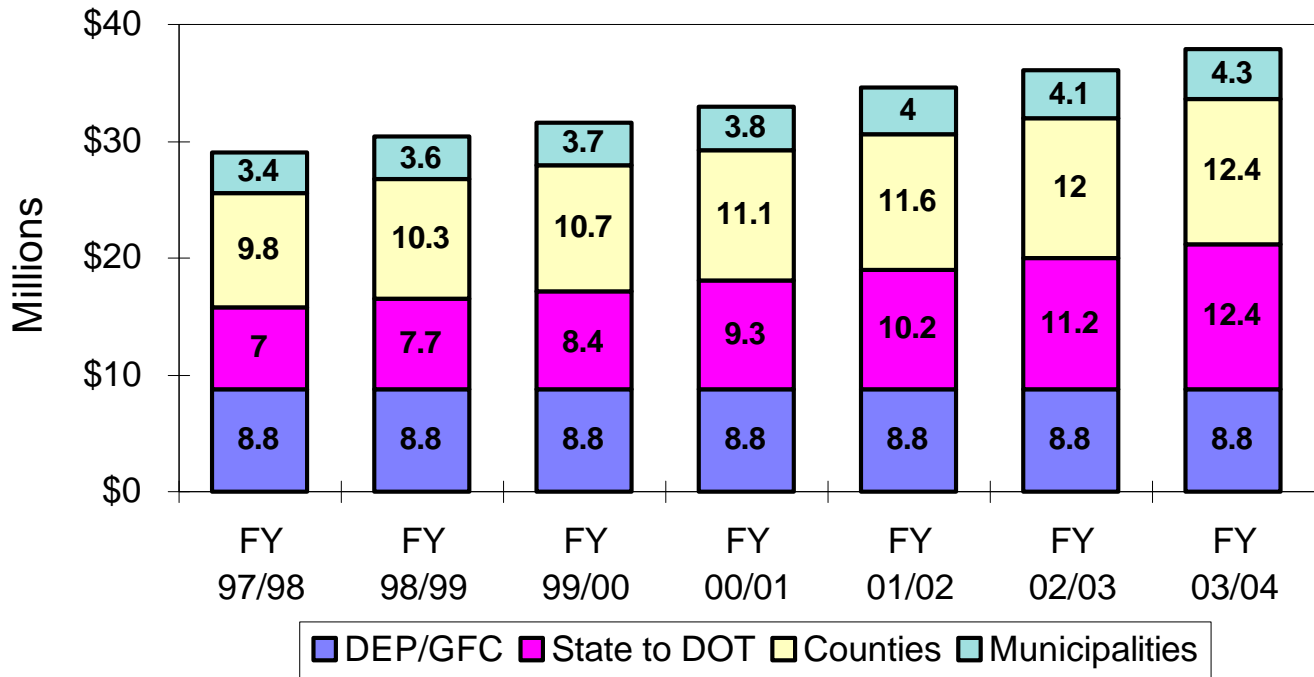
Summary

It was the general consensus of the task force that it would not be possible to draft legislation broadening and increasing the allocation of gas tax collections to DEP that would have the support of the cities and counties.

A complete package of meeting handouts and attendance lists is attached for reference.

Estimated Boat Gas Tax Collections

Net Fuel Tax Revenues Generated by Recreational Boats in Florida



SELECTED FUEL TAX REVENUE GENERATED BY RECREATIONAL BOATS IN FLORIDA
(S/GALLONS IN 000s)

	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	FY1999-00	FY2000-00
CONSUMPTION (GAL. IN 000s) [1]						
GASOLINE	114,492.26	116,291.83	119,195.68	121,935.92	124,497.24	126,986.98
DIESEL	15,851.63	16,100.78	16,502.82	16,882.21	17,236.83	17,581.54
TOTAL CONSUMPTION	130,343.89	132,392.61	135,292.61	135,698.50	141,734.07	144,568.52
TAX RATES (C/GALLON)						
SALES TAX (GASOLINE) (2,3)	8.37	8.60	8.87	9.10	9.40	9.73
SALES TAX (DIESEL) [3]	8.37	5.07	4.65	4.91	5.20	5.53
SCETS TAX [2]	4.54	4.67	4.84	4.97	5.13	5.26
CONSTITUTIONAL	2.00	2.00	2.00	2.00	2.00	2.00
COUNTY GAS TAX	1.00	1.00	1.00	1.00	1.00	1.00
MUNICIPAL GAS TAX	1.00	1.00	1.00	1.00	1.00	1.00
LOCAL OPTION GAS TAX	7.83	8.23	8.63	9.03	9.43	9.43
NINTH-CENT GAS TAX	0.57	0.60	0.60	0.63	0.63	0.70
GROSS REVENUE (\$ IN 000s) [3]						
SALES TAX	10,909.78	10,817.41	11,340.04	11,925.09	12,599.06	13,328.09
SCETS TAX	5,197.95	5,430.83	5,769.07	6,060.22	6,388.71	6,679.52
CONSTITUTIONAL GAS TAX	2,289.85	2,325.84	2,383.91	2,438.72	2,489.94	2,539.74
COUNTY GAS TAX	1,144.92	1,162.92	1,191.96	1,219.35	1,244.97	1,269.87
MUNICIPAL GAS TAX	1,144.92	1,162.92	1,191.96	1,219.35	1,244.97	1,269.87
LOCAL OPTION GAS TAX	8,964.74	9,570.82	10,286.59	11,010.81	11,740.09	11,974.87
NINTH-CENT GAS TAX	652.61	697.75	750.93	804.78	871.48	888.91
TOTAL GROSS REVENUE	30,304.77	31,168.48	32,914.45	34,678.33	36,577.22	37,950.87
DEDUCTIONS (\$ IN 000s)						
SALES TAX						
SHRINKAGE [4]	97.75	17.00	0.00	0.00	0.00	0.00
GEN. REV. SER. CHARGE [5]	789.28	788.43	827.82	870.53	919.73	972.95
ADMIN. CHARGE [6]	0.00	0.00	25.14	57.27	92.28	105.57
TOTAL SALES TAX DEDUCTIONS	887.03	805.43	852.96	927.80	1,012.01	1,078.52
SCETS TAX						
GEN. REV. SER. CHARGE [5]	379.45	396.45	421.14	442.40	466.23	487.60
ADMIN. CHARGE [6]	0.00	0.00	13.69	31.23	50.30	57.04
TOTAL SCETS TAX DEDUCTIONS	379.45	396.45	434.84	473.62	516.53	544.64
COUNTY GAS TAX						
COLLECTION FEES	17.80	19.02	20.31	21.04	22.06	23.08
GEN. REV. SER. CHARGE [5]	82.28	83.50	85.53	87.48	89.27	91.02
ADMIN. CHARGE [6]	183.55	203.62	154.77	88.21	15.96	10.64
TOTAL COUNTY GAS DEDUCTIONS	283.64	306.15	260.61	196.73	127.30	124.74
MUNICIPAL GAS TAX						
COLLECTION FEES	17.80	19.02	20.31	21.04	22.06	23.08
GEN. REV. SER. CHARGE [5]	82.28	83.50	85.53	87.48	89.27	91.02
ADMIN. CHARGE [6]	0.00	0.00	2.77	88.21	15.96	10.64
TOTAL MUNICIPAL GAS DEDUCTIONS	100.08	102.53	108.62	114.68	120.96	124.74
LOCAL OPTION GAS TAX						
COLLECTION FEES	74.68	75.86	77.75	79.54	81.21	82.83
GEN. REV. SER. CHARGE [5]	648.97	693.13	745.24	797.98	851.10	868.12
ADMIN. CHARGE [6]	0.00	0.00	23.27	53.90	87.53	97.05
TOTAL LOCAL OPTION GAS DEDUCTIONS	723.66	768.99	846.27	931.42	1,019.84	1,048.00
NINTH-CENT GAS TAX						
COLLECTION FEES	7.18	7.68	8.26	8.85	9.59	9.78
ADMIN. CHARGE [6]	0.00	0.00	1.84	4.33	7.15	7.93
TOTAL NINTH-CENT GAS DEDUCTIONS	7.18	7.68	10.10	13.19	16.73	17.71
TOTAL DEDUCTIONS [7]	2,381.03	2,387.22	2,513.40	2,657.44	2,813.36	2,938.34
NET REVENUE (\$ IN 000s)						
STATE TRANSPORTATION TRUST FUND						
SALES TAX	10,022.76	10,011.98	10,487.07	10,997.29	11,587.05	12,249.58
SCETS TAX	4,818.50	5,034.38	5,334.24	5,586.59	5,870.18	6,134.87
TOTAL NET REVENUE TO STTF	14,841.26	15,046.35	15,821.31	16,583.88	17,457.23	18,384.45
COUNTIES						
CONSTITUTIONAL GAS TAX	2,289.85	2,325.84	2,383.91	2,438.72	2,489.94	2,539.74
COUNTY GAS TAX	861.29	856.77	931.34	1,022.63	1,117.68	1,145.13
LOCAL OPTION GAS TAX [8]	5,900.62	6,302.11	6,759.27	7,216.85	7,675.70	7,823.64
NINTH-CENT GAS TAX	645.43	690.08	740.83	791.59	854.75	871.20
TOTAL NET REVENUE TO COUNTIES	9,697.18	10,174.79	10,815.79	11,469.79	12,138.07	12,379.71
MUNICIPALITIES						
MUNICIPAL GAS TAX	1,044.84	1,060.39	1,083.34	1,104.68	1,124.02	1,145.13
LOCAL OPTION GAS TAX [8]	2,340.47	2,499.72	2,681.05	2,862.55	3,044.55	3,103.23
TOTAL NET REVENUE TO MUNICIPALITIES	3,385.31	3,560.11	3,784.39	3,967.22	4,168.57	4,248.37
TOTAL NET REVENUE	27,923.74	28,781.26	30,401.05	32,020.89	33,763.86	35,012.53

[1] The National Recreational Boating Survey, commissioned by the U. S. Coast Guard, estimated fuel consumption by recreational vessels in Florida at 104.3 million gallons of gasoline (which includes 4.1 million gallons of fuel of an unknown type) and 14.5 million gallons of diesel fuel. The estimation period was December 1, 1990 through November 30, 1991. The estimated fuel consumption for FYs 1995-96 through 2000-01 was derived by adjusting these initial gasoline and diesel fuel estimates by Florida's annual growth rate in motor fuel consumption (based on May 31, 1995 REC). The U. S. Coast Guard estimate includes all charter boats.

[2] Combines 4 months of the second calendar year rate with 8 months of the first calendar year rate.

[3] Diesel fuel used in recreational boating is subject only to the fuel sales tax. Sales tax rate lowered for diesel fuel beginning in FY 1996-97 due to impact of CS/CS/HB 1639.

[4] Calculated as 1.02% of gross sales tax revenue for FY 1995-96. Reduction in shrinkage allowance in FY 1996-97 and elimination thereafter due to impact of CS/CS/HB 1639.

[5] General revenue service charge calculated as: 7.3% of gross sales tax revenue excluding any shrinkage or collection fees.

[6] Administrative charge levied by the DOR for expenses of collecting, administering and distributing tax. Such charge deducted exclusively from the County Gas Tax through FY 1996-97. Following FY 1996-97 charge will be deducted from all fuel taxes except the Constitutional Gas Tax.

[7] No deductions are permitted from the Constitutional Gas Tax.

[8] Counties assumed to receive 71.6% of Local Option Gas Tax net revenues, while municipalities assumed to receive remainder (28.4%) of such net revenues.

BOATSE95.WK1

Appendix D

This document can be obtain in it's entirety by contacting Gary Smith or Horacio Soberon, Florida Department of Transportation, 605 Suwannee Street, Mail Station 7, Tallahassee, FL 32399-0450 or phone (904) 488-5811.

**FLORIDA'S
TRANSPORTATION TAX
SOURCES**

A PRIMER



**Florida Department of Transportation
Office of Management and Budget
February 1997**

INTRODUCTION

This booklet describes the taxes and fees in place at the national, state, and local levels which help fund the development and maintenance of Florida's transportation system. **These tax mechanics are quite dynamic and the reader is cautioned that information in this publication can quickly become dated.** Questions concerning its contents can be forwarded to either Gary Smith or Horacio Soberon, Florida Department of Transportation, 605 Suwannee Street, Mail Station 7, Tallahassee, FL 32399 -0450 or phone (904) 488-5811.

The body of the publication is organized into seven separate sections: (1) State Highway and Off-Highway Fuel Taxes; (2) Federal Highway Fuel Taxes; (3) State Motor Vehicle Fees; (4) Federal Excise and Heavy Truck Use Taxes; (5) State Aviation Fuel Tax; (6) Federal Aviation Taxes; and, (7) Local Option Transportation Taxes. Each section recaps the history of the taxes therein, describes their present structure, cites the laws under which they are administered, and concludes with a graphic presentation showing how their proceeds are distributed.

Several summary charts and tables which combine information from two or more of the numbered sections are included in the introductory section of the booklet. A careful review of these will provide a broad understanding of Florida's transportation revenue structure.