

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Fiscal Policy

BILL: CS/CS/SB 1482

INTRODUCER: Fiscal Policy; Appropriations Committee on Transportation, Tourism and Economic Development; and Senator Simon

SUBJECT: Rural Development

DATE: April 26, 2023

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Renner</u>	<u>McKay</u>	<u>CM</u>	<u>Favorable</u>
2.	<u>Nortelus</u>	<u>Jerrett</u>	<u>ATD</u>	<u>Fav/CS</u>
3.	<u>Renner</u>	<u>Yeatman</u>	<u>FP</u>	<u>Fav/CS</u>

I. Summary:

CS/CS/SB 1482 modifies economic initiatives relating to rural development including certain agreements funded with federal or state assistance and the Rural Infrastructure Fund.

The bill specifies that an agency agreement that provides state or federal financial assistance to local government entities within a rural area of opportunity (RAO) must allow the agency to provide for the payment of invoices to the county or municipality for verified and eligible performance that has been completed in accordance with the terms and conditions in the agreement.

The bill amends the Rural Infrastructure Fund to:

- Increase the maximum grant award from 50 percent to 75 percent of the total infrastructure cost, or up to 100 percent of the total infrastructure project cost for a project that is located in a rural community or a RAO and that is also located in a fiscally constrained county;
- Remove the requirement that projects must be linked to specific job-creation or job-retention opportunities;
- Removes the currently permitted use of funds for improving access, availability, and improvement of broadband Internet service.
- Increase the maximum grant for infrastructure feasibility studies, design and engineering activities, or other infrastructure planning and preparation activities to \$300,000 for all projects and removes the limitation that the grant not exceed 30 percent of the total project cost; and
- Remove the 50 percent local matching fund requirement for surveys, feasibility studies, and other activities related to the identification and preclearance review of land which is suitable for preclearance review, and removes the requirement that a grant for an employment project create or retain a minimum number of jobs.

The bill takes effect July 1, 2023.

II. Present Situation:

Agreements Funded with Federal or State Assistance

Current law requires an agency agreement that provides state financial assistance to a recipient or subrecipient,¹ or that provides federal financial assistance to a subrecipient,² to include the following:

- A provision specifying scope of work that clearly establishes the tasks the recipient or subrecipient is required to perform;
- A provision dividing the agreement into quantifiable units of deliverables that must be received and accepted in writing by the agency before payment. Each deliverable must be directly related to the scope of work and must specify the required minimum level of service to be performed and the criteria for evaluating the successful completion of each deliverable;
- A provision specifying the financial consequences that apply if the recipient or subrecipient fails to perform the minimum level of service required in the agreement. The provision can be excluded in specified situations;
- A provision specifying that a recipient or subrecipient of federal or state financial assistance may expend funds only for allowable costs resulting from obligations incurred during the specified agreement period;
- A provision specifying that any balance of unobligated funds which has been advanced or paid must be refunded to the state agency;
- A provision specifying that any funds paid in excess of the amount to which the recipient or subrecipient is entitled must be refunded to the state agency; and
- Any additional information required pursuant to the Florida Single Audit Act.³

Rural Area of Opportunity

A rural area of opportunity (RAO) is a rural community,⁴ 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.⁵ 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.⁶

¹ Section 215.97, F.S., defines a “subrecipient” as a nonstate entity that receives state financial assistance through another nonstate entity.

² As defined by applicable United States Office of Management and Budget circulars.

³ Section 215.971(1)(a)-(g), F.S.

⁴ 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.

⁵ Section 288.0656(2)(d), F.S.

⁶ Section 288.0656(7)(b), F.S.

Based on recommendations of the Rural Economic Development Initiative (REDI),⁷ the Governor may designate up to three RAOs by executive order.⁸ This designation establishes these areas as priority 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.⁹

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.¹⁰ 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.¹¹ The program funds total infrastructure project grants, infrastructure feasibility grants, and preclearance review grants.

The DEO may award grants for up to 50 percent of the total infrastructure project cost.¹² 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.

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.¹³ Infrastructure can include public or public-private partnership facilities, like storm water systems, telecommunication, broadband, roads, and nature-based tourism.¹⁴

⁷ 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.

⁸ Section 288.0656(7)(a), F.S.

⁹ Department of Economic Opportunity, *Rural Areas of Opportunity*, available at <https://floridajobs.org/community-planning-and-development/rural-community-programs/rural-areas-of-opportunity> (last visited March 17, 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.

¹⁰ *See s. 288.0655*, F.S.

¹¹ Section 288.0655(2)(b), F.S.

¹² *Id.*

¹³ *Id.*

¹⁴ Broadband Internet service must be provided in partnership with one or more dealers of communications services. Section 288.0655(2)(b), F.S.

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.¹⁵ 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.¹⁶ 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.¹⁷

Grant applications are reviewed and certified by the DEO in consultation with Enterprise Florida, Inc., VISIT Florida, the Department of Environmental Protection, and the Florida Fish and Wildlife Conservation Commission.¹⁸ 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.¹⁹

III. Effect of Proposed Changes:

Agreements Funded with Federal or State Assistance

Section 1 amends s. 215.971, F.S., to specify that an agency agreement that provides state or federal financial assistance to local government entities within an RAO must allow the agency to provide for the payment of invoices to the county or municipality for verified and eligible performance that has been completed in accordance with the terms and conditions in the agreement. This provision is intended to alleviate financial hardships that certain counties encounter when administering agreements.

Rural Infrastructure Fund

Section 2 amends s. 288.0655, F.S., to increase the maximum grant award from the Rural Infrastructure Fund from 50 percent to 75 percent of the total infrastructure cost, or up to 100 percent of the total infrastructure project cost for a project that is located in a rural community or

¹⁵ Section 288.0655(2)(c), F.S.

¹⁶ Section 288.0655(2)(e), F.S. Expedited permitting is pursuant to s. 403.9739(18), F.S.

¹⁷ Section 288.0655(2)(e), F.S.

¹⁸ Section 288.0655(3), F.S.

¹⁹ Department of Economic Opportunity, *Rural Infrastructure Fund*, available at <https://floridajobs.org/community-planning-and-development/rural-community-programs/rural-infrastructure-fund> (last visited March 17, 2023).

a RAO and that is also located in a fiscally constrained county.²⁰ The bill removes the requirement that projects must be linked to specific job-creation or job-retention opportunities. The bill also removes the currently permitted use of funds for improving access, availability, and improvement of broadband Internet service.

The bill increases the maximum grant for infrastructure feasibility studies, design and engineering activities, or other infrastructure planning and preparation activities to \$300,000 for all projects. It removes the limitation that the grant not exceed 30 percent of the total project cost.

The bill removes the 50 percent local matching fund requirement for surveys, feasibility studies, and other activities related to the identification and preclearance review of land which is suitable for preclearance review. It also removes the requirement that a grant for an employment project create or retain a minimum number of jobs.

Section 3 provides the bill takes effect July 1, 2023.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None identified.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

²⁰ A fiscally constrained country is any county that is entirely within a rural area of opportunity as designated by the Governor pursuant to s. 288.0656, F.S., or each county for which the value of a mill will raise no more than \$5 million in revenue, based on the taxable value certified pursuant to s. 1011.62(4)(a)1.a., F.S., from the previous July 1. Section 218.67(1), F.S.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The bill does not affect state revenues or expenditures. However, the removal of match requirements and the increase in allowable grant awards under the Rural Infrastructure Fund may limit the total number of grants awarded if funding of these programs remains unchanged.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 215.971 and 288.0655.

IX. Additional Information:**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Fiscal Policy on April 25, 2023:

The committee substitute removes a section related to the Regional Rural Development Grants Program. It also removes from the Rural Infrastructure Fund the currently permitted use of such funds for improving access, availability, and improvement of broadband Internet service.

CS by Appropriations Committee on Transportation, Tourism and Economic Development on April 18, 2023:

The committee substitute:

- Requires agency agreements that provide state or federal financial assistance to a county or municipality that is a RAO to include a provision allowing for the payment of certain invoices for verified performance;
- Clarifies that applications for the Regional Rural Development Grants must provide information about any financial or in-kind commitment to the regional organization by a unit of local government or the private sector; and
- Removes the provision relating to the Rural Community Development Revolving Loan Fund.

Relating to the Rural Infrastructure Fund, the committee substitute:

- Clarifies that the percentage of the maximum grant award of the total infrastructure cost is for a project located in a rural community which is also located in a fiscally constrained county or an RAO; and
- Removes the 50 percent local matching fund requirement for surveys, feasibility studies, and other activities related to the identification and preclearance review of land which is suitable for preclearance review for a project in a RAO.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
