

FAIR MARKET VALUE ACQUISITION TALKING POINTS

HB1297 (Rep. Bell) / SB1484 (Sen. Torres)

- 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
 - 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, Pennsylvania, Indiana, and Iowa
 - **North Carolina was passed into law in 2018**
- 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