



Annual Assessment of Florida's Water Resources and Conservation Lands

2018 Edition

Executive Summary

The full report is available at:

http://edr.state.fl.us/Content/natural-resources/LandandWaterAnnualAssessment_2018Edition.pdf.

The Office of Economic and Demographic Research (EDR) has completed the second annual assessment of Florida’s water resources and conservation lands pursuant to section 403.928, Florida Statutes. Due to the magnitude of the assessment and the fundamental intent of EDR to produce accurate and methodologically sound results, the 2018 edition of this report is still an intermediate step to full compliance with section 403.928, Florida Statutes. However, this edition makes substantial progress over the previous edition and may allow some components of the timeline to be advanced.¹

Lands can be acquired for conservation by public or private entities and can be obtained in fee or less-than-fee simple ownership.² Once acquired, the lands are typically managed to maintain their conservation purposes. As such, expenditures on conservation lands can be categorized into acquisition expenditures and management expenditures. In Fiscal Year 2016-17, the State of Florida expended \$68.1 million on conservation land acquisition³ and \$192.6 million on conservation land management.⁴ Regarding the impact on ad valorem taxation, roughly 3.12 percent of the statewide county tax base and 2.77 percent of the statewide school tax base were lost. As a result, on net, approximately \$531 million in county taxes and \$424 million in school taxes were shifted to other property owners or lost due to lands being held in conservation in 2017.⁵ The analysis of any offsetting positive taxable value arising from public conservation land ownership is still inconclusive, but suggestive that the statewide impact is minimal at best.

Approximately 30 percent of all land in the State of Florida is currently managed for conservation purposes, with eight counties already over 50 percent.⁶ If all lands identified in plans set forth by state agencies and water management districts are acquired, this share will jump to over 43 percent.⁷ If federal, local, and private plans were accounted for, this share would be even greater. Adding the projected total acquisition costs for the additional conservation lands identified in the plans developed by the state and water management districts produces a preliminary cost estimate of just over \$10.6 billion, of which the analysis suggests that nearly 75 percent would be a state responsibility. At the current rate of annual state conservation land acquisition expenditures, it would take about 163 years to generate the state’s share. Any future conservation lands that are acquired will entail additional costs for management as well as the acquisition cost. Currently, a dedicated revenue source for managing the state’s lands does not exist. Assuming the current level of expenditures per acre, the additional cost to the state to manage the planned land acquisitions is projected to be \$112.2 million, annually.

With just under one-third of the land in the State of Florida already acquired for conservation purposes and nearly half identified for future conservation land acquisition, significant policy questions arise. For example, how much conservation land is needed and for what purpose? Where

¹ See section titled “1. Introduction and Purpose” for an expected timeline of future analyses.

² See subsection titled “Costs of Acquisition and Maintenance under Fee and Less-than-fee Simple Ownership” for further details on ownership types.

³ See Tables 2.2.3, 2.2.4, and 2.2.5.

⁴ See Table 2.2.6.

⁵ See Table 2.1.2.

⁶ See Tables 2.1.2 (Part 3) and 2.1.4 (Part 3). The eight counties are: Broward, Collier, Miami-Dade, Monroe, Okaloosa, Franklin, Liberty, and Wakulla.

⁷ See Table 2.3.6. This projection does not include any additions to current federal, local, or private conservation lands.

should it be located? At what point does the volume of conservation land acreage alter the pattern of economic growth as expanding metropolitan areas are forced upward instead of outward? Is this change acceptable to policy makers? Should there be a greater focus on selling non-essential conservation lands as surplus? Is primarily owning conservation land in fee simple the most efficient strategy for Florida? Would encouraging less-than-fee simple ownership help to alleviate economic concerns associated with government ownership of conservation land? Are adequate funds available for managing current and future acquisitions? It is EDR's objective that this ongoing report will assist policy makers in developing the answers to these types of questions.

Regarding water resources, according to the water management districts, water demand is projected to increase by 17 percent in the next 20 years and reach 7,515.9 millions of gallons daily by 2035 (assuming average annual rainfall and not accounting for potential new water conservation activities). The two largest drivers of water demand are and will continue to be population growth and agriculture. The projected water demand may grow even higher if drought conditions occur, with 1-in-10 year droughts potentially increasing demand by an additional 24 percent over the same 20-year period. On the other hand, the increases in demand can be partially offset if effective water conservation strategies are implemented. According to the districts' regional water supply plans and water supply assessments, the water needs of the state can be met through the 2035 planning horizon with a combination of traditional and alternative water sources, appropriate management, conservation, and implementation of the projects identified in the applicable regional water supply plans. Because no district can meet its future demand solely with existing source capacity,⁸ these extra efforts (and the funding for them) are critical over the period from now through 2035.

In the 2016-17 fiscal year, the State of Florida expended approximately \$57 million on water supply⁹ projects and an additional \$806 million on water quality and other water resource-related programs.¹⁰ In the most recent three fiscal years, expenditures for water resources have increased steadily, leading to questions about financial sustainability. Based on the projected revenues from sources historically allocated to water resources, the recent levels of increases cannot be sustained into the future without supplementation from other revenue sources. These sources could include statutorily uncommitted Documentary Stamp Taxes, additional General Revenue funds, or the use of bonds. As a result, policy questions may arise. What are the most cost-efficient and effective programs, projects, and initiatives that are being funded? What are the appropriate levels of funding? Are adequate funds available to sustain these efforts? To what extent should land acquisition programs be required to identify quantifiable water resource benefits? It is EDR's objective that this ongoing report will assist policy makers in developing the answers to these types of questions.

Subsequent editions of this report will include an analysis of future expenditures necessary to comply with laws governing water supply and water quality as well as achieve the Legislature's intent that sufficient water be available for all existing and future reasonable-beneficial uses and the natural systems, while avoiding the adverse effects of competition for water supplies. EDR is currently working to develop the integrated water supply and demand model necessary to address

⁸ See Table 3.2.2.

⁹ See Table 4.1.1.

¹⁰ See Table 4.1.7.

this analysis. EDR intends to rely primarily on the districts for water supply and water source data, focusing instead on the development of demand and the economic ramifications of the interaction between demand and supply.