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DATE: February 19, 2002

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
GENERAL GOVERNMENT APPROPRIATIONS
ANALYSIS**

BILL #: HB 789
RELATING TO: Rural Development
SPONSOR(S): Representative(s) Romeo
TIED BILL(S): None

ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:

- (1) AGRICULTURE AND CONSUMER AFFAIRS YEAS 9 NAYS 0
 - (2) GENERAL GOVERNMENT APPROPRIATIONS YEAS 11 NAYS 1
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

HB 789 creates the Florida Rural Heritage Act (RHA) establishing several programs to assist rural communities in identifying and addressing their individual needs. The Rural Heritage Grant Program is created to assist communities in identifying and addressing rural issues and needs through a community-based process. Communities may apply for grants to fund the planning and implementation of projects. The program will be administered by the Department of Community Affairs (DCA), and will complement the urban infill and redevelopment program. The bill allows a local government with an adopted RHA plan to issue revenue bonds and employ tax increment financing for the purpose of financing the implementation of the plan. Such local governments may also exercise the powers of community redevelopment neighborhood improvement districts, including the authority to levy special assessments.

The bill also creates a micro loan program for small businesses to encourage the development of nature and heritage-based tourism in rural communities. The program, developed in conjunction with the Department of Environmental Protection, the Office of Tourism, Trade, and Economic Development (OTTED), Enterprise Florida, Inc. (EFI), VISIT Florida, and others, will be administered by EFI. In addition, the group is required to submit a report, no later than November 1, 2002, to the President of the Senate and the Speaker of the House of Representatives providing the mission and structure of the micro loan program and guidelines for administering the program, among other things.

The bill directs Department of Agriculture and Consumer Services (DACS), in consultation with the University of Florida and the Florida Agricultural and Mechanical University, to establish three pilot projects aimed at encouraging agricultural diversity throughout the state. Various criteria and procedures for administering the pilot projects are enumerated in the bill. The Commissioner of Agriculture is required to report to the President of the Senate, Speaker of the House of Representatives, and the Governor by December 15, 2002 on the progress of the projects.

In addition, the bill directs the State Technology Office (STO), in consultation with various state and local agencies, to develop recommendations regarding the establishment of two pilot projects in rural communities that use wireless or other technologies. STO is required to provide a report listing recommendations regarding the implementation and funding of the pilot programs to the President of the Senate, the Speaker of the House of Representatives, and the Governor by November 1, 2002.

Implementation of subsections (7) and (10) of section 1 is subject to specific appropriation or the availability of funds from the agencies designated as responsible for implementing those subsections. This bill has an estimated fiscal impact of \$1,078,500 from the General Revenue Fund, \$650,000 for the DACS and \$428,500 for the STO.

On February 6, 2002, the Committee on Agriculture and Consumer Affairs unanimously approved HB 789 along with one amendment traveling with the bill. (See Section VI., Amendments).

On February 19, 2002, the Committee on General Government Appropriations adopted two amendments which are traveling with the bill. These amendments eliminated the fiscal impact. (See Section VI for an explanation).

THIS DOCUMENT IS NOT INTENDED TO BE USED FOR THE PURPOSE OF CONSTRUING STATUTES, OR TO BE CONSTRUED AS AFFECTING, DEFINING, LIMITING, CONTROLLING, SPECIFYING, CLARIFYING, OR MODIFYING ANY LEGISLATION OR STATUTE.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|---|--|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

Less Government: The bill creates a new Rural Heritage Grant Program to assist communities in identifying and addressing rural issues and needs through a community-based process.

B. PRESENT SITUATION:

The Legislative Committee on Intergovernmental Relations (LCIR) conducted an interim project and prepared a final report entitled Report on Development of a State Rural Policy, March 2000. The committee undertook this project to complement legislation it developed regarding a state urban policy, enacted in ch. 99-379, L.O.F., which created the Urban Infill and Redevelopment Assistance Program. During the course of the interim project, testimony and findings indicated that the needs of Florida's rural communities are in many ways similar to the needs of Florida's inner city communities: access to more and better jobs; workforce development; access to service; improved infrastructure; educational quality; and availability of capital.

The LCIR concluded that the state has an interest in promoting economic prosperity for residents of its rural areas while protecting the unique character and heritage of those areas. A need for the state to assist rural governments in developing and implementing strategies to address problems facing their communities would be balanced by protecting the rural character and assets of rural communities.

Problems in rural Florida can be broadly categorized as follows: limited resources; economic development needs; changing agricultural conditions and related land-use problems; reduced quality of life and access to public services; and, limited capacity to address local issues in a comprehensive fashion. The problems are interrelated, and problems in one area result in problems in the other areas.

Rural areas can also be characterized by their unique assets, which may include: an abundance of natural resources; beautiful scenery; clean environment; productive agricultural lands; rich history and culture; ethnic diversity; available labor pool; proximity to institutions of higher learning; close-knit communities and social support systems; or place-based knowledge and skills. Many of these assets can be enhanced and marketed to become engines of economic development. The development of nature and heritage-based tourism is one such asset-based approach. Agricultural diversification and value-added agricultural production are other approaches. Innovative technology is a cost-effective method for increasing rural communities' educational and workforce development opportunities.

The LCIR determined that successfully revitalizing and sustaining rural areas depends on addressing, through an integrated and coordinated community effort, a range of varied components essential to a healthy rural environment, including cultural, educational, recreational, economic, transportation, land use, information technology, and social service delivery components. A collaborative approach is needed to aid communities in defining their own common visions, goals, objectives, strategies, action plans, prioritization of objectives and strategies, and targeting of scarce resources. Because of the interrelated nature of rural issues and problems, solutions should be pursued by a broad-based representative group of stakeholders that includes community residents and the private and nonprofit sectors. The LCIR voted to introduce legislation incorporating a series of recommendations to assist rural communities.

Rural Economic Development

Numerous laws have been enacted creating policies to promote economic development in Florida. Although some of these laws include specific provisions to improve economic conditions in rural areas, the laws generally have been more effective in improving conditions in the more populated urban and urbanizing areas of the state.

During the 1999 regular session, the Legislature passed ch. 99-251, L.O.F., which contained several components designed specifically to further promote rural economic development. Among other provisions, the legislation codified the multi-agency Rural Economic Development Initiative (REDI) within the Governor's Office of Tourism, Trade and Economic Development (OTTED). REDI is designed to coordinate and focus the efforts and resources of state and regional agencies on Florida's economically distressed rural communities (s. 288.0656, F.S.). The legislation also created a Rural Infrastructure Fund, which is designed to address infrastructure needs associated with economic development projects in rural communities (s. 288.0655, F.S.). Several of the LCIR rural policy project recommendations relating to economic development and technical assistance build on this legislation.

Examples of other rural economic development initiatives that have been established in recent years include:

- The Regional Rural Development Grants Program (or Rural Staffing Grants) was created to build the professional capacity of regional economic development organizations made up of rural counties, communities, and organizations. The funds are intended to be used for staffing assistance for regional economic development organizations. The maximum amount an organization may receive in any year is \$35,000 (\$100,000 in a rural area of critical economic concern) and must be matched each year by an equivalent amount of non-state resources (s. 288.018, F.S.).
- The Rural Job Tax Credit Program provides tax credits to be applied toward the state's sales or corporate taxes by businesses that create jobs in a rural area. The amount of tax credit is based upon the number of individuals employed by the business and upon the ranking of the area where the business is located (ss. 212.098 and 220.1895, F.S.).
- The Rural Community Development Revolving Loan Fund provides loans to rural local governments and organizations supported by local governments. Loans may enable the client to tap other federal, state, or local resources to finance development or maintenance of economic base (s. 288.065, F.S.).

Selected Relevant Existing Statutes

County and Municipal Planning

Part II of chapter 163 (ss. 163.3161 through 163.3244), F.S., is known as the "Local Government Comprehensive Planning and Land Development Regulation Act" (the Act), and is commonly

referred to as the growth management act. The Act requires local governments to adopt a comprehensive plan, subject to review and approval by the Department of Community Affairs. The Act outlines the required and optional elements of local government comprehensive plans, provides for public participation in the local comprehensive planning process, requires local governments to follow specified procedures for adoption of the comprehensive plan and amendments hereto, and requires local governments to update their comprehensive plans at regular intervals. Section 163.3187, F.S., authorizes a local government to adopt amendments to its comprehensive plan only two times per year. However, this section contains numerous exceptions for emergencies, substantial deviations to a proposed development or regional impact, compliance agreements, locating a correctional facility, the designation of an urban infill and redevelopment area and small-scale development activities.

State Comprehensive Plan

The state comprehensive plan (SCP), ch. 187, F.S., was enacted in 1985 to provide long-range guidance for the orderly, social, economic, and physical growth of the state. Regarding rural Florida, the SCP encourages a separation of urban and rural land uses, the maintenance of agricultural and soil resources, and promotion of the economic value of land in agricultural uses, and identifies "citizens in rural areas" as a targeted group in need of affordable and available housing. However, the SCP does not reflect the state's interests in promoting economic prosperity and preserving rural heritage or the importance of asset based economic development in rural areas.

Enterprise Zones

An "enterprise zone" is a specific geographic area targeted for economic revitalization. Since July 1, 1995, the state has designated 34 enterprise zones. Florida's Enterprise Zone Program was established in 1980 (ss. 290.001-290.016, F.S.; see also s. 370.28, F.S.). Since then, several major changes have been made, most notably through the Enterprise Zone Act of 1994. The program provides tax reductions, credits and other incentives for businesses that operate within designated enterprise zones. Currently, eleven enterprise zones and nine net-ban zones are located in rural counties.

Section 290.0055, F.S., provides requirements for nominating and selecting an enterprise zone. It provides size limitations depending on the community population category and stipulates that for communities having a total population of 20,000 persons or less, the selected enterprise zone area shall not exceed 3 square miles. This section also requires that the selected area suffer from pervasive poverty, unemployment, and general distress, as described and measured pursuant to s. 290.0058, F.S. Section 290.0058(2), F.S., specifies that pervasive poverty "shall be evidenced by a showing that poverty is widespread throughout the nominated area. The poverty rate of the nominated area must be established using the following criteria: (a) In each census geographic block group within a nominated area, the poverty rate shall be not less than 20 percent, (b) In at least 50 percent of the census geographic block groups within the nominated area, the poverty rate shall not be less than 30 percent."

The effectiveness of enterprise zone tax incentives was the topic of a 1998 report issued by the Senate Committee on Ways and Means, Subcommittee E. In this report, and in testimony provided to the LCIR by OTTED staff, the overall success of the Enterprise Zone Program was discussed, as was whether rural and net-ban affected areas were sharing in that success. Rural and net-ban affected areas do not appear to be benefiting as much from the program as are urban areas; it was reported that rural enterprise zones claim progress on only 66 percent of goals identified in their strategic plans, compared with an 87 percent rate of progress toward goals for urban areas, and net-ban affected areas report only a 44 percent rate of progress.

In the 1998 subcommittee report, the lower progress rate for rural and net-ban affected areas was largely attributed to a lack of local resources necessary to formulate, promote and market an enterprise zone, and an increase in funding to those specific areas was recommended. Another explanation for insufficient progress in rural areas is that the Enterprise Zone Program currently provides certain tax credits to businesses only for employees who reside within the enterprise zone. In rural areas, it is less likely that employees reside in the enterprise zone, as residential patterns differ from those common to densely populated urban areas. Because the Enterprise Zone Program was originally created with urban areas in mind, the structure of some of the benefits remain more suited to urban communities. Currently, because of the unique characteristics of rural communities, they are not able to fully utilize the benefits conferred by the Enterprise Zone Program under existing law.

Tourism

Research conducted by the Florida Tourism Industry Marketing Corporation (VISIT Florida) indicates that nature and heritage-based tourism are the fastest growing sectors of tourism in the country, growing at 30 percent a year. It was also found that 64 percent of all visitors to Florida include a nature-based activity in their vacation. According to staff of the Department of Environmental Protection's (DEP) Division of Recreation and Parks, Florida's state parks host almost 15 million visitors a year. In addition, because the tourism and recreation category represents the second largest contributor to Florida's sales tax revenues according to the General Revenue Consensus Estimating Conference, the upward trend in nature and heritage-based tourism takes on even greater importance for promoting economic prosperity in the state's rural areas.

In recognition of this growing trend, DEP's Division of Recreation and Parks has partnered with 1,900 public and private sector entities to provide tourism services in and near the state park system. This type of public-private partnership approach is an important component of the development of the nature and heritage-based tourism industry.

Several entities are presently examining nature and heritage-based tourism as a means to both promote economic development and preserve natural resources and rural assets. The Ecotourism/Heritage Tourism Advisory Committee, which was created by the Florida Commission on Tourism, pursuant to s. 88.1224(11), F.S. (1996), has created a strategic plan with regard to tourism.

Micro Enterprises

Although not limited to rural communities, micro enterprises are extremely small business enterprises that enable low and moderate-income individuals to achieve self-sufficiency through self-employment. Micro enterprise programs are those that provide at least one of the following amounts of capital; business training; and, technical assistance. Subject to legislative appropriations, OTTED is authorized to contract for actions the office deems necessary to foster the development of micro enterprises in Florida (s. 288.9618(1), F.S.).

In 1997, the Legislature appropriated \$1,000,000 to OTTED with the instruction to contract with a not-for-profit organization or other governmental entity to "foster the development of micro enterprises in the state" (s. 288.9618, F.S.). OTTED contracted with Enterprise Florida, Inc. and approximately \$800,000 in grants to seventeen organizations was disbursed to set up micro loan programs. Although no subsequent appropriations have been made to OTTED, loans continue to be made from revolving funds that were started by this one-time appropriation. In light of the potential for the development of the nature and heritage-based tourism industry to improve the economic conditions of the state's rural areas, and in light of the important role played by small businesses in that industry, a need for a program to provide low interest micro loans for small

businesses was identified by the Division of Recreation and Parks, VISIT Florida, Enterprise Florida, Inc., and OTTED staff.

Agricultural Economic Development

In 1991, the Legislature created the Agriculture Economic Development Program within the Department of Agriculture and Consumer Services (DACS) to promote and coordinate efficient and beneficial agricultural economic development within agriculturally depressed areas of the state (ch. 91-268, L.O.F.). DACS has promulgated rules that establish notification procedures on the availability of assistance, written criteria for selecting project proposals to receive assistance, procedures for the repayment of financial assistance, and funding procedures for projects eligible for assistance. An Agriculture Economic Development Project Review Committee is created within DACS to facilitate the project selection process and to make recommendations to the Commissioner of Agriculture and Consumer Services regarding project prioritization and selection. The program is administered by the Division of Marketing and Development within DACS under the auspices of "AgVenture."

Agricultural scholars and farming experts report that farming operators and suppliers will remain in business only if it remains profitable to do so. There appears to be a consensus on three methods to improve the profitability of agricultural production in order to sustain rural agricultural economies. They are: alternative crops, new growing technologies, and value-added business development practices. In addition, OTTED staff reported that aquaculture, both salt and freshwater, is currently an under-utilized industry in Florida with significant economic development potential. Testimony and interviews with DACS' Division of Marketing and Development staff indicate that legislative direction and appropriated funds for specific pilot projects to promote and demonstrate success in these objectives would enforce and strengthen the department's efforts in these areas.

Whole Farm Permitting

In 1997, the Legislature gave the Secretary of DEP the authority to enter into voluntary ecosystem management agreements with regulated entities to better coordinate the legal requirements and time lines applicable to a regulated activity, including permit processing, project construction, operations monitoring, enforcement actions, proprietary approvals, and compliance with development orders and comprehensive plans (s. 403.0752, F.S.). Under this authority, DEP has entered into an Ecosystem Management Agreement with Sanwa Growers, Inc., of Hillsborough County to demonstrate a pilot "whole farm plan" permitting project. It is intended that the completed plan will become a binding Ecosystem Management Agreement, constituting a consolidated team permit for all activities at Sanwa.

Florida Housing Finance Corporation

Section 420.507, F.S., provides Florida's Housing Finance Corporation the powers necessary to conduct business with regard to a variety of state and federal affordable housing programs authorized under the Florida Housing Finance Corporation Act. This section allows the corporation to study housing needs in Florida and participate in federal housing assistance programs, including the Rural Housing Services of the United States Department of Agriculture.

The Growth Management Study Commission

In July of 2000, the Governor appointed a 23-member Growth Management Study Commission to review the system of growth management in Florida and to make recommendations to improve that system. The Commission organized itself into committees and one of the committees, the rural policy committee, specifically addressed issues of rural policy. The Commission's final report contains a number of specific recommendations related to rural policy. These recommendations include Recommendation 83 that focuses on rural economic development and specifically recommends the "Rural Heritage Act."

Recommendation 83: Promotion of rural economic development

- Acquire development rights or permit the transfer of those rights from lands intended to remain in agriculture in the long term, allowing landowners to reinvest payments for those development rights in the rural economy.
- Ensure adequate funding for infrastructure in rural towns, and apply the Fix It First concept to establish funding priorities.
- Establish a technology outreach program to support rural local governments, farmers and small businesses in taking advantage of the Internet and other technology advances.
- Resubmit legislation from last year establishing a Rural Heritage Act with revisions consistent with the report of this Commission.
- Amend the revenue sharing provisions of Chapter 212, F.S., to provide a disproportionate increase in the allocation of state revenue to rural counties in recognition of their inherently lower ad valorem tax base.
- Consider other initiatives to assist rural communities in developing and diversifying local economies such as directing Enterprise Florida and OTTED to include rural communities in their outreach efforts for expanded and improved economic development; supporting and further publicizing the Main Street Program (Department of State); offering technical assistance and other support services for small business development and entrepreneurial activity in rural areas; encouraging environmentally sensitive ecotourism and heritage tourism in rural areas; capitalizing on and enhancing the sustainability features of rural areas, including local food production, environmental resources and the potential for distributed energy resource technologies.
- Develop an infrastructure funding program to invest in the development of infrastructure in communities that have been designated by the Governor as a “rural area of critical economic concern.”

C. EFFECT OF PROPOSED CHANGES:

The bill assists rural communities through a variety of approaches: voluntary Rural Heritage Grants for rural communities; various forms of technical and financial assistance; a micro loan program for small, nature and heritage-based tourism businesses; pilot programs to encourage agricultural diversification; and, promotion of innovative educational technologies. The bill proposes the following changes:

Rural Heritage Grant Program

The bill creates a voluntary Rural Heritage Grant Program to assist communities in addressing rural issues and needs through a community-based process. The program parallels LCIR's prior efforts in developing the Urban Infill and Redevelopment Assistance Grant Program, as established in s. 163.2523, F.S. Rural Heritage Grants will provide funding for planning and implementation of projects identified by local communities for locally designated Rural Heritage Areas (RHA).

Forty-five percent of the funds appropriated for the grant program will be available for conducting the community-based planning process and completing RHA plans. Forty-nine percent of funds appropriated for the grant program will be available for implementing projects identified in the local government's RHA plan. Five percent of funds appropriated for the grant program will be used for “seed money” grants of not more than \$10,000 to assist local governments to begin the process of identifying RHAs, assembling community-based participants, and applying for grants. The remaining one percent will be used to cover Department of Community Affairs (DCA) administrative costs.

The bill provides for the Division of Housing and Community Development of the DCA to administer the program. In addition, DCA, in consultation with the Rural Economic Development Initiative

(REDI), will adopt rules establishing grant review criteria. The grant program is contingent upon funds being provided for implementation. The bill provides for DCA, in consultation with REDI, to rescind the economic and regulatory incentives granted to a RHA or RAC if a local government fails to implement the grant pursuant to the deadlines specified in the grant agreement. The action to rescind may be initiated 90 days after issuing a written letter of warning to the local government.

Technical and Financial Assistance

The bill directs state agencies to identify resources available for promoting economic prosperity while preserving rural character in Florida's rural areas, as well as any existing barriers to accessing federal funds, and report to REDI by January 1 annually. In addition, the bill directs REDI to compile and distribute a semiannual publication to all rural cities and counties (as defined in s. 288.106, F.S.), which describes resources that are available to rural local governments, including federal resources, and how to access them. REDI is directed to provide, or work through Regional Planning Councils, the Small County Technical Assistance program, the Florida State Rural Development Council, and/or other relevant organizations to provide technical assistance to rural local governments to access resources as described in the publication, to the extent possible, with top priority given to local governments with adopted rural heritage areas that have successfully completed the Rural Heritage Grant Program community-based process. The bill also directs REDI to work with the Florida State Rural Development Council and state agencies, as appropriate, to develop a uniform grant application form for use by local government grant applicants. State agencies will be required to adopt the grant form by July 1, 2003.

Nature and Heritage-Based Tourism

The bill directs the statewide advisory committee to work with Enterprise Florida, Inc., OTTED, VISIT Florida, REDI, the Florida Fish and Wildlife Conservation Commission, the Division of Recreation and Parks within DEP, and other appropriate entities to develop a micro loan program to finance the creation and enhancement of small businesses providing nature and/or heritage tourism experiences. The bill further requires the group to submit a report to the President of the Senate and the Speaker of the House of Representatives no later than November 1, 2002, providing the mission and structure of the loan program, guidelines for administering the program, and criteria for loan recipient eligibility and use of loan funds.

Wireless Community-Based Network Pilot Program

The bill directs the State Technology Office (STO), in consultation with various state and local agencies, to develop recommendations regarding the establishment of two pilot projects in rural communities that use wireless or other technologies. The purpose of the projects are to illustrate ways to increase access to quality education, health care, and other resources in the state's rural areas, and, among other things, to foster opportunities for innovative distribution of existing funds. Criteria upon which the STO shall select project participants are provided. Further, the bill directs the STO to report recommendations regarding the implementation and funding of the pilot programs to the President of the Senate, the Speaker of the House of Representatives, and the Governor by November 1, 2002.

Agricultural Conservation and Profitability

The bill directs the Department of Agriculture and Consumer Services (DACS), in consultation with the University of Florida and the Florida Agricultural and Mechanical University, to establish three pilot projects aimed at encouraging agricultural diversity throughout the state. At least one project must include a tobacco farm that is being adversely impacted by reductions in tobacco quotas. The bill provides for DACS, in consultation with the Agricultural Economic Development Project Review Committee, to select the pilot projects based on criteria delineated in s. 570.247, F.S. Furthermore, it requires the Commissioner of Agriculture to report annually to the Agricultural Economic Development Project Review Committee regarding the progress of the projects for their duration.

The bill also requires the Commissioner of Agriculture to report to the President of the Senate, Speaker of the House of Representatives, and the Governor by December 15, 2002 on the progress of the projects. The Department of Environmental Protection (DEP) is required to work with willing partners to streamline the permitting process for agricultural land uses.

Local Comprehensive Plans

Local governments choosing to participate in the RHA program must adopt their RHA plan by ordinance and must amend their comprehensive land use plan to delineate the RHA within the future land use element of the plan. Such amendments are exempted from the current limit on amendments to local comprehensive land use plans.

State Comprehensive Plan

The bill amends the State Comprehensive Plan to recognize the importance of healthy and strong rural communities to the state, to reflect the state's interests in promoting economic prosperity and preserving the unique character and heritage of its rural areas, and to incorporate the state rural policy. The bill allows the agricultural land use categories to be eligible for the location of public school facilities which serve predominantly rural areas.

Enterprise Zones

The bill enhances the state Enterprise Zone Program's relevance to rural communities by expanding the area of a rural enterprise zone to 15 square miles.

Housing

The bill enables the Florida Housing Finance Corporation to make rules to implement relevant elements of the RHA.

Review and Evaluation

The bill directs the Office of Program Policy Analysis and Government Accountability (OPPAGA) to perform a review and evaluation of the implementation of the grant program, the financial incentives, and the wireless community-based network pilot program. In addition, OPPAGA is required to submit a report of its' findings and recommendations to the President of the Senate and Speaker of the House of Representatives prior to the 2006 Regular Session.

D. SECTION-BY-SECTION ANALYSIS:

Section 1: This section creates the "Florida Rural Heritage Act" and its components as follows:

Subsection 1: Provides the short title of the Act.

Subsection 2: Presents legislative findings, which outline the state rural policy.

Subsection 3: Provides definition of terms including "Rural Heritage Area" (RHA) and "Rural Activity Center" (RAC).

Subsection 4: Authorizes local governments to designate areas within their jurisdiction as RHAs or RACs for the purpose of targeting economic development, job creation, housing and transportation needs; and, provides that a designation as a RHA or RAC does not exempt local government from the process required by statute for amending the comprehensive plan within a designated area.

Subsection 5: Sets forth the RHA community-based planning process, including issue areas to be addressed, conditions under which existing plans may be used, elements to be included in the plan,

and the requirement that a wide range of stakeholders, including community-based nonprofit organizations and low income residents, participate.

Subsection 6: Provides that certain economic incentives and technical assistance are made available to rural local governments with adopted RHA plans that meet the statutory requirements. The subsection allows a local government with an adopted RHA plan or a plan employed in lieu thereof to issue revenue bonds under s. 163.385, F.S., and employ tax increment financing under s. 163.387, F.S., for the purpose of financing the implementation of the plan as appropriate, particularly within designated RACs. The subsection also allows a local government with an adopted RHA plan or a plan employed in lieu thereof to exercise the powers granted under s. 163.514, F.S., for community redevelopment neighborhood improvement districts, including the authority to levy special assessments as appropriate, particularly within designated RACs.

The subsection directs state agencies that provide funding to rural communities to report to the Legislature by January 1, 2003, on statutory and rule changes necessary to give designated RHAs an elevated priority in infrastructure funding, loan, and grant programs. State agencies must report to the Legislature by September 1, 2002, on loan programs for which payment will be forgiven and on grant programs for which cash match requirements will be waived or replaced with an in-kind match for rural local government applicants that have successfully completed the rural heritage community planning process.

The subsection directs the Rural Economic Development Initiative (REDI) to update, maintain, and distribute semiannually to rural governments the Rural Resource Directory, and to provide technical assistance to local governments to access these resources. REDI is also directed to work with state agencies and the Florida State Rural Development Council to develop a simple, uniform grant application form for use by local government grant applicants. The uniform grant application must be adopted for use by state agencies by July 1, 2003.

Subsection 7: Creates the Rural Heritage Grant Program. The program is to be administered by the Department of Community Affairs (DCA), and will provide funds to local governments for the purposes of conducting the community based planning process and implementing elements of the resulting plan. Small seed-money grants will be made available to local governments to initiate the process of designating RHAs and building a group of stakeholder participants in the planning process.

Subsection 8: Creates a statewide micro loan program for the purpose of financing the creation and enhancement of small businesses providing nature-based and/or heritage tourism experiences. Requires the statewide advisory committee to submit a report to the President of the Senate and the Speaker of the House of Representatives no later than November 1, 2002, providing the mission and structure of the loan program, guidelines for administering the program, criteria regarding loan recipient eligibility, and use of loan funds.

Subsection 9: Directs the State Technology Office (STO), in consultation with state and local agencies to develop recommendations regarding the establishment of two pilot projects in rural communities that utilize wireless or other technologies. The purpose of the projects is to illustrate ways to increase access to quality educational, health care, and other resources in the state's rural areas, and, among other things, to foster opportunities for innovative distribution of existing funds. Criteria upon which the STO shall select project participants are provided. The STO is directed to report recommendations regarding the implementation and funding of the pilot programs to the President of the Senate, the Speaker of the House of Representatives, and the Governor by November 1, 2002.

Subsection 10: Directs the Department of Agriculture and Consumer Services (DACS), in consultation with the University of Florida and the Florida Agricultural and Mechanical University, to establish three pilot projects aimed at encouraging agricultural diversity throughout the state. At least one project must include a tobacco farm that is being adversely impacted by reductions in tobacco quotas. Provides for DACS, in consultation with the Agricultural Economic Development Project Review Committee, to select the pilot projects based on criteria delineated in s. 570.247, F.S. Requires the Commissioner of Agriculture to report annually to the Agricultural Economic Development Project Review Committee regarding the progress of the projects for their duration. Also requires the Commissioner of Agriculture to report to the President of the Senate, Speaker of the House of Representatives, and the Governor by December 15, 2002, on the progress of the projects. Requires the Department of Environmental Protection (DEP) to work with willing partners to streamline the permitting process for agricultural land uses.

Subsection 11: Directs the Office of Program Policy Analysis and Government Accountability (OPPAGA) to perform a review and evaluation of the implementation of the grant program, the financial incentives, and the wireless community-based network pilot program. Requires OPPAGA to submit a report of its findings and recommendations to the President of the Senate and Speaker of the House of Representatives prior to the 2006 Regular Session.

Section 2: Amends s. 163.3187, F.S., to exempt local comprehensive plan amendments for the purpose of designating RHAs and/or RACs under this act from statutory limits on the frequency of amendments to the comprehensive plan.

Section 3: Amends s. 187.201, F.S., to reflect the principles and objectives of the state rural policy. The amended sections are those addressing housing, natural systems and recreational lands, land uses, economy, agriculture, and tourism. These changes reflect the recognition of the importance of healthy and strong rural communities to the state, reflect the state's interests in promoting economic prosperity and preserving the unique character and heritage of its rural areas, and incorporate the state rural policy.

Section 4: Amends s. 290.0055, F.S., to extend the area of enterprise zones within the jurisdiction of rural local governments as defined in s. 288.106, F.S., to up to 15 square miles, regardless of total population. This enhances the state Enterprise Zone Program's relevance to rural communities, and enables rural areas to garner benefits from the Enterprise Zone Program not presently available due to the geographic and demographic nuances of rural area and the urban area focus on the program.

Section 5: Amends s. 420.507, F.S., to authorize the Florida Housing Finance Corporation to adopt rules necessary to carry out the purposes of the state rural policy.

Section 6: Amends s. 420.5087, F.S., to correct a cross-reference.

Section 7: Amends s. 420.5088, F.S., to correct a cross-reference.

Section 8: Provides for implementation of subsections (7) and (10) of section 1 upon specific appropriation or the availability of funds from the agencies designated responsible for implementation of those sections.

Section 9: Provides an effective date of July 1, 2002.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See Section D. (Fiscal Comments)

2. Expenditures:

See Section D. (Fiscal Comments)

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

See Section D. (Fiscal Comments)

2. Expenditures:

See Section D. (Fiscal Comments)

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill may generate positive indeterminate effects from the availability of various tax incentives to businesses as a result of the expanded enterprise zones. The pilot programs for agricultural diversification and value-added production could result in positive fiscal impacts for agricultural businesses. Small businesses that engage in nature or heritage-based tourism enterprises would be eligible for monies under a micro loan program created in this legislation. Businesses within communities awarded grants under the Rural Heritage Grant Program could experience positive fiscal impacts, depending on the purposes for which the grants were awarded.

D. FISCAL COMMENTS:

The bill authorizes qualifying local governments to issue revenue bonds, levy special assessments, and employ tax increment financing to finance implementation of plans developed under the provisions of the bill. Qualifying local governments could receive preferential treatment in existing state grant and loan programs. A new grant program is created to implement the act, however, no money is appropriated by the bill. Local government expenditure appears to be limited to initial planning efforts and grant application and then implementation of plan approved under the grant.

The Department of Agriculture and Consumer Services estimates \$650,000 would be needed from the General Revenue Fund to implement the three pilot projects aimed at encouraging agricultural diversity throughout the state.

The State Technology Office (STO) estimates \$428,500 would be needed from the General Revenue Fund to develop recommendations regarding the establishment of two pilot projects in rural communities that use wireless or other technologies. The bill puts the STO in the lead role for the administration of the project and would require a significant commitment of personnel resources for an extended period of time. The time required for the design, engineering, and management of the project is estimated at 4160 hours. The cost per hour would range between \$85 and \$120. The total cost is based on \$103 per hour. This includes one person dedicated to project management.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

The bill does not require counties or municipalities to spend funds or to taken an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill may reduce the authority of municipalities and counties to raise revenues. It is no known if the amount will be significant.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill may reduce the amount of the Local Government Half Cent Sales Tax shared with municipalities and counties; however, it does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

The bill directs the Department of Community Affairs, in consultation with the Rural Economic Development Initiative, to adopt rules establishing grant review criteria consistent with the section for the Rural Heritage Grant Program.

In addition, the bill gives the Florida Housing Finance Corporation the power to adopt rules necessary to carry out the purposes of the state's rural policy under the Florida Rural Heritage Act

C. OTHER COMMENTS:

The Department of Community Affairs suggested the following revisions to HB 789:

- In order to avoid confusion, the reference to the need for a local government to "...amend its comprehensive land-use plan under s. 163.3187, F.S...." on lines 2-4 of page 12 of the bill should be changed to refer to "s. 163.3184, F.S.", which establishes the plan amendment process. Also there is a provision on lines 6-9 on page 12 of the bill that states the Rural Heritage Areas and Rural Activity Center plan amendments are exempt from the twice-a-year limitation on plan amendments that is established in s. 163.3187, F.S. However, the exemptions in s. 163.3187, F.S., are separate from the plan amendment procedures in s. 163.3184, F.S.
- The Rural Heritage Area (RHA) plans that are referred to on line 19 of page 8 through line 16 of page 11 of the bill should be required to be adopted as a part of local government's comprehensive plan, since these RHA plans would include measures for preserving the rural character of the area, providing infrastructure, undertaking redevelopment, encouraging economic development, and ensuring intergovernmental coordination. The bill as it is currently drafted would only require a local government's comprehensive plan to be amended to show the boundary of the RHA.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On February 6, 2002, the Committee on Agriculture and Consumer Affairs unanimously adopted one amendment offered by the bill's sponsor, Representative Romeo. The amendment changed the name of the act from the Florida Rural Heritage Act to the Florida Rural Economic Stimulus Act.

On February 19, 2002, the Committee on General Government Appropriations adopted two amendments. The first amendment changed subsections (9) and (10) of Section 1 to eliminate the requirements for the DACS and the STO to implement and monitor pilot projects. The second amendment provided conforming language to eliminate the appropriation contingency language specific to subsection (10).

VII. SIGNATURES:

COMMITTEE ON AGRICULTURE AND CONSUMER AFFAIRS:

Prepared by:

Debbi Kaiser

Staff Director:

Susan D. Reese

AS REVISED BY THE COMMITTEE ON GENERAL GOVERNMENT APPROPRIATIONS:

Prepared by:

Marsha Belcher

Staff Director:

Lynn Dixon