

FAIR MARKET VALUE ACQUISITION TALKING POINTS

HB207 (Rep. McClain) / SB658 (Sen. Albritton)

- Fair Market Value (FMV) legislation is designed to make the acquisition by PSC-regulated companies of water/wastewater systems easier for all parties
- The current regulatory environment hampers market investment, because water system acquisitions are based on book value (original cost minus depreciation)
 - This approach significantly undervalues the assets of water/wastewater systems, because it does not account for capital investments made over possibly several decades, including land
 - Creates a transaction that is not equitable for buyer or seller
- The bill allows smaller, troubled water/wastewater systems to be more easily transitioned over to experienced operators
- FMV fosters an environment where regular maintenance and upkeep is expected in water/wastewater systems
 - Investment is not always possible for a municipality or small independently owned system that has other budget concerns
- FMV is the law in several states including, Maryland, North Carolina (2018), Pennsylvania, Indiana, Iowa, and Texas (2019)
- FMV is determined by the average of the two appraisals conducted (buyer & seller)
- Florida PSC has final say over the sale of the water/wastewater system and retains their authority in the process