



February 2, 2026

Via Email Delivery

The Honorable Jonathan Martin
Florida Senate
315 Senate Office Building
404 South Monroe St.
Tallahassee, FL 32399-1100

Re: SB 1724 Utility Services
02.03.26 Agenda, Regulated Industries

Dear Senator Martin:

On behalf of the Florida League of Cities, I write to share the League's concerns on SB 1724. The bill imposes new public meeting and reporting requirements relating to extraterritorial water and sewer service. In addition, the bill eliminates current law authority for municipal utilities to impose a 25% surcharge on extraterritorial service. The bill's requirements for public hearings and reports are reasonable. Our concern focuses on the effective date of the elimination of extraterritorial surcharges.

The surcharge elimination is effective July 1, 2026. The abrupt transition from 25% to zero in one year's time will impose unnecessary hardship on utilities. It will not provide enough time for a utility to undertake a rate study and hold required public hearings to develop "just and equitable" rates, fees, and charges for extraterritorial customers. These rate studies will be crucial to ensuring that municipal residents do not subsidize extraterritorial services. One year also affords little time for a utility to budget for these revenue reductions, which may impede construction of utility improvements and infrastructure. In addition, the short timeframe may conflict with contractual obligations in interlocal agreements and with bond obligations if the surcharge monies have been pledged to service debt.

We respectfully suggest extending the effective date to create a longer "glide path" before these provisions become effective. This extension will provide the time needed to resolve outstanding financing obligations dependent on existing surcharge revenues and to undertake new rate studies and hearings to ensure extraterritorial rates sufficiently cover the costs of providing the service. This extension may also allow time to revise interlocal agreements to reflect these changes in law and to adjust the corresponding contractual obligations of the parties to the agreement.

Thank you for considering these comments. We will provide you with suggested language to address the above-referenced concerns while honoring the intent of your bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Rebecca O'Hara", written over a light blue horizontal line.

Rebecca O'Hara
Deputy General Counsel
Florida League of Cities, Inc.

cc: Chair Bradley and Members of the Regulated Industries Committee

