

From: Scott Dudley, Legislative Affairs Director sdudley@flcities.com
Subject: Get Informed: "Allowing Energy Choice" Ballot Initiative Proposal
Date: March 19, 2019 at 8:30 AM
To: wvose@voselaw.com



FLORIDA LEAGUE OF CITIES, INC.

City Officials,

Another ballot petition to change Florida's Constitution is circling the state. **If implemented, this proposal may drastically reduce your city's revenue.**

A large energy marketing company is gathering signatures for a proposal titled "Right to Competitive Energy Market for Customers of Investor-Owned Utilities: Allowing Energy Choice." This proposal requires that all Florida investor-owned utilities divest themselves of their generation assets, and potentially their transmission and distribution assets, so that customers can choose their own electric provider.

The Florida League of Cities strongly opposes this special interest snow job. Aside from the highly questionable benefits it will bring to consumers, it may have devastating fiscal impacts on Florida's cities. We joined with other local government interests to kill this same proposal when it was pitched to the Constitutional Revision Commission last year. We will continue the fight.

If implemented, this proposal jeopardizes all local electric franchise fees and public service taxes. It would substantially reduce ad valorem tax revenue as the result of the "fire sale" of electric assets. The chart below shows the massive **annual local revenues at risk: nearing \$2 billion a year.** The proposal would also impair other existing municipal rights.

The energy marketing company has gathered 10 percent of the necessary signatures to make the ballot, triggering Supreme Court review of the proposal. **The League is taking action.**

The League detailed its concerns in a memo with the *Financial Impact Estimating Conference*, which is charged with determining the impact on state and local government revenue. The League will also file a brief opposing the proposal with the Florida Supreme Court. Florida Attorney General Ashley Moody has informed the Court she finds the ballot title and summary misleading and is opposed to placing the proposal on the ballot.

We will keep fighting this proposal and keep you informed. If your city is contacted to support the proposal, please carefully consider the fiscal impact it will have on your city before making any commitment.

C. Scott Dudley
Legislative Affairs Director
Florida League of Cities

cc: City Managers, City Clerks, City Attorneys

Local Government Revenues			
FY 2016-17*			
	<u>Public Service Tax- Electricity</u>	<u>Franchise Fees- Electricity</u>	<u>Total Collections</u>
Municipalities	\$780.37	\$570.29	\$1,350.67
Counties	\$259.28	\$151.12	\$410.40
Total	\$1,039.65	\$721.41	\$1,761.06

All Property Taxes Paid By IOUs	
FY 2017-18**	
<u>Property Taxes Paid On Generation Facilities**</u>	<u>Total Property Taxes Paid**</u>
\$352.00	\$1,100.00

In Millions

* Source: EDR staff compilation of Annual Financial Report (AFR) data obtained from the Florida Department of Financial Services, Division of Accounting and Auditing, Bureau of Local Government.

** Florida Tax Watch, "Analyzing the Fiscal Impact of the Energy Deregulation Constitutional Amendment" (February 2019)

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