

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCS for HB 1209 Rural Economic Development
SPONSOR(S): Regulatory Reform & Economic Development Subcommittee
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Regulatory Reform & Economic Development Subcommittee		Walsh	Anstead

SUMMARY ANALYSIS

Under Florida law, a “rural community,” as the term relates to counties, means a county with a population of 75,000 or fewer, or a county with a population of 125,000 or fewer which is contiguous to a county with a population of 75,000 or fewer. The Florida Department of Economic Opportunity’s (DEO) Regional Rural Development Grant Program encourages rural communities to leverage limited resources to develop and implement strategies to help attract new businesses.

The bill modifies provisions related to rural economic development, including:

- Removing the match requirements for grants awarded through the Rural Regional Development Grants Program.
- Increasing the funding cap on Rural Infrastructure Fund grants from 50 percent to 75 percent of the total infrastructure project cost.
- Providing that certain rural counties may receive a grant from the Rural Infrastructure Fund that covers 100 percent of the total infrastructure project cost.
- Specifies that DEO, in cooperation with CareerSource Florida, Inc., must prioritize grants under the Everglades Restoration Agricultural Community Employment Training Program that assist training programs located in Rural Areas of Opportunity.

The bill provides an effective date of July 1, 2023.

The bill does not impact state or local government revenues or expenditures.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Regional Rural Development Grants Program

The Regional Rural Development Grants Program was established to provide funding, through matching grants, to build the professional capacity of regionally based economic development organizations located in rural communities. The concept of building the “professional capacity” of an economic development organization includes hiring professional staff to develop, deliver, and provide economic development professional services. Professional services includes technical assistance, education and leadership development, marketing, and project recruitment.¹

Applications submitted to the Department of Economic Opportunity (DEO) for funding through this program must provide proof:²

- Of official commitments of support from each of the units of local government represented by the regional organization;
- That each local government has made a financial or in-kind commitments to the regional organization;
- That the private sector has made financial or in-kind commitment to the regional organization;
- That the regional organization is in existence and actively involved in economic development activities serving the region; and
- Of the manner in which the organization coordinates its efforts with those other local and state organizations.

An organization may receive up to \$50,000 a year or \$250,000 if located in an RAO.³ Grants must be matched by an amount of non-state resources equal to 25 percent of the state contribution. The DEO is authorized to spend up to \$750,000 each fiscal year from funds appropriated to the Rural Community Development Revolving Loan Fund to carry out this program.⁴

Rural Infrastructure Fund

The Rural Infrastructure Fund is a grant program created to facilitate the planning, preparing, and financing of infrastructure projects in rural communities.⁵ The program provides access to federal and state infrastructure funding programs, including, but not limited to, those offered by the United States Departments of Agriculture and Commerce.⁶ The program funds total infrastructure project grants, infrastructure feasibility grants, and preclearance review grants.

DEO may award grants for up to 50 percent of the total infrastructure project cost.⁷ Projects must be related to specific job-creation or job-retention opportunities. Additionally, projects may include improving any inadequate infrastructure that has resulted in regulatory action that prohibits economic or community growth or reducing the costs to community users of proposed infrastructure improvements that exceed such costs in comparable communities, and improving the access availability of broadband Internet service.

¹ S. 288.018(1)(b), F.S.

² S. 288.018(2), F.S.

³ S. 288.018(1)(c), F.S.

⁴ S. 288.018(4), F.S.

⁵ See s. 288.0655, F.S.

⁶ S. 288.0655(2)(b), F.S.

⁷ *Id.*

Eligible uses of funds include improvements to public infrastructure for industrial or commercial sites, upgrades to or development of public tourism infrastructure, and improvements to broadband Internet service and access in unserved or underserved rural communities.⁸ Infrastructure can include public or public-private partnership facilities, like storm water systems, telecommunication, broadband, roads, and nature-based tourism.⁹

The infrastructure feasibility grant provides awards of up to 30 percent of the total project costs for infrastructure feasibility studies, design and engineering activities, or other infrastructure planning and preparation activities.¹⁰ Maximum awards are dependent on the number of jobs that a business commits to create and may be up to \$300,000 if the project is located in a RAO. The total project participation grant may be used in conjunction with the infrastructure feasibility grant.

The preclearance review grant provides awards to help a local government participate in expedited permitting processes through technical assistance in preparing permit applications and local comprehensive plan amendments.¹¹ Grants may be used for surveys, feasibility studies, and other activities related to the identification and preclearance review of land use modifications. Grants are limited to \$75,000 and must be matched 50 percent with local funds. However, projects in a RAO may receive up to \$300,000 and must be matched 33 percent with local funds.¹²

Grant applications are reviewed and certified by DEO in consultation with Enterprise Florida, Inc., the Florida Tourism Industry Marketing Corporation, the Department of Environmental Protection, and the Florida Fish and Wildlife Conservation Commission.¹³ Reviews include an evaluation of the economic benefit of the projects and their long-term viability.

A total of \$30 million in funding was made through the Rural Infrastructure Fund for Fiscal Year 2022-2023. Twenty-five million was available for eligible rural communities statewide and an additional \$5 million was available specifically for Florida Panhandle counties.¹⁴

Rural Areas of Opportunity

A rural area of opportunity (RAO) is a rural community,¹⁵ or region comprised of rural communities, designated by the Governor, that has been adversely affected by an extraordinary economic event, severe or chronic distress, or a natural disaster.¹⁶ An area may also be designated as an RAO if it presents a unique economic development opportunity of regional impact. The designation of an RAO must be agreed upon by the Department of Economic Opportunity (DEO), as well as the county and municipal governments to be included in the RAO.¹⁷

Based on recommendations of the Rural Economic Development Initiative (REDI),¹⁸ the Governor may designate up to three RAOs by executive order.¹⁹ This designation establishes these areas as priority

⁸ *Id.*

⁹ Broadband Internet service must be provided in partnership with one or more dealers of communications services. S. 288.0655(2)(b), F.S.

¹⁰ S. 288.0655(2)(c), F.S.

¹¹ S. 288.0655(2)(e), F.S. Expedited permitting is pursuant to s. 403.9739(18), F.S.

¹² S. 288.0655(2)(e), F.S.

¹³ S. 288.0655(3), F.S.

¹⁴ Department of Economic Opportunity, *Rural Infrastructure Fund*, <https://floridajobs.org/community-planning-and-development/rural-community-programs/rural-infrastructure-fund> (last visited March 24, 2023).

¹⁵ Section 288.0656(2)(e), F.S., defines a "rural community" as is any county with a population of 75,000 or fewer, any county with a population of 125,000 or fewer that is contiguous to a county with a population of 75,000 or fewer, a municipality in a county that meets either of the aforementioned criteria, or an unincorporated federal enterprise community or an incorporated rural city with a population of 25,000 or fewer and an employment base focused on traditional agricultural or resource-based industries, located in a county not defined as rural, which has at least three or more of the economic distress factors.

¹⁶ S. 288.0656(2)(d), F.S.

¹⁷ S. 288.0656(7)(b), F.S.

¹⁸ Section 288.0656(1)(a), F.S. REDI was established by the Legislature to encourage and facilitate the location and expansion of major economic development projects of significant scale in rural communities.

assignments for REDI and allows the Governor, acting through REDI, to waive criteria, requirements, or similar provisions of any economic development initiative.

Currently, there are three designated RAO areas:

- Northwest RAO: Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Liberty, Wakulla, and Washington counties, and portions of Walton County (the City of Freeport and lands north of the Choctawhatchee Bay and intercoastal waterway).
- South Central RAO: DeSoto, Glades, Hardee, Hendry, Highlands, and Okeechobee counties, and the cities of Pahokee, Belle Glade, and South Bay in Palm Beach County and the city of Immokalee in Collier County.
- North Central RAO: Baker, Bradford, Columbia, Dixie, Gilchrist, Hamilton, Jefferson, Lafayette, Levy, Madison, Putnam, Suwannee, Taylor, and Union counties.²⁰

Fiscally Constrained Counties

Fiscally Constrained Counties are counties entirely within a rural area of opportunity or where a 1 mill levy would raise no more than \$5 million in annual tax revenue.²¹ A rural area of opportunity is a rural community²² or region that has been adversely affected by an extraordinary economic event, severe distress, natural disaster, or that presents a unique economic development opportunity of regional impact, as designated by the Governor.²³ Florida's fiscally constrained counties are: Baker, Bradford, Calhoun, Columbia, Desoto, Dixie, Franklin, Gadsden, Gilchrist, Glades, Gulf, Hamilton, Hardee, Hendry, Highlands, Holmes, Jackson, Jefferson, Lafayette, Levy, Liberty, Madison, Okeechobee, Putnam, Suwannee, Taylor, Union, Wakulla, and Washington.²⁴

Everglades Restoration Agricultural Community Employment Training Program

The Everglades Restoration Agricultural Community Employment Training Program (Everglades Training Program) requires DEO, in cooperation with CareerSource Florida, Inc., to use funds to provide grants to stimulate and support training and employment programs that seek to match persons who complete such training programs to nonagricultural employment opportunities in areas of high agricultural unemployment. The program also provides other training, educational, and information services necessary to stimulate the creation of jobs in the areas of high agricultural unemployment.²⁵

Funds may be used for grants for tuition for public or private technical or vocational programs and matching grants to employers to conduct employer-based training programs, or for the purchase of equipment to be used for training purposes, the hiring of instructors, or any other purpose directly associated with the program.²⁶

DEO is prohibited from awarding a grant to any given training program which exceeds 50 percent of the total cost of the program, unless the training program is located within a RAO, in which case the grant may exceed 50 percent of the total cost of the program and up to 100 percent.²⁷ Matching contributions

¹⁹ S. 288.0656(7)(a), F.S.

²⁰ Department of Economic Opportunity, *Rural Areas of Opportunity*, <https://floridajobs.org/community-planning-and-development/rural-community-programs/rural-areas-of-opportunity> (last visited March 24, 2023). The economic development organizations for these RAOs are named Opportunity Florida, Florida's Heartland Regional Economic Development Initiative, and the North Florida Economic Development Partnership, respectively.

²¹ S. 218.67(1), F.S.

²² A "rural community" as the term relates to counties means a county with a population of 75,000 or fewer, or a county with a population of 125,000 or fewer which is contiguous to a county with a population of 75,000 or fewer. See s. 288.0656(1)(e), F.S.

²³ S. 288.0656(1)(d), F.S.

²⁴ Florida Department of Revenue, *Fiscally Constrained Counties*, <https://floridarevenue.com/property/Documents/fcco081210.pdf> (last visited Mar. 24, 2023).

²⁵ S. 446.71(1), F.S.

²⁶ S. 446.71(3), F.S.

²⁷ S. 446.71(4), F.S.

may include in-kind services, including, but not limited to, the provision of training instructors, equipment, and training facilities.

DEO may grant up to 100 percent of the tuition for a participant who resides, and has resided for at least three of the last five immediately preceding years, within the Everglades Agricultural Area (EAA)²⁸ and in counties that provide for water storage and dispersed water storage that are located in RAOs.²⁹

Programs established in the EAA must include opportunities to obtain the qualifications and skills necessary for jobs related to federal and state restoration projects, the Airglades Airport in Hendry County, or an inland port in Palm Beach County, or other industries with verifiable, demonstrated interest in operating within the EAA, as well as in counties that provide for water storage and dispersed water storage that are located in RAOs.³⁰

In 2022, the Legislature awarded more than \$700,000 to the program.³¹

Effect of the Bill

The bill removes the match requirements for grants awarded through the Rural Regional Development Grants Program. Accordingly, the bill removes the requirements that when awarding these grants, DEO consider whether each local government has made a financial or in-kind commitment to the regional organization, and whether the private sector has made financial or in-kind commitments to the regional organization.

The bill increases the funding cap on Rural Infrastructure Fund grants from 50 percent to 75 percent of the total infrastructure project cost. Under the bill, a rural community or rural area of opportunity located in a fiscally constrained county may receive a grant that covers 100 percent of the total infrastructure project cost. The bill eliminates a requirement capping grants for infrastructure feasibility studies, design and engineering activities, or other infrastructure planning and preparation activities at 30 percent of the total project costs.

The bill also deletes a cross reference in order to align a section of law relating to awards from Triumph Gulf Coast, Inc.,³² with statutory changes made by the bill.

The bill specifies that DEO, in cooperation with CareerSource Florida, Inc., must prioritize using program funds from the Everglades Training Program to provide employer-based grants to training programs located in RAOs that provide for water storage and dispersed water storage as part of the Everglades restoration efforts.

The Everglades Training Program is required to award grants with priority given to employer-based training programs. However, grants may not be awarded to an employer-based training program if the grant exceeds 50 percent of the total cost of the program except that if the employer-based training program is in a RAO, then the DEO may grant an award up to 100 percent of the program costs.

²⁸ The Everglades Agricultural Area is an approximately 1,160 square-mile area south of Lake Okeechobee of productive agricultural land. See s. 373.4592(15), F.S., for the property description. See also Lake Okeechobee Business Alliance, *The Everglades Agricultural Area*, <http://www.lakeoalliance.org/everglades-agricultural-area#:~:text=The%20Everglades%20Everglades%20Agricultural%20Area,vibrant%20and%20sustianable%20local%20economies.> (last visited March 24, 2023).

²⁹ S. 446.71(6), F.S.

³⁰ S. 446.71(7), F.S.

³¹ Department of Economic Opportunity, DEO Press Releases, *Governor DeSantis Awards More Than \$700,000 for Workforce Training in Everglades Agricultural Communities*, [https://www.floridajobs.org/news-center/DEO-Press/2022/04/18/governor-desantis-awards-more-than-\\$700-000-for-workforce-training-in-everglades-agricultural-communities](https://www.floridajobs.org/news-center/DEO-Press/2022/04/18/governor-desantis-awards-more-than-$700-000-for-workforce-training-in-everglades-agricultural-communities) (last visited March 24, 2023).

³² Section 288.8017(1), F.S., provides that Triumph Gulf Coast, Inc., shall make awards from available funds to projects or programs that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties.

Program funds provided to employer-based training programs may be used for the purchase of equipment to be used for training, hiring, or any other purpose related to the program.

Under the bill, DEO must set aside up to 50 percent of the funds related to the Everglades Training Program for employer-based training programs for the first six months of each fiscal year. Any unused funds may be used for tuition. DEO must include the allocation of funds in the notice of grant opportunities.

The bill provides that in the event of a conflict with any of the provisions of House Bill 5, 2023 regular session, or similar legislation, the provisions of House Bill 5, 2023 regular session, or similar legislation, will control.

The bill provides an effective date of July 1, 2023.

B. SECTION DIRECTORY:

Section 1: Amends s. 288.018, F.S., relating to the Regional Rural Development Grants Program.

Section 2: Amends s. 288.0655, F.S., relating to the Rural Infrastructure Fund.

Section 3: Amends s. 288.8017, F.S., relating to Triumph Gulf Coast, Inc.

Section 4: Amends s. 446.71, F.S., relating to the Everglades Restoration Agricultural Community Employment Training Program.

Section 5: Provides implementation directions based on certain conflicts.

Section 6: Provides an effective date of July 1, 2023.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill could increase private sector investment in rural areas.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not Applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditures of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES