

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/HB 333 Rural Economic Development Initiative  
**SPONSOR(S):** Agriculture & Property Rights Subcommittee, Clemons  
**TIED BILLS:** **IDEN./SIM. BILLS:** SB 600

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Agriculture & Property Rights Subcommittee	12 Y, 0 N, As CS	Thompson	Smith
2) Transportation & Tourism Appropriations Subcommittee			
3) Commerce Committee			

### SUMMARY ANALYSIS

The Rural Economic Development Initiative (REDI), housed within the Department of Economic Opportunity (DEO), is a program intended to encourage and facilitate economic development in rural communities through the participation of state and regional agencies.

The bill makes several changes to the REDI program including:

- Revising the legislative intent of the REDI program to focus on job creation, improved community infrastructure, the development and expansion of a skilled workforce, and improved access to healthcare;
- Revising the REDI membership to include specified agency and organization heads, as well as five appointed private sector members;
- Revising the definition of rural area of opportunity (RAO) to focus on rural communities with specific disadvantages such as economic distress, low labor force, low educational attainment, high unemployment, high infant mortality, and high diabetes and obesity;
- Removing the limit on the number of RAOs that REDI may recommend to the Governor; and
- Specifying reporting requirements of REDI.

The bill has no fiscal impact on state funds.

The effective date of the bill is upon becoming a law.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### **Present Situation**

##### **Rural Economic Development Initiative (REDI)**

The Rural Economic Development Initiative (REDI), housed within the Department of Economic Opportunity DEO), was created in recognition that rural communities and regions face extraordinary challenges in their efforts to significantly improve their economies, and is intended to encourage and facilitate the location of economic development projects in rural communities.<sup>1</sup>

Responsibilities of REDI include coordinating and focusing the efforts and resources of state and regional agencies on the problems which affect the fiscal, economic, and community viability of economically distressed rural communities and working with local governments, community-based organizations, and private entities that have an interest in the growth and development of rural communities to find ways to balance environmental and growth management issues with local needs and economic development.<sup>2</sup> Other responsibilities include the review and evaluation of the impact of statutes and rules on rural communities, and the facilitation of better access to state resources by promoting direct access and referrals to both state and regional agencies and statewide organizations.<sup>3</sup>

REDI membership is comprised of state agencies and organizations statutorily directed to designate a deputy secretary or higher-level staff person from within the agency or organization to serve as a REDI representative. These agencies and organizations are:<sup>4</sup>

- The Department of Transportation;
- The Department of Environmental Protection;
- The Department of Agriculture and Consumer Services;
- The Department of State;
- The Department of Health;
- The Department of Children and Families;
- The Department of Corrections;
- The Department of Education;
- The Department of Juvenile Justice;
- The Fish and Wildlife Conservation Commission;
- Each water management district;
- Enterprise Florida, Inc.;
- CareerSource Florida, Inc.;
- VISIT Florida;
- The Florida Regional Planning Council Association;
- The Agency for Health Care Administration; and
- The Institute of Food and Agricultural Sciences (IFAS).

Representatives are required to have comprehensive knowledge of their agencies regulatory and service functions, and of the state's economic goals, policies, and programs. The representative serves as the primary point of contact for their agency with REDI on issues and projects relating to economically distressed rural communities.<sup>5</sup>

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<sup>1</sup> s. 288.0656(1)(a), F.S.

<sup>2</sup> s. 288.0656(3), F.S.

<sup>3</sup> s. 288.0656(4) and (5), F.S.

<sup>4</sup> s. 288.0656(6)(a), F.S.

<sup>5</sup> s. 288.0656(6)(b), F.S.

The law governing the REDI program defines a rural area of opportunity (RAO) as a rural community,<sup>6</sup> or a region comprised of rural communities, designated by the Governor, that have been adversely affected by an extraordinary economic event, a natural disaster, or severe or chronic distress. An area may also be classified as a RAO if it presents a unique economic development opportunity of regional impact.<sup>7</sup> Based on recommendations of REDI, up to three rural areas of opportunity can be designated by the Governor through executive order.<sup>8</sup> This designation establishes these areas as priority assignments for REDI as well as allows the Governor, acting through REDI, to waive criteria, requirements, or similar provisions of any economic development initiative.<sup>9</sup>

Currently, there are three designated RAO areas:

- **Northwest Rural Area of Opportunity:** Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Liberty, Wakulla, and Washington counties, and the City of Freeport in Walton County. The name of this area's economic development organization is Opportunity Florida.<sup>10</sup>
- **South Central Rural Area of Opportunity:** DeSoto, Glades, Hardee, Hendry, Highlands, and Okeechobee counties, and the cities of Pahokee, Belle Glade, and South Bay (Palm Beach County), and Immokalee (Collier County). The name of this area's economic development organization is Florida's Heartland Regional Economic Development Initiative, Inc.<sup>11</sup>
- **North Central Rural Area of Opportunity:** Baker, Bradford, Columbia, Dixie, Gilchrist, Hamilton, Jefferson, Lafayette, Levy, Madison, Putnam, Suwannee, Taylor, and Union counties. The name of this area's economic development organization is the North Florida Economic Development Partnership.<sup>12</sup>

Each rural area of opportunity, by a REDI recommendation and identification by Enterprise Florida Inc., may designate catalyst projects, which must be confirmed by the Department of Economic Opportunity. All agencies and departments of the state are required to use all available tools and resources available to promote the creation and development of each catalyst project and the development of catalyst sites.<sup>13</sup> For purposes of the REDI program, a catalyst project<sup>14</sup> is a business relocating or expanding in an RAO and serves as an economic generator of regional significance, and a catalyst site<sup>15</sup> is one or more parcels of land in an RAO that is prioritized for economic development.

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<sup>6</sup> s. 288.0656(2)(e), F.S., defines a "Rural community" as a county with a population of 75,000 or fewer; a county with a population of 125,000 or fewer, which is contiguous to a county with a population of 75,000 or fewer; a municipality within such a county; 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 identified in s. 288.0656(2)(c), F.S., and verified by DEO. For purposes of this paragraph, population is determined in accordance with the most recent official estimate pursuant to the state population census statute located in s. 186.901, F.S. The U.S. Census Bureau defines "rural" as all population, housing, and territory not included within an urban area, and identifies two types of urban areas, Urbanized Areas (UAs) of 50,000 or more people; and Urban Clusters (UCs) of at least 2,500 and less than 50,000 people.

<sup>7</sup> s. 288.0656(2)(d), F.S.

<sup>8</sup> Per s. 288.0656(7)(b), F.S., a designation of RAO is contingent upon the execution of a memorandum of agreement among the Department of Economic Opportunity, the governing body of the county, and the governing bodies of any municipalities included within a RAO.

<sup>9</sup> s. 288.0656(7)(a) and 288.06561, F.S.

<sup>10</sup> For additional information on Opportunity Florida, see: <http://www.opportunityflorida.com/> (last viewed February 6, 2017).

<sup>11</sup> For additional information on Florida's Heartland Regional Economic Development Initiative, Inc., see: <http://flaheartland.com/> (last viewed February 6, 2017).

<sup>12</sup> For additional information on the North Florida Economic Development Partnership, see: <http://nflp.org/?/Home> (last viewed February 6, 2017).

<sup>13</sup> s. 288.0656(7)(c), F.S.

<sup>14</sup> s. 288.0656(2)(a), F.S.

<sup>15</sup> s. 288.0656(2)(b), F.S.

REDI is required to submit a report to DEO on all REDI activities for the previous fiscal year as a supplement to DEO's annual report required under s. 20.60, F.S.<sup>16</sup> This supplementary report must include:

- A status report on all projects currently being coordinated through REDI;
- The number of preferential awards and allowances made pursuant to the REDI program;
- The dollar amount of such awards, and the names of the recipients;
- A description of all waivers of program requirements granted;
- Information as to the economic impact of the projects coordinated by REDI; and
- Recommendations based on the review and evaluation of statutes and rules having an adverse impact on rural communities and proposals to mitigate such adverse impacts.

## **Effect of Proposed Changes**

### **Rural Economic Development Initiative (REDI)**

The bill expands the intent of REDI to encourage and facilitate job creation, improved community infrastructure, the development and expansion of a skilled workforce, and improved access to healthcare in rural communities and regions.

### **Duties and Responsibilities**

The bill revises the responsibilities of the REDI program requiring REDI to coordinate and focus the efforts and resources of state and regional agencies on the challenges of the state's rural areas of opportunity and economically distressed rural communities. The bill also requires REDI to work with local governments, community-based organizations, and private organizations that have an interest in the renewed prosperity and competitiveness of these communities.

The bill revises the review and evaluation provisions of the REDI program to require that it undertake outreach and capacity-building efforts to improve rural communities' ability to compete in a global economy. The authority to sponsor conferences and achievement awards as part of outreach and advocacy efforts is removed.

### **REDI Membership**

The bill replaces the current REDI membership with the following members, or his or her designee:

- The Executive Director of the Department of Economic Opportunity, who serves as the chair;
- The Secretary of Transportation;
- The Secretary of Environmental Protection;
- The Commissioner of Agriculture;
- The State Surgeon General;
- The Commissioner of Education;;
- The chair of the board of directors of CareerSource Florida, Inc.; and
- The chair of the board of the regional economic development organization for each of the rural areas of opportunity.

Additionally, five members from the private sector are to be appointed to the membership of REDI. Of these, three must be appointed by the executive director of the Department of Economic Opportunity, one must be appointed by the President of the Senate, and one must be appointed by the Speaker of the House of Representatives. The bill provides that in making their appointments, the executive director, the President of the Senate, and the Speaker of the House of Representatives must ensure that the appointments reflect the diversity of Florida's business community and are representative of the

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<sup>16</sup> s. 288.0656(8), F.S.

economic development goals in of the REDI program. Consideration shall be given to appoint members that reflect the state's racial, ethnic, and gender diversity, and who are from rural communities.

The bill provides the following REDI appointment terms:

- Each appointed member must be appointed to a 2-year term;
- Initial appointments must be made by July 1;
- Member terms expire on June 30;
- Vacancies are filled for the remainder of an unexpired term and filled in the same manner as the original appointment;
- An appointed member may be removed by the appointing officer for cause; and
- Absence of a member from three consecutive meetings results in automatic removal.

The bill removes the requirement that each REDI representative have comprehensive knowledge of their agency's functions and of the state's economic goals, policies, and programs.

The bill removes the requirement that REDI representatives work with REDI in the review and evaluation of statutes and rules for adverse impact on rural communities.

### Ad Hoc Committee

The bill authorizes the REDI chair to request the head of any state agency or organization to serve on an ad hoc committee as needed to address issues or projects relating to rural areas of opportunity and economically distressed rural communities. The chair must consider requesting the following individuals, or his or her designee, to serve on an ad hoc committee:

- The executive director of the Fish and Wildlife Conservation Commission;
- The Secretary of State;
- The Secretary of Children and Families;
- The Secretary of Corrections;
- The Secretary of Juvenile Justice;
- The Secretary of Health Care Administration;
- A board member of the Florida Regional Councils.

### Reporting Requirements

The bill requires that the report of REDI be submitted to the President of the Senate and the Speaker of the House of Representatives by September 1<sup>st</sup> of each year. The information required to be included in the report is expanded to include evaluation of organizational progress towards goals, REDI accomplishments, and issues affecting the performance of REDI programs and activities.

### Rural Areas of Opportunity (RAO)

The bill revises the definition of RAO to mean a rural community, or a region composed of rural communities, designated by the Governor, which has been adversely affected by severe or chronic economic distress, and faces competitive disadvantages such as low labor force participation, low educational attainment levels, high unemployment, "D" or "F" district grades pursuant to s. 1008.34, F.S., high infant mortality rates, and high diabetes and obesity rates, and which presents a unique economic development opportunity of regional impact.

The bill removes the provision allowing REDI to recommend to the Governor up to three rural areas of opportunity, which in effect removes the limit of RAOs the Governor may designate by executive order.

### CONFORMING CROSS REFERENCES

The bill corrects cross-references necessary as a result of the changes in the bill.

**B. SECTION DIRECTORY:**

- Section 1** amends s. 163.3177, F.S., conforming cross-references.
- Section 2** amends s. 163.3187, F.S., conforming cross-references.
- Section 3** amends s. 257.193, F.S., conforming cross-references.
- Section 4** amends s. 288.019, F.S., conforming cross-references.
- Section 5** amends s. 288.0656, F.S., related to Rural Economic Development Initiative; revising legislative intent; redefining the term “rural area of opportunity”; revising duties, responsibilities, and membership of the Rural Economic Development Initiative; revising reporting requirements.
- Section 6** amends s. 288.06561, F.S., conforming cross-references.
- Section 7** amends s. 290.0055, F.S., conforming cross-references.
- Section 8** amends s. 290.06561, F.S., conforming cross-references.
- Section 9** amends s. 337.403, F.S., conforming cross-references.
- Section 10** amends s. 339.2818, F.S., conforming cross-references.
- Section 11** amends s. 339.2819, F.S., conforming cross-references.
- Section 12** amends s. 339.63, F.S., conforming cross-references.
- Section 13** amends s. 479.16, F.S., conforming cross-references.
- Section 14** amends s. 627.6699, F.S., conforming cross-references.
- Section 15** provides an effective date of upon becoming law.

**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:

None.

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**

On March 28, 2017, the Agriculture & Property Rights Subcommittee adopted a Proposed Committee Substitute (PCS) to HB 333. The committee substitute differs from the bill as originally filed by removing a provision requiring the REDI program and RAOs be included in the Economic Programs Evaluation performed by the Office of Economic and Demographic Research and the Office of Program Policy Analysis and Government Accountability (OPPAGA). The PCS revises the REDI membership of the original bill by removing the President of Enterprise Florida, Inc., and also by replacing the Secretary of Health Care Administration with the State Surgeon General.

This analysis is drafted to the committee substitute as reported favorably by the Agriculture & Property Rights Subcommittee.