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 Community Affairs

BILL: SB 110

INTRODUCER: Senator Simon

SUBJECT: Rural Communities

DATE: February 28, 2025 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Fleming	Fleming	CA	**Fav**
2.			FP	

I. Summary:

SB 110 addresses a number of issues for the benefit of rural communities in the state. Namely, the bill creates a statewide office to coordinate the advancement of rural communities and opportunity therein, and to that aim amends a swathe of programs and regulations across various departments and policy areas.

Regarding the Department of Commerce (department), the bill creates the Office of Rural Prosperity (office) within the department to serve as the state's dedicated office for rural local governments. The bill transfers administration of existing rural community grant programs currently administered by the department, to the newly established office, and creates two new grant programs benefitting rural communities: the Renaissance Grant Program and the Public Infrastructure Smart Technology Grant Program.

Among other directives, the office is responsible for:

- Providing training and technical assistance to rural local governments;
- Creating an online Rural Resource Directory for rural local governments to navigate available state and federal resources and funding opportunities; and
- Establishing a network of seven regional rural community liaison centers across the state to provide in-person state support to rural communities to enhance communication and increase access to state and federal resources for rural areas of the state.

The bill also:

- Enhances the Rural Economic Development Initiative to promote rural local government participation in state grant and other program opportunities and evaluate opportunities to waive certain grant program requirements for rural governments.
- Directs OPPAGA to routinely evaluate the effectiveness of the office and also study strategies implemented by other states to support and enhance rural communities;

- Directs OPPAGA and the Office of Economic and Demographic Research to jointly review the impact of Florida Statutes on rural communities and evaluate whether appropriate metrics are applied in current law to define rural areas and communities.

To further healthcare access in rural communities, the bill:

- Creates the Stroke, Cardiac, and Obstetric Response and Education (SCORE) Grant Program within the Department of Health (DOH) to implement training, purchase equipment, establish telehealth capabilities, and develop quality improvement programs with the goal of improving patient outcomes and increasing access to high-quality stroke, cardiac, and obstetric care in rural communities;
- Creates the Rural Access to Primary and Preventative Care Grant Program (RAPP-C) program within the DOH to provide incentive funding for primary care physicians and autonomous Advanced Practice Registered Nurses to open new practice locations in rural and underserved areas of the state; and
- Expands the existing Rural Hospital Capital Improvement Grant Program (RHCI) to allow rural hospitals to use grant funds to establish mobile care units to provide primary care services, behavioral health services, or obstetric and gynecological services in rural health professional shortage areas (HPSA) or to establish telehealth kiosks to provide urgent care services in rural HPSAs.

Regarding the Florida Department of Transportation (FDOT), the bill:

- Creates the Florida Arterial Road Modernization (FARM) program to provide investment in rural arterial roads to enhance the safety, reliability and resiliency for critical state facilities; and
- Provides additional annual funds to the FDOT to enhance the Small County Road Assistance Program (SCRAP) and revises Small County Outreach Program (SCOP) funding eligibility requirements.

Regarding the Department of Education, the bill:

- Expands authorized services under regional consortium service organizations (regional consortia), increases to $150,000 the per member funding for such regional consortia, and authorizes all revenue to be carried forward for specified purposes;
- Creates the Regional Consortia Service Organization Supplemental Services Program to provide additional financial resources for regional consortia to provide specified programs and services to school districts and consortia members;
- Establishes the Rural Incentive for Professional Educators program to provide a student loan repayment of up to $15,000 for teachers and administrators to live and work at a public or private school in rural areas of opportunity;
- Removes the requirement that school districts receiving funds under the Special Facility Construction Account (SFCA) budget toward the project the value of 1 mill from its discretionary ad valorem levy; and
- Modifies the calculation for the deducted amount from total tax revenue that must be shared with district charter schools for future projects under the SFCA.

Regarding affordable housing, the bill:

- Provides funding for and directs the Florida Housing Finance Corporation to issue competitive requests for application to preserve multifamily housing funded through U.S. Department of Agriculture (USDA) loans in rural areas.
- Authorizes local governments to utilize a certain percentage of State Housing Initiatives Program (SHIP) funds on projects to preserve USDA-financed multifamily housing in rural areas.
- Increases the minimum SHIP allocation from $350,000 to $1 million for counties and eligible municipalities.

Regarding fiscally constrained counties, the bill:

- Amends the criteria for being designated as a fiscally constrained county.
- Changes the revenue source for the fiscally constrained counties distribution from the direct-to-home satellite service tax to sales tax.
- Provides to fiscally constrained counties a distribution from sales tax in an amount equal to no less than $50 million each year.
- Makes several changes to the fiscally constrained counties distribution, including changing distribution factors for allocating revenue among counties and creating spending requirements.

The bill makes several appropriations to the Department of Commerce ($16.8 million recurring general revenue, $74.7 million nonrecurring general revenue, and $750,000 recurring trust fund); the Department of Education ($35.6 million recurring general revenue); and the Department of Health ($6.3 million recurring general revenue, $55 million nonrecurring general revenue, and $8.2 million recurring trust fund). The bill redirects funds to the Department of Transportation for specific purposes, but requires the department to submit budget amendments to receive the funds. The bill also provides for an increased share of state tax revenues for fiscally constrained counties. See Section V. Fiscal Impact Statement.

The bill takes effect July 1, 2025.

II. Present Situation:

The present situation for each issue is described below in Section III, Effect of Proposed Changes.

III. Effect of Proposed Changes:

Present Situation:

The Department of Commerce

The Department of Commerce (department) is Florida's lead agency for working with the Legislature, state agencies, business leaders, and economic development professionals to formulate and implement coherent and consistent policies and strategies designed to promote economic opportunities for all Floridians.[1] The department is also the state's chief agency for

[1] Section 20.60(4) F.S.

business recruitment and expansion.[2] The department must also promote viable, sustainable communities by providing technical assistance and guidance on growth and development issues, grants, and other assistance to local communities.[3]

The head of the department is the Secretary of Commerce, who is appointed by the Governor and confirmed by the Senate.[4] The secretary may create offices within the Office of the Secretary and within the divisions to promote efficient and effective operation of the department.[5] The department must also ensure that the state's goals and policies relating to economic development, workforce development, community planning and development, and affordable housing are fully integrated with appropriate implementation strategies.[6]

To achieve these goals, the Legislature established seven divisions and offices within the department:

- Economic Development
- Community Development
- Workforce Services
- Finance and Administration
- Information Technology
- Office of the Secretary
- Office of Economic Accountability and Transparency[7]

The agency is charged with managing the activities of public-private partnerships and state agencies in order to avoid duplication and promote coordinated and consistent implementation of programs including among other things, rural community development.[8] This includes stimulation of economic development and job creation in rural areas, including strategies for rural marketing and the development of infrastructure in rural areas.[9] Additionally, the department runs a number of financial and grant programs aimed at helping small rural communities in Florida.

Effect of Proposed Changes:

Office of Rural Prosperity

The bill creates the Office of Rural Prosperity (office) within the department for the purpose of supporting rural communities, helping navigate available state and federal resources, and representing rural interests across state government. The office will serve as the state point of contact for rural local governments and will administer various rural-focused grant programs currently administered by the department, as well as new programs created in the bill.

[2] *Id.*
[3] Section 20.60(4) (c) F.S
[4] Section 20.60(2) F.S.
[5] Section 20.60(3)(b), F.S.
[6] Section 20.60(3), F.S.
[7] *Id.*
[8] Section 20.60(4)(e) F.S.
[9] Section 20.60(5)(a)c F.S.

Section 1 amends s. 20.60, F.S., to formally designate the office as one of eight permanent offices or divisions under the department.

Section 11 creates s. 288.013, F.S., to establish the framework and responsibilities of the office. The office will be led by a director, who will be appointed by the Governor and confirmed by the Senate.

The bill directs the office to provide training and technical assistance to rural local governments on various community and economic development topics. Offered either in person or online, the training and technical assistance must, at a minimum, address the following:

- Accessing state and federal resources;
- Best practices relating to comprehensive planning, economic development, and land development in rural communities;
- Strategies to address management and administrative capacity challenges for rural local governments; and
- Requirements or recent changes to the Community Planning Act and other state and federal laws affecting rural local governments.

Rural Resource Directory

The bill directs the office to create and maintain an online Rural Resource Directory to serve as an interactive tool to help rural local governments navigate state and federal resources, tools, and services available to them. The directory must allow users to search by various indicators and receive notifications when new or modified resources are available. Each state agency must provide information and updates to the office for inclusion in the directory and, to the greatest extent possible, the directory must include information on local financial match requirements for state and federal grant programs.

Regional Rural Community Liaison Centers

By October 1, 2025, the office must establish and staff 7 regional rural community liaison centers across the state for the purpose of providing in-person state support to rural local governments. The office must by rule divide the state into 7 regions and assign a liaison center to each region. Each liaison center will be staffed with at least two full-time department personnel who will be responsive to the rural local governments within the respective region. Specifically, liaison centers are required, at a minimum, to do the following:

- Work with local governments to plan and achieve goals for local or regional growth, economic development, and rural prosperity;
- Facilitate access to state and federal resources, such as grants, loans, and other aid or resources.
- Advise on waivers for rural local governments for certain requirements for state and federal programs, such as local financial match waivers.
- Coordinate technical assistance needs with the department and other state or federal agencies.
- Promote model ordinances, policies, and strategies related to economic development.
- Regularly engage with the Rural Economic Development Initiative.

- Assist local governments with regulatory and reporting compliance.

Annual Report

By December 1, 2025, and each year thereafter, the office director must submit to the President of the Senate, the Speaker of the House of Representative, and the Administration Commission a written report describing the office's operations and accomplishments for the preceding year. The report must also be presented by the office director in-person at a meeting of the Administration Commission and posted to the office website. In preparing the report, the office must consult with the Department of Agriculture and Consumer Services on recommendations for policies, programs, and funding to further support the needs of rural communities.

OPPAGA Reports

The bill directs OPPAGA to produce the following revolving reports relating to the office and rural communities in Florida:

- By December 15, 2026, and every year thereafter until 2028, OPPAGA must review the effectiveness of the office and submit a report of its findings to the President of the Senate and the Speaker of the House of Representatives. Beginning in 2029, the frequency of the review is reduced to every 3 years.
- By December 15, 2027, and every 3 years thereafter, OPPAGA must review strategies implemented by other states on rural community preservation, enhancement, and revitalization and report on their effectiveness and potential for implementation in Florida. The report must be submitted to the President of the Senate and the Speaker of the House of Representatives.
- By December 15, 2026, OPPAGA must review each state-funded or state-administered grant and loan program for local governments for local financial match requirements and evaluate whether waivers for rural local governments may be appropriate. The review must also evaluate application evaluation criteria for such program and whether special accommodations or preferences for rural local governments may be appropriate. The report must be submitted to the President of the Senate and the Speaker of the House of Representatives.

Section 42 appropriates $1,827,591 in recurring funds and $652,327 in nonrecurring funds from the General Revenue Fund to the to the Department of Commerce for the staffing and operation of the Office of Rural Prosperity, which includes funding for 17 full-time equivalent positions for the office.

Present Situation:

Rural Economic Development Initiative (REDI)

The Rural Economic Development Initiative (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.[10] Today, the REDI operates as a statewide initiative led by the Department of Commerce (department) to better serve Florida's rural communities by providing a more focused and coordinated effort among state and regional agencies to improve the fiscal, economic, and community viability of these areas.[11]

Specified agencies and organizations[12] are required to designate a high-level staff person to serve as their REDI representative. Each REDI representative is responsible for ensuring that their agency or organization is informed about REDI and helps to identify opportunities to accommodate or include rural local governments in their agency programs.

REDI is required to review and evaluate the impact of statutes and rules on rural communities and work to minimize any adverse impact and undertake outreach and capacity-building efforts.[13] Under the REDI statute, a rural community is defined as:

- A county with a population of 75,000 or fewer;
- A county with a population of 125,000 or fewer, if the county is contiguous to a county with a population of 75,000 or fewer;
- Any municipality in a county that meets the above criteria; or
- An unincorporated federal enterprise community or an incorporated rural city with a population of 25,000 or fewer, with an employment base focused on traditional agriculture or resource-based industries, located in a county not defined as rural, and which has at least three or more economic distress factors.[14]

Each REDI member agency is required to review financial match requirements for projects in rural areas and develop a proposal to waive or reduce match requirements, and such proposals must be submitted to REDI.[15] REDI must call a meeting within 30 days of receipt of such proposals for comment and recommendation.[16] Waivers and reductions must be requested by the county or community, and to the fullest extent possible member organizations must expedite rule and amendment adoption to incorporate the reduction in match by rural areas in financial distress.[17] REDI must prepare an annual report as a supplement to the Department of Commerce's annual report which includes in an evaluation on the status of changes to rules, number of awards made with waivers, and recommendations for future changes.[18]

Based on recommendations of the REDI, the Governor may designate up to three rural areas of opportunity (RAOs) by executive order,[19] which establishes certain local governments as a

[10] Section 288.0656(1)(a) F.S.
[11] Section 288.0656(3), F.S.
[12] The Department of Transportation, Department of Environmental Protection, Department of Agriculture and Consumer Services, Department of State, Department of Health, Department of Children and Families, Department of Corrections, Department of Education, Department of Juvenile Justice, Fish and Wildlife Conservation Commission, each water management district, CareerSource Florida, Inc., VISIT Florida, the Florida Regional Planning Council Association, Agency for Health Care Administration, the Institute of Food and Agricultural Sciences (IFAS). See s. 288.0656(6)(a), F.S.
[13] Section 288.0656(4), F.S.
[14] Section 288.0656(2)(e) F.S.
[15] Section 288.06561 F.S.
[16] Section 288.06561(3) F.S.
[17] Section 288.06561(4) and (7) F.S.
[18] Section 288.06561(8) F.S.
[19] Section 288.0656(7)(a), F.S.

priority for the department. The orders also permit all state agencies and departments to use all available tools and resources to the extent permissible by law to promote the creation and development of projects designated by the RAO that has been recommended by the department.[20]

Rural Area of Opportunity

A RAO is a rural community,[21] 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.[22] An area may also be designated as an RAO if it presents a unique economic development opportunity of regional impact.[23] The designation of an RAO must be agreed upon by the Department of Commerce, as well as the county and municipal governments to be included in the RAO.[24]

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. Such incentives include, but are not limited to, the Quick Response Training Program[25], the Quick Response Training Program for participants in the welfare transition program[26], transportation projects[27], the brownfield redevelopment bonus refund[28], and the rural job tax credit program[29].

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.[30]

[20] Executive Orders 20-170, 21-149, and 23-132 available at https://www.flgov.com/eog/sites/default/files/executive-orders/2024/EO_20-170.pdf, https://www.flgov.com/eog/sites/default/files/executive-orders/2024/EO_21-149.pdf, and https://www.flgov.com/eog/sites/default/files/executive-orders/2024/EO-23-132.pdf (last visited Feb. 25, 2025)
[21] Section 288.0656(2)(e), F.S.
[22] Section 288.0656(2)(d), F.S.
[23] *Id.*
[24] Section 288.0656(7)(b), F.S.
[25] Section 288.047 F.S.
[26] Section 288.047(8) F.S.
[27] Section 339.2821 F.S.
[28] Section 288.107 F.S.
[29] Sections 212.098 and 220.1895 F.S.
[30] Department of Commerce, *Rural Areas of Opportunity, available at* https://floridajobs.org/community-planning-and-development/rural-community-programs/rural-areas-of-opportunity (last visited Feb. 25, 2025). 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.

Effect of Proposed Changes:

Section 19 amends s. 288.0656, F.S., to modernize the REDI statute to enhance the visibility and effectiveness of the program. Specifically, the bill:

- Moves creation of the REDI from within the department generally, to the Office of Rural Prosperity;
- Requires REDI to meet at least monthly and requires the REDI representative or his or her designee to be physically present or available electronically;
- Provides a legislative finding that rural communities are the essential conduits for the economy's distribution, manufacturing, and food supply;
- Removes a reference to "economically distressed" rural communities to broaden REDI's reach to all rural communities;
- Requires enhanced reporting on projects being coordinated by REDI and enhanced reporting on program requirement waivers granted to rural communities;
- Requires REDI to provide legislative recommendations for statutory waivers or reductions for economic development programs for rural applicants; and
- Repeals obsolete language regarding rural enterprise zones, catalyst projects, and catalyst sites.

Section 15 amends s. 288.019, F.S., to enhance rural considerations in grant review and evaluation processes. The bill requires REDI member agencies and organizations to review grant and loan application evaluation criteria and scoring procedures to ensure full access for rural communities. Each agency must develop a proposal to modify evaluation and scoring procedures to accommodate rural communities, including opportunities to waive or reduce required financial match requirements.

Section 16 amend s. 288.021, F.S., to require that when practicable, the staff member appointed as the economic development liaison of a state agency shall also serve as the agency representative for the REDI.

Section 20 repeals s. 288.06561, F.S., pertaining to reduction or waivers of financial match requirements. The general substance of this statute is incorporated into the revisions of section 15 of the bill.

Section 23 repeals s. 290.06561, which is a remnant statute from the repealed Enterprise Zone program.

Effect of Proposed Changes:

Renaissance Grant Program

Sections 12 creates s. 288.014, F.S., to establish the Renaissance Grant Program to be administered by the Office of Rural Prosperity (office). Under the program, the office will provide $1 million block grants to counties which are "growth-impeded," meaning a county has had a declining population over the last ten years, as certified by the Office of Economic and Demographic Research (EDR). By October 1, 2025, EDR must certify to the office which counties are growth-impeded. After the initial certification, the EDR shall annually certify whether each participating county remains growth-impeded, until the county has three consecutive of population growth.

Participating counties must enter into an agreement with the office to receive the $1 million block grant and have broad authority to design a specific plan to achieve population growth within the specified parameters.

Participating counties must design a plan to make targeted investments in the community to achieve population growth and increase the economic vitality of the community. The plan must incorporate the following key features:

- Technology centers with extended hours located within schools and administered by the local school boards;
- Facilities that co-locate adult day care with childcare facilities; and
- Technology labs managed by Florida College System institutions or career centers.

Each participating county must hire a renaissance coordinator who is responsible for overseeing the use of funds, coordinating with other entities, and complying with reporting requirements. Upon request, the regional rural community liaison center staff must provide training and assistance to the renaissance coordinator.

The bill directs the Auditor General to conduct an operational audit of each participating county's grant program every two years, beginning in 2026. Additionally, on December 31, 2026, and each year thereafter, the EDR must submit an annual report of grant recipients by county to the President of the Senate and the Speaker of the House of Representatives.

The Renaissance Grant Program expires in 2040.

Section 43 appropriates $8 million in recurring funds from the General Revenue Fund to the Office of Rural Prosperity for the Renaissance Grant Program. No funds may be used by the state for administrative costs.

Effect of Proposed Changes:

Public Infrastructure Smart Technology Grants

Sections 13 creates s. 288.0175, F.S., to establish the Public Infrastructure Smart Technology Grant Program to be administered by the Office of Rural Prosperity (office). The program is created to fund and support infrastructure projects in rural communities that utilize smart technology to increase efficiency, enhance public services, and promote sustainable development.

The bill directs the office to contract with one or more not-for-profit entities (lead organization) that specializes in smart regional planning to provide grants to counties and municipalities within a rural area of opportunity for public infrastructure smart technology projects. The bill defines "public infrastructure smart technology" as systems and applications that use connectivity, data analytics, automation to improve public infrastructure by increasing efficiency, enhancing public services, and promoting sustainable development.

The office contract must require a lead organization to:

- Collaborate with rural counties and municipalities to identify opportunities to institute cost-effective smart technology, and provide technical assistance; and
- Assist such counties and municipalities in connecting with other communities, companies, and other entities to leverage the impact of each public infrastructure smart technology project.

The office must include in its annual report a description of the projects funded under this program.

Section 44 appropriates $500,000 in recurring funds from the Grants and Donations Trust Fund to the Office of Rural Prosperity for the Smart Technology Grant Program.

Present Situation:

Florida Office of Broadband

The Office of Broadband (office) is an office created within the Division of Community Development[31] in the Department of Commerce (department) for the purpose of providing broadband internet service to residents of Florida including: libraries, schools, colleges and universities, health care providers, and community organizations.[32] Under the office, the department may apply for and accept federal funds, enter into contracts, and establish any committee or workgroups to administer the program.[33]

Effect of Proposed Changes:

Section 22 amends s. 288.9961, F.S., to:

- Require the Office of Broadband to consult with regional rural community liaisons centers to assist with providing feedback from rural communities in applying for federal grants for broadband internet services.
- Require annual and quarterly reports be submitted to Governor, the President of the Senate, and the Speaker of the House of Representatives detailing broadband implementation in rural, unserved, and underserved communities, as well as operations and accomplishments of the office.

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

[31] Section 288.9961(4) F.S.
[32] Section 288.9961(1) F.S.
[33] Section 288.9961(5) F.S.

provide economic development professional services. Professional services includes technical assistance, education and leadership development, marketing, and project recruitment.[34]

Applications submitted to the Department of Commerce (department) for funding through this program must provide proof:[35]
- Of official commitments of support from each of the units of local government represented by 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.

A contract or agreement that involves the expenditure of grant funds must include[36]:
- The purpose of the contract or agreement.
- Specific performance standards and responsibilities for each entity under the contract or agreement.
- A detailed project or contract budget, if applicable.
- The value of any services provided.
- The projected travel expenses for employees and board members, if applicable.

An organization may receive up to $50,000 a year or $250,000 for any three regional economic development organizations that serve an entire RAO.[37] The department 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.[38]

Effect of Proposed Changes:

Section 14 amends s. 288.018, F.S., to move administration of the program from the Department of Commerce generally, to the Office of Rural Prosperity.

Present Situation:

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.[39] 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 and including those offered by Rural Economic Development Initiative agencies.[40] The program funds total infrastructure project grants, infrastructure feasibility grants, and preclearance review grants.

[34] Section 288.018(1)(b), F.S.
[35] Section 288.018(2), F.S.
[36] Section 288.018(3)(a), F.S.
[37] Section 288.018(1)(c), F.S.
[38] Section 288.018(4), F.S.
[39] *See* s. 288.0655, F.S.
[40] Section 288.0655(2)(b), F.S.

The Department of Commerce (department) may award grants for up 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 that is also located in a fiscally constrained county[41] or a RAO.[42] 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.

Eligible uses of funds include improvements to public infrastructure for industrial or commercial sites and upgrades to or development of public tourism infrastructure.[43] Infrastructure can include public or public-private partnership facilities, like storm water systems, telecommunication, roads or other remedies to transportation impediments, nature-based tourism facilities and physical requirements necessary to facilitate tourism, trade, and economic development activities.[44]The department may award grants of up to $300,000 for infrastructure feasibility studies, design and engineering activities, or other infrastructure planning and preparation activities..[45] The total project participation grant may be used in conjunction with the infrastructure feasibility grant.

To enable local governments to access the resources the department may award grants for surveys, feasibility studies, and other activities related to the identification and preclearance review of suitable land.[46] Authorized grants under program may not exceed $75,000 each, except in the case of a project in a rural area of opportunity, in which case the grant may not exceed $300,000.[47]

Effect of Proposed Changes:

Sections 18 amends s. 288.0655, F.S., to:

- Move administration of the program from the Department of Commerce generally, to the Office of Rural Prosperity.
- Clarify that grant funds may be awarded for “site readiness” expenses, which may include clearing title, surveys, permitting, environmental studies, and regulatory compliance costs.
- Require the Office of Rural Prosperity to consult with the Department of Transportation instead of Visit Florida when reviewing applications for funding.
- Require enhanced annual reporting of the program.

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[41] 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.

[42] Section 288.0655(2)(b), F.S.

[43] *Id.*

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

[45] Section 288.0655(2)(c), F.S.

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

[47] *Id.*

Section 46 appropriates $40 million in nonrecurring funds and $5 million in recurring funds from the General Revenue Fund to the Office of Rural Prosperity for the Rural Infrastructure Fund.

Present Situation:

Rural Community Development Revolving Loan Fund

The Rural Community Development Revolving Loan Fund Program is administered by the Department of Commerce to facilitate the use of existing federal, state, and local financial resources by providing local governments with financial assistance to further promote the economic viability of rural communities.[48]

The program provides for long-term loans, loan guarantees, and loan loss reserves to units of local governments, or economic development organizations in counties with populations of 75,000 or fewer, or within any county with a population of 125,000 or fewer which is contiguous to a county with a population of 75,000 or fewer.[49] Loans must be made pursuant to agreements specifying the terms and conditions agreed to between the applicant and the department, and loans are the legal obligations of the applicant.[50] All repayments of principal and interest must be returned to the loan fund and made available for loans to other applicants.

However, in a rural area of opportunity, repayments of principal and interest may be retained by the applicant if repayments are dedicated and matched to fund regionally based economic development organizations representing the rural area of opportunity.[51]

Effect of Proposed Changes:

Section 17 amends s. 288.065, F.S., to:

- Move administration of program from the Department of Commerce generally, to the Office of Rural Prosperity.
- Require the Office of Rural Prosperity to include in its annual report detailed information about the fund, including loans made during the previous fiscal year, loans active, loans repaid, and unobligated funds.

Section 45: Appropriates $4 million in nonrecurring funds and $1 million in recurring funds from General Revenue to the Office of Rural Prosperity for the Rural Community Development Revolving Loan Fund.

Present Situation:

Community Planning Technical Assistance Grants

The Department of Commerce's (department) Community Planning office is charged with providing technical assistance and guidance on growth and development issues, grants, and other

[48] Section 288.065 (1) F.S.
[49] Section 288.065 (2)(a) F.S.
[50] Section 288.065 (2)(b) F.S.
[51] Section 288.065 (2)(c) F.S.

assistance to local communities to promote viable, sustainable communities.[52] Community Planning Technical Assistance (CPTA) Grant Program is administered by the department to provide counties, municipalities and regional planning councils the opportunity to create innovative plans and development strategies to promote a diverse economy, vibrant rural and suburban areas and meet statutory requirements for planning, while also protecting environmentally sensitive areas.[53] CPTA grants may also be used to assist with disaster recovery, resiliency and economic development planning.[54]

Projects should relate to community planning and economic development strategies that implement the requirements in the Community Planning Act, as well as workforce development, and workforce housing opportunities.[55]

Effect of Proposed Changes:

Section 2 amends s. 163.3168, F.S., to:

- Require preference to be given to local government applicants located in a rural area of opportunity.
- Require the department to consult with the Office of Rural Prosperity when awarding funding for these grants.

Present Situation:

Florida Rural Economic Development Strategy Grants

The Department of Commerce (department), under s. 288.0657, F.S., accepts and administers money which is appropriated to the department for providing grants to assist rural communities in developing and implementing strategic economic development plans.[56] The rural community must be counties with populations of 75,000 or fewer, or within any county with a population of 125,000 or fewer which is contiguous to a county with a population of 75,000 or fewer, or a municipality therein.[57] The department must establish criteria for reviewing grant applications under this section. These criteria include, but are not limited to, the degree of participation and commitment by the local community and the application's consistency with local comprehensive planning.[58]

[52] Section 20.60 (4)(c) F.S.
[53] Department of Commerce, Community Planning Technical Assistance Grants, State Fiscal Year 2024-2025, available at https://floridajobs.org/community-planning-and-development/programs/community-planning-table-of-contents/technical-assistance/community-planning-technical-assistance-grant (last viewed January 21, 2025)
[54] *Id.*
[55] *Id.*
[56] Section 288.0657 (2) F.S.
[57] Section 288.0657 (1) F.S.
[58] Section 288.0657(4) F.S.

Effect of Proposed Changes:

Sections 21 amends s. 288.0657, F.S., to:

- Move administration of the program from the Department of Commerce generally, to the Office of Rural Prosperity.
- Specify that grants may be provided to assist with costs associated with marketing sites to potential businesses for an economic development project;
- Require the regional rural community liaison centers within the Office of Rural Prosperity to provide assistance to those applying for grants.
- Provide that marketing grants may include funding to deploy materials through advertising campaigns and costs associated with marketing, site preparation, meetings, trade missions, and professional development.

Section 47 appropriates $250,000 in recurring funds from the Grants and Donations Trust Fund to the Office of Rural Prosperity for the Rural Economic Development Strategy Grants.

Present Situation:

Inventory of Communities Seeking to Recruit Businesses

Each year by September 30 of each year, a county or municipality that has a population of at least 25,000 or its local economic development organization must submit to the Department of Commerce (department) a brief overview of the strengths, services, and economic development incentives that its community offers.[59] The local government or its local economic development organization also must identify any industries that it is encouraging to locate or relocate to its area.[60] Such local governments and organizations seeking to recruit businesses may submit information and may participate in any activity or initiative resulting from the collection, analysis, and reporting of the information to the department.[61]

Effect of Proposed Changes:

Section 10 amends s. 288.007, F.S., to require each local government within a rural area of opportunity or its local economic development organization to submit the required information the Department of Commerce to be included in the inventory of communities seeking to recruit businesses.

[59] Section 288.007 F.S.
[60] *Id.*
[61] *Id.*

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,[62] or that provides federal financial assistance to a subrecipient, 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.[63]

Current law prohibits an agency agreement that provides state or federal financial assistance to local government entities within an RAO from requiring the local government entity to expend funds in order to be reimbursed. For these local government entities, an agency is authorized to advance funding based on an analysis of estimated costs, to pay service providers and vendors directly, or to undertake other options to meet the requirements of the agreement, allowing local governments in rural areas to be paid without spending their own capital first.[64]

Effect of Proposed Changes:

Section 6 amends s. 215.971, F.S., to:

- Clarify provisions regarding the payment of invoices due and require agencies to expedite such payment requests for local governments.
- Require each state agency to annually report to the Office of Rural Prosperity (office), by August 1, a summary of the implementation of this provision for the previous fiscal year, which shall be a incorporated in the office annual report.

[62] Section 215.97, F.S., defines a “subrecipient” as a nonstate entity that receives state financial assistance through another nonstate entity.
[63] Section 215.971(1)(a)-(g), F.S.
[64] Section 215.971, F.S (h) F.S.

Present Situation:

The Florida Small Business Development Center Network

Established in 2008, the Florida Small Business Development Center Network (SBDC) is the principal business assistance organization for small businesses in the state. The purpose of the network is to serve emerging and established for-profit, privately held businesses that maintain a place of business in the state.[65] The network is a consortium of regional small business development centers throughout the state that offer current and prospective small businesses consulting services, training opportunities, and access to other resources and information.[66] Regional centers are based at several of Florida's colleges and universities.[67] The SBDC is run by network's statewide director in consultation with a 19 member statewide advisory board.[68]

The network is funded in part by the U.S. Small Business Administration, Department of Defense, State of Florida through appropriations, and other private and public partners, with the University of West Florida serving as the Network's designated lead host institution.[69] Half of any state funds received directly by a host institution which are specifically designated for the network are distributed for the following purposes:

- Ensuring that support services are available statewide, especially in underserved and rural areas of the state, to assist eligible businesses;
- Enhancing participation in the network among state universities and colleges; and
- Facilitating the adoption of innovative small business assistance best practices by the regional small business development centers.

Effect of Proposed Changes:

Section 9 amends s. 288.001, F.S., to:

- Require the SBDC Network to use certain funds for the specific purpose of expanding service in rural communities, including developing an activity plan focused on network consultants and resources in rural communities.
- Increase staffing for "circuit riders" who work with local governments and communities of their region to bring services, including access to capital, technical assistance, and other small business services to the region.

Section 41 appropriates $1 million in recurring funds from the General Revenue Fund to the Office of Rural Prosperity to implement the requirements of the rural-focused Florida SBDC Network activity.

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65 Ch. 2008-149, L.O.F., codified as s. 288.001, F.S.

66 America's SBDC Florida, Consulting Services, Available at https://floridasbdc.org/ (last visited Jan. 26, 2025)

67 America's SBDC Florida, Our Network, Available at https://floridasbdc.org/ (last visited Jan. 26, 2025)

68 Section 288.001 (3-4) F.S.

69 America's SBDC Florida, About Funding, Available at https://floridasbdc.org/about/ (last visited Jan. 26, 2025)

Present Situation:

Fiscally Constrained Counties

Fiscally constrained counties are counties entirely within an RAO or where a 1-mill levy would raise no more than $5 million in annual tax revenue.[70] A "rural area of opportunity" is a rural community, or a region composed of rural communities, designated by the Governor, which has been adversely affected by an extraordinary economic event, severe or chronic distress, or a natural disaster. A rural area of opportunity may also be a community or communities that present a unique economic development opportunity of regional impact.[71]

There are 29 counties that currently meet these conditions; 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.[72] Although each of the counties is designated by the Governor as a rural area of opportunity,[73] Highlands' and Putnam's 1-mill levy currently surpass the $5 million threshold.

Direct-to-Home Satellite Service Tax Distribution

Retail sales of direct-to-home satellite service received in Florida are subject to the communications service tax at the rate of 9.07 percent and the gross receipts tax at the rate of 2.37 percent.[74]

From communications services tax receipts, 55.9 percent is distributed through the state's "standard" sales tax distribution formula.[75] The remaining 44.1 percent is transferred to the local government half-cent sales tax trust fund.[76]

Seventy percent of the transfer is distributed formulaically to all counties within the state. The remaining 30 percent is distributed to fiscally constrained counties that are eligible to participate in the local government half-cent sales tax distribution.[77] Fiscally constrained counties may use the funds from this distribution for any public purpose, except for debt service.[78]

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[70] Section 218.67(1), F.S.
[71] Section 288.0656, F.S.
[72] Florida Department of Revenue, *Fiscally Constrained Counties*, https://www.floridarevenue.com/property/Documents/fcc_map.pdf (last visited Feb. 6, 2025).
[73] Executive Office of the Governor, see Executive Orders 20-170, 21-149, and 23-132, https://www.flgov.com/eog/news/executive-orders (last visited Feb. 6, 2025).
[74] Sections 202.12(1)(b) and 203.01(1)(b)2., F.S.
[75] Section 202.18(2)(b), F.S. See also: s. 212.20(6)(d), F.S. Gross receipts tax revenues are distributed to the Public Education Capital Outlay (PECO) and Debt Service Trust Fund in accordance with section 9 of Article XII of the State Constitution.
[76] Section 202.18(2)(c)1., F.S.
[77] Id.
[78] Section 218.67(5), F.S.

The collections from the tax on direct-to-home satellite service have declined in recent years; decreasing from $18.1 million in Fiscal Year 2018-2019 to $10.1 million in Fiscal Year 2023-2024.[79]

Distribution Factors

Each fiscally constrained county receives a portion of the total direct-to-home satellite service distribution. At the beginning of each fiscal year, the Department of Revenue determines the amount to be distributed to each fiscally constrained county using the prior fiscal year's certified school taxable value, county millage rate, and latest April 1 county population, excluding prisoners.[80] The following factors are created by the department to determine each county's relative share of the total distribution available for the coming fiscal year:[81]

- The relative revenue-raising-capacity factor is based on a county's certified school taxable value and population and referred to in law as the ability of a county to generate property tax revenues from 1 mill on a per capita basis.[82] Counties that generate less per capita revenue receive a higher factor. For example, a county that raises $25 or less per capita receives a factor value of 1; whereas a county that raises more than $50 per capita receives a factor value of 0. In Fiscal Year 2024-2025, only three fiscally constrained counties were eligible for this factor.[83]
- The local-effort factor is based on a county's millage rate and referred to in law as a measure of the relative level of local effort of a county as indicated by the millage rate levied for the prior fiscal year.[84] This factor guarantees that each county receives a portion of the total distribution. It uses the most recently adopted countywide operating millage rate for each eligible county and multiplies that millage rate by 0.1. For example, a county with a countywide operating millage rate of 6.73 would receive a factor value of 0.673.

Sales and Use Tax

Florida levies a 6 percent tax on the sale or rental of most items of tangible personal property,[85] admissions,[86] transient rentals,[87] and a limited number of services, as well as a 2 percent tax on commercial leases.[88] Sales tax is added to the price of the taxable good or service and collected from the purchaser at the time of sale.[89] Counties are authorized to impose local discretionary sales surtaxes in addition to the state sales tax.[90]

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[79] Florida Office of Economic and Demographic Research, *Ordinary, Emergency, Supplemental, and Fiscally-Constrained Distributions by County: SFY 1987-2024*, https://edr.state.fl.us/Content/local-government/data/data-a-to-z/g-l.cfm (last visited Feb. 6, 2025).
[80] Section 186.901, F.S.
[81] Section 218.67(3)(a), F.S
[82] Id.
[83] Email correspondence with staff at the Department of Revenue, Feb. 6, 2025 (on file with the Committee on Finance and Tax).
[84] Section 218.67(3)(b), F.S.
[85] Section 212.05(1)(a)1.a., F.S.
[86] Section 212.04(1)(b), F.S.
[87] Section 212.03(1)(a), F.S.
[88] Section 212.031, F.S.
[89] Section 212.07(2), F.S.
[90] Section 212.055, F.S.

A portion of Florida's state sales and use tax collections are distributed to all eligible counties and municipalities through the County and Municipal Revenue Sharing programs and the Local Government Half-Cent Sales Tax program. These programs distributed to fiscally constrained counties, including municipalities within the counties, approximately $363.0 million in Fiscal Year 2023-2024.[91]

In contrast to the tax on direct-to-home satellite service, collections from sales tax have increased from $28.5 billion in Fiscal Year 2018-2019 to $41.1 billion in Fiscal Year 2023-2024.[92] Additionally, sales tax collections are based on sales of a wide variety of goods and some services, and change with the state's economic cycles.

Effect of Proposed Changes:

Section 4 amends s. 202.18, F.S., to redirect the 30 percent portion of direct-to-home satellite service tax from the Local Government Half-cent Sales Tax Trust Fund to the General Revenue Fund.

Section 5 amends s. 212.20, F.S., to create a new sales tax distribution for fiscally constrained counties. The new distribution is the greater of $50 million or 0.1438 percent of available sales tax proceeds.

Section 7 amends s. 218.67, F.S., to replace the fiscally constrained county distribution factors discussed in the present situation with:

- The contribution-to-revenue factor. This factor is calculated by dividing the county's population by the sales tax collections attributable to the county and then multiplying by 100.
- The personal-income factor. This factor is calculated by dividing the median per capita personal income of participating counties by the county's per capita personal income.

Each county's proportional allocation of the newly created sales tax distribution must be the same proportion as the sum of the county's two new factors is to the sum of the two factors for all eligible counties. The bill also adds a requirement that the proportional rate computation must be carried to the fifth decimal place, and the amount to distribute to each county must be rounded to the next whole dollar amount.

The money distributed pursuant to this section must be allocated as follows: 50% of the distribution may be used for public safety, including for salaries for law enforcement, correctional officers, firefighters, emergency medical technicians, or paramedics, 30% may be used for infrastructure, and 20% may be used for any public purpose. Debt service is not allowed.

The bill removes the provision for a county to be classified as fiscally constrained if the county is entirely within a rural area of opportunity. It also increases the revenue qualification from where a 1-mill levy would raise no more than $10 million, which is an increase from $5 million.

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[91] Florida Department of Revenue, Office of Tax Research, General Tax Distributions, Forms 5 and 6, https://floridarevenue.com/DataPortal/Pages/TaxResearch.aspx (last visited Feb. 6, 2025).

[92] Florida Office of Economic and Demographic Research, *2023 and 2024 Florida Tax Handbooks*, https://edr.state.fl.us/content/revenues/reports/tax-handbook/ (last visited Feb. 6, 2025).

Effect of Proposed Changes:

Rural Communities Report

Section 8 amends s. 288.0001, F.S., to require OPPAGA and the Office of Economic and Demographic Research (EDR) to prepare a report on the impact of Florida Statutes on rural communities. Specifically, the two entities must review definitions in the Florida Statutes of terms such as "rural community," "rural area of opportunity," and similar terms used to define rural areas of the state to assess whether the current definitions are appropriate, whether appropriate metrics are used to describe these communities and if statutory changes are needed. OPPAGA and the EDR must also survey rural local governments to evaluate the statutory advantages of qualifying as rural local government and assess perceived unmet needs in the implementation of current statutory provisions designed to support rural communities.

OPPAGA and the EDR must submit a report and recommendations to President of the Senate and the Speaker of the House of Representatives by December 31, 2025. These provisions expire on July 1, 2026.

Present Situation:

State Housing Initiatives Partnership (SHIP) Program

The SHIP Program was created in 1992[93] to provide funds to local governments as an incentive to create partnerships that produce and preserve affordable homeownership and multifamily housing. The SHIP program provides funds to all 67 counties and 52 Community Development Block Grant[94] entitlement cities on a population-based formula to finance and preserve affordable housing based on locally adopted housing plans.[95] The program was designed to serve very-low, low-, and moderate-income families and is administered by Florida Housing Finance Corporation (FHFC). SHIP funds may be used to pay for emergency repairs, rehabilitation, down payment and closing cost assistance, impact fees, construction and gap financing, mortgage buydowns, acquisition of property for affordable housing, matching dollars for federal housing grants and programs, and homeownership counseling.[96]

Funds are expended per each local government's adopted Local Housing Assistance Plan (LHAP), which details the housing strategies it will use.[97] Local governments submit their LHAPs to the FHFC for review to ensure that they meet the broad statutory guidelines and the requirements of the program rules. The guaranteed minimum allocation amount that will be disbursed on a quarterly or more frequent basis by the FHFC to local governments is $350,000.[98]

[93] Chapter 92-317, Laws of Fla.
[94] The CDBG program is a federal program created in 1974 that provides funding for housing and community development activities.
[95] *See* ss. 420.907-420.9089, F.S.
[96] Section 420.9072(7), F.S.
[97] Section 420.9075, F.S. Section 420.9075(3), F.S., outlines a list of strategies LHAPs are encouraged to employ, such as helping those affected by mobile home park closures, encouraging innovative housing design to reduce long-term housing costs, preserving assisted housing, and reducing homelessness.
[98] Section 420.9073 (3)(a-b) F.S.

Certain statutory requirements restrict a local government's use of funds made available under the SHIP program (excluding amounts set aside for administrative costs):

- At least 75 percent of SHIP funds must be reserved for construction, rehabilitation, or emergency repair of affordable, eligible housing;[99] and
- Up to 25 percent of SHIP funds may be reserved for allowed rental services.[100]

Within those distributions by local governments, additional requirements must be met:

- At least 65 percent of SHIP funds must be reserved for home ownership for eligible persons;[101]
- At least 20 percent of SHIP funds must serve persons with special needs;[102]
- Up to 20 percent of SHIP funds may be used for manufactured housing;[103] and
- At least 30 percent of SHIP funds must be used for awards to very-low-income persons or eligible sponsors serving very-low-income persons, and another 30 percent must be used for awards for low-income-persons or eligible sponsors serving low-income persons.[104]

Effect of Proposed Changes:

Section 34 amends s. 420.9073, F.S., to increase the minimum SHIP allocation from $350,000 to $1 million.

Present Situation:

USDA Section 515 Rural Affordable Housing

The United States Department of Agriculture's (USDA) Section 515 program, which has existed since the 1960s, is a part of the national Rural Rental Housing program. Many of rural America's 65 million residents experience acute housing problems with nearly 30 percent of rural households experience at least one major housing problem, such as high cost, physical deficiencies, or overcrowding.[105]

> Under the Section 515 program, USDA Rural Development makes direct loans to developers to finance affordable multifamily rental housing for very low-income, low-income, and moderate-income families, for elderly people, and for persons with disabilities. Section 515 loans have an interest rate of 1%, amortized over 50 years, to finance modest rental or cooperatively-owned housing.[106]

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[99] Section 420.9075(5)(c), F.S.

[100] Section 420.9075(5)(b), F.S. However, a local government may not expend money distributed to it to provide ongoing rent subsidies, except for: security and utility deposit assistance; eviction prevention not to exceed six months' rent; or a rent subsidy program for very-low-income households with at least one adult who is a person with special needs or is homeless, not to exceed 12 months' rental assistance.

[101] Section 420.9075(5)(a), F.S. "Eligible person" or "eligible household" means one or more natural persons or a family determined by the county or eligible municipality to be of very low income, low income, or moderate income based upon the annual gross income of the household.

[102] Section 420.9075(5)(d), F.S.

[103] Section 420.9075(5)(e), F.S.

[104] Section 420.9075(5)(g)2., F.S.

[105] National Low Income Housing Coalition, *USDA Rural Rental Housing Programs. Available at* *https://nlihc.org/sites/default/files/AG-2019/04-13_USDA-Rural-Rental-Housing-Programs.pdf* (last visited Jan. 27, 2025)

[106] *Id.*

Section 515 funds can be used for any new construction and for the rehabilitation of existing rural properties. Funding can also be used to buy or improve land, and to provide critical infrastructure for properties such as water and waste disposal systems. However, no new rental properties have been developed under Section 515 since 2011.[107]

Effect of Proposed Changes:

Section 35 amends s. 420.9075, F.S., to supersede statutory restrictions on the use of SHIP funds to allow counties and municipalities to use up to 25 percent of their SHIP funds to preserve existing multifamily affordable rental housing financed with USDA loans. This provision expires on June 30, 2031.

Section 48 appropriates $30 million in nonrecurring funds from the General Revenue Fund to the Florida Housing Finance Corporation (FHFC) to preserve affordable multifamily rental housing funded through USDA loans. Funds must be used to issue competitive requests for application for the rehabilitation or acquisition of such properties to ensure continued affordability.

By October 1, 2026, the FHFC must submit a report to the President of the Senate and the Speaker of the House of Representatives on projects funded pursuant to this section. The report must include the number of units preserved and the financing portfolio for each project.

Present Situation:

FDOT Support to Local Governments

The FDOT provides funding and support to Florida's cities and counties through a variety of local programs. For example, the Local Agency Program provides local governments with federal funds to develop, design, and construct transportation facilities.[108] The FDOT administers these funds on behalf of the Federal Highway Administration. There are also a number of state-sponsored programs designed to assist local governments, including:

- County Incentive Grant Program which provides grants to counties to improve transportation facilities located on the State Highway System or that relieve traffic congestion on the State Highway System;[109]
- Transportation Regional Incentive Program which provides funds to improve regionally significant transportation facilities in certain regional transportation areas;[110]
- Small County Road Assistance Program which assist small county governments in resurfacing or reconstructing county roads;[111] and
- Small County Outreach Program which assist small county governments in repairing or rehabilitating county bridges, paving unpaved roads, addressing road-related drainage improvements, resurfacing or reconstructing county roads.[112]

[107] *Id.*
[108] Section 339.28201, F.S.
[109] Section 339.2817, F.S.
[110] Section 339.2819, F.S.
[111] Section 339.2816, F.S.
[112] Section 339.2818, F.S.

Additionally, FDOT coordinates directly with Florida's non-metropolitan, rural local governments, those located outside of a designated metropolitan planning area, to address their transportation planning and programming needs.

Small County Road Programs

Small County Road Assistance Program (SCRAP)

The FDOT administers the SCRAP to assist small county governments in resurfacing or reconstructing county roads that were part of the county road system on June 10, 1995.[113] Counties eligible to compete for funding based on population include those with a population of 75,000 or less according to the 1990 federal census. Under this criteria there are currently 33 counties eligible to receive funding through the program. Capacity improvements on county roads are not eligible for the SCRAP funding, except where the FDOT determines that widening existing lanes as part of a resurfacing or reconstruction project is necessary to address safety concerns.[114]

Currently, up to $25 million annually from the State Transportation Trust Fund may be used to fund the SCRAP.[115] Available funds are allocated to the FDOT districts based on the number of counties eligible for funding under the criteria in s. 339.2816, F.S. The table below summarizes the SCRAP funding in the fiscal year 2025/2026 – 2029/2030 FDOT work program.

SCRAP Funding – FY 2025-2029[116]					
2025	2026	2027	2028	2029	Total
$26,854,023	**$25,000,001**	**$25,000,001**	**$25,000,001**	**$25,000,001**	**$126, 854,027**

Small County Outreach Program (SCOP)

The SCOP assists small counties in repairing or rehabilitating county bridges, paving unpaved roads, addressing road-related drainage improvements, resurfacing or reconstructing county roads, or constructing capacity or safety improvements to county roads. Small counties eligible to compete for project funding include those with a population of 200,000 or less as determined by the most recent official estimate of the Office of Economic and Demographic Research.[117] Similar to the SCRAP, available funds are allocated to the FDOT districts based on the number of counties eligible for funding under the criteria in s. 339.2818, F.S. The table below summarizes the SCOP funding in the fiscal year 2025/2026 – 2029/2030 FDOT work program.

SCOP Funding – FY 2025 to FY 2029[118]						
	2025	**2026**	**2027**	**2028**	**2029**	**Total**
SCOP	**$95,741,476**	**$80,852,739**	**$79,674,999**	**$79,560,002**	**$79,345,001**	**$415,174,217**

113 Section 339.2816(4), F.S.
114 FDOT, *Work Program Instructions FY 25/26-29/30*, September 6, 2024, at p. 394, available at https://fdotewp1.dot.state.fl.us/fmsupportapps/Documents/development/WorkProgramInstructions.pdf
115 Section 339.2816(3), F.S.
116 FDOT, *County Programs FY 2025-2030*, available…
117 Section 339.2818, F.S.
118 FDOT, *County Programs FY 2025-2030*, available…

The FDOT is required to fund 75 percent of the cost of projects on county roads selected for funding under the program and the county must provide 25 percent of such costs.[119] Rural counties qualifying under the Rural Economic Development Initiative[120] may apply for a waiver or reduction of the required 25 percent local match.[121] Subject to specific appropriation, municipalities within a rural area of opportunity may also compete for funding at up to 100 percent of the project costs.[122]

In 2024, the SCOP was amended to incorporate additional eligibility provisions. Specifically, subject to a specific appropriation, a local government either wholly or partially within the Everglades Agricultural Area, the Peace River Basin, or the Suwannee River Basin may compete for additional funding at up to 100 percent of project costs on state or county roads used primarily as farm-to-market connections between rural agricultural areas and market distribution centers, excluding capacity improvement projects.[123]

Effect of Proposed Changes:

Section 25 amends s. 334. 044, F.S., relating to the powers and duties of the FDOT, to specifically authorize the department to provide technical assistance and support to counties that are not located in a metropolitan planning organization created pursuant to s. 339.175. F.S.

Section 26 amends s. 339.0801, F.S., to provide that certain funds that result from the increased revenue to the State Transportation Trust Fund derived pursuant to s. 319.32(5), F.S.,[124] must be used annually, beginning in the fiscal year 2025-2026, to support the Small County Road Assistance Program (SCRAP). This provision effectively increases funding for the SCRAP by approximately $35 million annually.

Sections 27 and 30 amends ss. 339.2816, F.S., and creates an undesignated section of Florida law, respectively, to provide that FDOT must fund $25 million annually for the SCRAP.[125] The bill directs the FDOT, beginning in fiscal year 2025-2026, to utilize the additional revenues allocated by s. 339.0801, F.S., for the SCRAP. Finally, the bill codifies current provisions in the FDOT work program instructions which prohibit the use of funds for capacity improvements unless a safety issue exists or FDOT finds it necessary to widen existing lanes as part of a resurfacing or reconstruction project.

Section 28 amends s. 339.2818, F.S., relating to the Small County Outreach Program (SCOP) to remove obsolete statutory provisions and correct cross-references. Similarly, the bill revises the SCOP funding eligibility requirements to repeal an existing category for certain local governments located within the Everglades Agricultural Area or designated river basins.

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[119] Section 339.2818(4)(a), F.S.
[120] *See* s. 288.056, F.S., for a full description of the Rural Economic Development Initiative.
[121] *Supra* note 9 at page 384.
[122] Section 339.2818(7), F.S.
[123] Section 339.2818(8), F.S.
[124] Chapter 2012-128, Laws of Fla., amended s. 319.32(5), F.S., to redirect motor vehicle title fee revenues from general revenue to the State Transportation Trust Fund.
[125] Section 339.2816(3), F.S., currently provides that "…up to $25 million annually from the State Transportation Trust Fund may be used for purposes of funding the Small County Road Assistance Program".

Present Situation:

Arterial Roads

Under Florida's Transportation Code "arterial road" means a route providing service which is relatively continuous and of relatively high traffic volume, long average trip length, high operating speed, and high mobility importance.[126] Arterials include U.S. numbered highways and principal state roads that connect cities and towns. The FDOT's Functional Classification system distinguishes between urban and rural designations for arterial roads.[127] The FDOT routinely manages and improves arterial roads to increase capacity and facilitate traffic throughput, while at the same time achieving the paramount goal of improving safety.

In 2021, the Legislature repealed the Multi-use Corridors of Regional Economic Significance (M-CORES) program and created several new initiatives related to arterial highway projects.[128] For example, the FDOT is required to identify and include in the work program projects to increase capacity by widening existing two-lane arterial rural roads to four lanes. To be included in a work program project, the road must be classified as an arterial rural road, and truck traffic using the road must amount to at least 15 percent of all such traffic, as determined by the department. The FDOT is required to fund at least $20 million annually for such projects.[129]

Effect of Proposed Changes:

Sections 3 and 29 amend ss. 201.15 and 339.68, F.S., respectively, to repeal the current provisions relating to arterial roads and create the Florida Arterial Road Modernization (FARM) Program. The purpose of the program is to make capacity and safety improvements to two-lane arterial roads located in rural communities.[130] Beginning in fiscal year 2025-2026, the FDOT is directed to allocate from the State Transportation Trust Fund a minimum of $50 million annually to fund the program. This includes an additional $30 million redirected by the bill from documentary stamp taxes revenues into the State Transportation Trust Fund[131] and the $20 million currently required to be allocated to the existing rural arterial road program.

The FDOT is directed to use the following criteria to prioritize projects for funding under the program:

- Whether the road has documented safety concerns or requires additional safety and design improvements. This may be evidenced by the number of fatalities or crashes per vehicle mile traveled.
- Whether the road has or is projected to have a significant amount of truck tractor traffic as determined by FDOT.
- Whether the road is used to transport agricultural products and commodities from the farm to the market or other sale or distribution point.

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[126] Section 334.03(1), F.S.
[127] FDOT, *2020 Urban Area Boundary and Functional Classification Handbook*, https://fdotwww.blob.core.windows.net/sitefinity/docs/default-source/statistics/docs/urbanfunclass.pdf?sfvrsn=84c718c4_15
[128] Chapter 2021-161, Laws of Fla.
[129] Section 339.68, F.S.
[130] For purposes of the program "rural community" has the same meaning as provided in s. 288.0656, F.S.
[131] The bill amends s. 201.15, F.S., to specify that $30 million in documentary stamp taxes must be paid to the credit of the State Transportation Trust Fund and used exclusively for the FARM Program.

- Whether the road is used to transport goods to or from warehouses, distribution centers, or intermodal logistics centers.
- Whether the road is used as an evacuation route.
- Whether the physical condition of the road meets department standards.
- Whether the road has, or is projected to have within the next five years, a level of service of D, E, or F.
- Any other criteria related to the impact of a project on the public road system or on the state or local economy as determined by FDOT.

Beginning January 1, 2027, and every two years thereafter, the FDOT must issue a report to the Governor, the President of the Senate and the Speaker of the House of Representatives evaluating the condition of arterial roads in rural communities and the implementation of the FARM Program.

Present Situation:

Rural Health Care

Data on Patient Outcomes

Studies continue to highlight health disparities between patient outcomes in rural and non-rural areas. Recent data indicates that rural Americans are at 30 percent higher risk of stroke, 40 percent more likely to develop heart disease, and live an average of three years fewer than urban counterparts.[132]

A study published by the CDC in 2021 indicated a stroke treatment disparity in Florida, favoring urban counties with more primary stroke centers than rural counties.[133] Stroke death rates appear to be in correlation.[134] The study recommended the use of telemedicine for stroke treatment to reduce the disparity, listing availability and affordability as a potential constraint.[135]

A review of the CDC Pregnancy Mortality Surveillance System found pregnancy-related mortality ratios from 2011 to 2016 were highest in rural areas (19.5-24.4 deaths per 100,000), as compared to urban areas (15.7-17.9 deaths per 100,000). In the year following a hospital's closure of a labor and delivery unit in rural and urban-adjacent counties, out-of-hospital births and preterm births increase, putting more pressure on rural emergency management system (EMS) staff and volunteers to be prepared for obstetrical emergencies.[136]

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[132] American Heart Association, *Rural Health Initiative*, available https://www.heart.org/en/professional/quality-improvement/rural-healthcare-outcomes-accelerator (last visited Feb. 24, 2025). Marinacci, L, Zheng, Z, Mein, S. et al. Rural-Urban Differences in Cardiovascular Mortality in the United States, 2010-2022. *JACC.* 2025 Jan, 85 (1) 93–97, available at https://www.jacc.org/doi/full/10.1016/j.jacc.2024.09.1215 (last visited Feb. 24, 2025).
[133] Centers for Disease Control, *Examining Stroke Disparities in Florida: Relationships Among County Classification, Age-Adjusted Stroke Mortality Rates, and the Presence of Primary Stroke Centers*, June 10, 2021, available at https://www.cdc.gov/pcd/issues/2021/20_0561.htm#References (last visited Feb. 24, 2025).
[134] *Id.*
[135] *Id.*
[136] National Rural Health Association, *Maternal Health in Rural America White Paper*, February 2024, available at https://www.ruralhealth.us/nationalruralhealth/media/documents/maternal-health-in-rural-america-white-paper-final-(1).pdf (last visited Feb. 24, 2025). Kozhimannil, K. B., Hung, P., Henning-Smith, C., Casey, M. M., & Prasad, S. (2018).

Effect of Proposed Changes:

Section 32 creates s. 381.9856, F.S., to establish the Stroke, Cardiac, and Obstetric Response and Education (SCORE) Grant Program within the Department of Health (DOH) for the purpose of improving patient outcomes and the coordination of emergency medical care in rural communities. The DOH is required to award grants, in amounts of no more than $100,000 per year, to high risk providers[137] serving rural communities to:

- Implement a blended learning training program for health care providers in stroke care protocols and best practices.
- Purchase simulation equipment and technology for training.
- Establish telehealth capabilities between pre-hospital providers, such as paramedics or emergency medical technicians, and in-hospital providers, such as neurologists, to expedite emergency stroke care, emergency cardiac care, or emergency obstetric care.
- Develop quality improvement programs in one or more of the following specialty areas: emergency stroke care, emergency cardiac care, or emergency obstetric care.

The DOH must give priority to SCORE proposals that demonstrate collaboration between pre-hospital and in-hospital providers or show potential for significant improvement in patient outcomes in rural communities. Grant recipients must submit quarterly reports to the DOH, which must include program activities, expenditures, and outcomes. The DOH is also tasked with monitoring implementation and outcomes. The DOH must submit an annual report to the Governor, the President of the Senate, and the Speaker of the House of Representatives by December 1 of each year. The DOH may adopt rules to implement the grant program. The grant program may be implemented only to the extent that it is specifically funded. The program stands repealed on July 1, 2030, unless reviewed and saved from repeal through enactment by the Legislature.

Present Situation:

Rural Health Disparities

Access to timely health care services has been a long-standing issue for rural communities. There are many barriers to care that make access difficult in rural communities, including health care workforce shortages, higher poverty rates and lower insurance coverage rates, and longer distances to health care facilities compared to urban residents.[138] One major issue in providing sufficient care in rural communities is a lack of providers. A report from the United States Department of Health and Human Services: Health Resources and Services Administration (HRSA) shows fewer health care providers in rural areas over multiple license types.[139] For

Association Between Loss of Hospital-Based Obstetric Services and Birth Outcomes in Rural Counties in the United States. *JAMA*, *319*(12), 1239–1247, available at https://pubmed.ncbi.nlm.nih.gov/29522161/ (last visited Feb. 24, 2025).

[137] The bill defines the term "high-risk care provider" as a licensed health care facility or licensed ambulance service that regularly provides emergency or ongoing care to patients experiencing a stroke, heart attack, or pregnancy-related emergency.

[138] Access to Specialty Care for Medicare Beneficiaries in Rural Communities, Lahr, Megan et. al., University of Minnesota Rural Health Research Center, 2019, available at https://rhrc.umn.edu/wp-content/uploads/2019/12/UMN-Access-to-Specialty-Care_12.4.pdf (last visited Feb. 24, 2025).

[139] Distribution of U.S. Health Care Providers Residing in Rural and Urban Areas, United States Department of Health and Human Services: Health Resources and Services Administration, available at United States Department of Health and Human Services: Health Resources and Services Administration, (last visited Feb. 24, 2025).

example, at the time of the study there were 13.1 physicians/surgeons per 10k residents in rural areas compared with 31.2 in urban areas, 3 psychologists per 10k residents in rural areas compared with 6.8 in urban areas, 2.3 physician assistants per 10k residents in rural areas compared with 3.4 in urban areas, and 85.3 registered nurses per 10k residents in rural areas compared with 93.5 in urban areas.[140]

About 20 percent of Americans live in rural areas, but barely one-tenth of physicians practice there. The federal government projects a shortage of over 20,000 primary care physicians in rural areas by 2025. Primary care physicians in rural areas often do not have the support of sub-specialists, hospitalists, or emergency physicians, and thus treat a wider range of conditions with limited access to sophisticated technology. Most are required to admit and take care of patients in community-based hospitals, many of which are gravitating toward an emergency room and short-stay models of care, moving more complex patients to larger medical centers.[141] A lack of primary care has been shown to have a direct impact on mortality rates with an increase in 10 primary care physicians per 100,000 population correlating with an 51.5-day increase in life expectancy.[142]

Another barrier to accessing health care in rural areas is lack of reliable transportation and the need to travel long distances to find practitioners. Rural areas can also lack public transportation options and have poor road conditions which make it more difficult to travel to find health care.[143] Rural populations most likely to need transportation services to maintain their health and well-being include:

- Older adults;
- People with disabilities;
- Low-income individuals and families;
- Veterans; and
- People with special healthcare needs, who often must travel long distances to access care.[144]

Effect of Proposed Changes:

Section 31 creates s. 381.403, F.S., to establish the Rural Access to Primary and Preventive Care (RAPP-C) Grant Program. The bill provides legislative findings that primary and preventative care is critical for the well-being of the residents of Florida and that rural areas have significantly fewer physicians and autonomous ARNPs. The bill defines the terms:

- "Autonomous advanced practice registered nurse" to mean an advanced practice registered nurse who is registered under s. 464.0123, F.S., to engage in autonomous practice.

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140 Id. p. 2

141 Nielsen M, D'Agostino D, Gregory P. Addressing Rural Health Challenges Head On. Mo Med. 2017 Sep-Oct;114(5):363-366. PMID: 30228634; PMCID: PMC6140198. Available at https://pmc.ncbi.nlm.nih.gov/articles/PMC6140198/#b3-ms114_p0363 (last visited Feb. 25, 2025).

142 Basu S, Berkowitz SA, Phillips RL, Bitton A, Landon BE, Phillips RS. Association of Primary Care Physician Supply With Population Mortality in the United States, 2005-2015. *JAMA Intern Med.* 2019;179(4):506–514. doi:10.1001/jamainternmed.2018.7624, available at https://jamanetwork.com/journals/jamainternalmedicine/fullarticle/2724393 (last visited Feb. 25, 2025).

143 Rural Health Disparities, Rural Health Information Hub, available at https://www.ruralhealthinfo.org/topics/rural-health-disparities#causes, (last visited Feb. 25, 2025).

144 Transportation to Support Rural Healthcare, Rural Health Information Hub, available at https://www.ruralhealthinfo.org/topics/transportation, (last visited Feb. 25, 2025).

- "Majority ownership" to mean ownership of more than 50 percent of the interests in a private practice.
- "Physician" to mean a physician licensed under chs. 458 or 459, F.S.
- "Preventive care" to mean routine health care services designed to prevent illness. The term includes, but is not limited to, general physical examinations provided on an annual basis, screenings for acute or chronic illnesses, and patient counseling to promote overall wellness and avoid the need for emergency services.
- "Primary care" to mean health care services focused primarily on preventive care, wellness care, and treatment for common illnesses. The term may include the health care provider serving as a patient's entry point into the overall health care system and coordinating a patient's care among specialists or acute care settings. The term does not include elective services provided solely for cosmetic purposes.
- "Program" to mean the RAPP-C grant program.
- "Qualifying rural area" to mean a rural community as defined in s. 288.0657, F.S. in this state which is also designated as a health professional shortage area by the HRSA.

The bill requires the DOH to award grants under the RAPP-C to physicians and autonomous ARNPs who intend to open a new private practice in a qualifying rural area or to open a new location within a qualifying rural area that is in a different county from their current practice. In order to qualify, the practice must:

- Have majority ownership by physicians or autonomous ARNPs. Majority ownership may include up to five physicians or autonomous advanced practice registered nurses in partnership.
- Be physically located in a qualifying rural area and serve patients who live in that qualifying rural area or in other nearby qualifying rural areas. While the practice may use telehealth to supplement the services provided at the location, the majority of services provided by the practice must be provided at the physical location.
- Accept Medicaid patients.
- Provide services in one or more of the following specialties:
  - If the practice has majority ownership by one or more autonomous advanced practice registered nurses, provide services solely in primary or preventive care.
  - If the practice has majority ownership by one or more physicians, provide services in primary care, obstetrics, gynecology, general and family practice, geriatrics, internal medicine, pediatrics, or psychiatry.

Additionally, the owners of the practice must commit to providing deidentified patient encounter data and a detailed report of the use of grant funds to the DOH on an annual basis.

By March 1, 2026, the DOH is required to create an application process for the RAPP-C which requires the applicant to provide a detailed budget of the anticipated use of grant funds and how the practice will meet the above requirements. The DOH is required to establish a ranking system to determine which applicants will be awarded grants if there are more applicants for the program than can be awarded grants with appropriated funds.

Subject to appropriation, the DOH may award up to $250,000 to eligible applicants which may be used for the following expenses:

- Facility construction, acquisition, renovation, or lease.
- Purchasing medical equipment.
- Purchasing or implementing information technology equipment or services.
- Purchasing or implementing telehealth technology.
- Training on the use of medical equipment, information technology, or telehealth technology implemented under paragraph (b), paragraph (c), or paragraph (d), respectively.

The bill specifies that grant funds may not be used for:
- Salaries.
- Utilities.
- Internet or telecommunications services other than those necessary for implementing telehealth technology.
- Insurance.
- Incidental maintenance and repairs.
- Disposable medical supplies.
- Medicines or vaccines.
- Licensing or certification fees, including costs for continuing education other than training specified above.

Only one grant may be awarded per practice and the bill requires the DOH to enter into a contract with each grant recipient which details the requirements for the expenditure of grant funds for that recipient and must include:
- The purpose of the contract.
- Specific performance standards and responsibilities for the recipient under the contract, including penalties for not meeting such performance standards and responsibilities.

Section 49 appropriates $25 million in nonrecurring funds from the General Revenue Fund to the DOH to implement the RAPP-C grant program. Grant funds will be awarded over a 5-year period.

Present Situation:

Rural Hospital Capital Improvement (RHCI) Grant Program

Section 395.6061, F.S., establishes the RHCI grant program. The program is available to rural hospitals[145] that apply and guarantee, subject to appropriation, at least $100,000 per hospital to fund projects to acquire, repair, improve, or upgrade systems, facilities and equipment. Between

[145] A rural hospital is defined in s. 395.602, F.S., to include an acute care hospital licensed under this chapter, having 100 or fewer licensed beds and an emergency room, which is: the sole provider within a county with a population density of up to 100 persons per square mile; an acute care hospital, in a county with a population density of up to 100 persons per square mile, which is at least 30 minutes of travel time, on normally traveled roads under normal traffic conditions, from any other acute care hospital within the same county; a hospital supported by a tax district or subdistrict whose boundaries encompass a population of up to 100 persons per square mile; a hospital classified as a sole community hospital under 42 C.F.R. s. 412.92, regardless of the number of licensed beds; a hospital with a service area that has a population of up to 100 persons per square mile; or a hospital designated as a critical access hospital, as defined in s. 408.07. According to Florida Health Finder, there are 24 rural hospitals in Florida.

fiscal years 2023-2025 the grant program has helped to fund numerous improvement projects at rural hospitals including, but not limited to:

- Adding a third chiller at AdventHealth Palm Coast;
- Purchasing a leased building which houses a rural health clinic by AdventHealth Wachula;
- Replacing nuclear medicine camera equipment and upgrading and refreshing patient rooms and air conditioning at Ascension Sacred Heart Emerald Coast;
- Replacing the air conditioning system at Doctors' Memorial Hospital in Bonifay; and
- Renovating emergency department space at Doctors' Memorial Hospital in Perry and Ed Fraser Memorial Hospital in Mcclenny.[146]

Effect of Proposed Changes:

Section 33 amends s. 395.6061, F.S., to expand the RHCI grant program to allow rural hospitals to use grant funds to establish mobile care units to provide primary care, behavioral health, or obstetric and gynecologic services in a rural health professional shortage area; or to establish telehealth kiosks to provide urgent and primary care services remotely in rural health professional shortage areas. The bill defines:

- "Preventive care" to mean routine health care services designed to prevent illness. The term includes, but is not limited to, general physical examinations provided on an annual basis, screenings for acute or chronic illnesses, and patient counseling to promote overall wellness and avoid the need for emergency services.
- "Primary care" to mean health care services focused primarily on preventive care, wellness care, and treatment for common illnesses. The term may include the health care provider serving as a patient's entry point into the overall health care system and coordinating a patient's care among specialists or acute care settings. The term does not include elective services provided solely for cosmetic purposes.
- "Rural health professional shortage area" to mean a rural community as defined in s. 288.0657, F.S., which is also designated as a health professional shortage area by the HRSA.

Section 51 appropriates $25 million in nonrecurring funds from the General Revenue Fund are appropriated in fixed capital outlay to DOH for the purpose of implementing the rural hospital capital improvement grant program

Present Situation:

Regional Educational Consortia

School districts with 20,000 or fewer students, developmental research (laboratory) schools, and the Florida School for the Deaf and the Blind may enter into cooperative agreements to form a regional consortium service organization (regional consortium).[147] Regional consortium service organizations (regional consortia) are intended to provide programs and services to small school

[146] A full list of all projects is on file with Senate Health Policy Committee staff.
[147] Section 1001.451(1), F.S.

districts to save money, increase student achievement, and improve organizational efficiency via economies of scale and collaboration.[148]

There are three regional consortia: the Heartland Educational Consortium (HEC),[149] the North East Regional Consortium (NEFEC),[150] and the Panhandle Area Educational Consortium (PAEC).[151] Florida's Regional Consortia members include 36 school districts, 430 schools, 12,000 teachers, and 160,000 students.[152]

Each regional consortium must provide, at a minimum, three of the following services: exceptional student education; teacher education centers; environmental education; federal grant procurement and coordination; data processing; health insurance; risk management insurance; staff development; purchasing; or planning and accountability.[153] Each regional consortium receives an incentive grant of $50,000 per school district and eligible member to be used for the delivery of services within the participating school districts. The determination of services and use of such funds is determined by the board of directors of the regional consortium.[154]

The board of directors of a regional consortium may use various means to generate revenue in support of its activities, which may include patents, copyrights, and trademarks and licenses. Such funds must be used to support the organization's marketing and research and development activities in order to improve and increase services to its member districts.[155]

Effect of Proposed Changes:

Sections 36 amends s. 1001.451, F.S., to expand services, incentive grants, and authority over the use of funds by regional consortium service organizations (regional consortia). The bill authorizes the regional consortia boards of directors to determine the number of services to offer, and adds to those services safe schools support; state grant procurement; professional learning; college, career, and workforce development; and business and operational services.

The bill increases the allocation to the regional consortia from $50,000 per member to $150,000 per member. Each regional consortium must submit quarterly financial reports to members, and an annual report to the Department of Education regarding the use of funds for consortia

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[148] Heartland Educational Consortium, North East Florida Educational Consortium, Panhandle Area Educational Consortium, *Florida's Regional Consortia*, Presentation to the Florida Senate Committee on Education Pre-K - 12 (Feb. 4, 2025), *available at* (https://www.flsenate.gov/Committees/Show/ED/MeetingPacket/6290/10954_MeetingPacket_6290_2.pdf, at 6.
[149] HEC serves six member districts: DeSoto, Glades, Hardee, Hendry, Highlands, and Okeechobee.
[150] NEFEC serves 13 member districts: Baker, Bradford, Columbia, Dixie, Flagler, Gilchrist, Hamilton, Lafayette, Levy, Nassau, Putnam, Suwannee, and Union. NEFEC also serves the Florida School for the Deaf and the Blind and the P.K. Yonge Developmental Research School.
[151] PAEC serves 13 member districts: Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Jefferson, Liberty, Madison, Taylor, Wakulla, Walton, Washington. PAEC also serves the FSU Collegiate School and FAMU Developmental Research School.
[152] Heartland Educational Consortium, North East Florida Educational Consortium, Panhandle Area Educational Consortium, *Florida's Regional Consortia*, Presentation to the Florida Senate Committee on Education Pre-K - 12 (Feb. 4, 2025), *available at* https://www.flsenate.gov/Committees/Show/ED/MeetingPacket/6290/10954_MeetingPacket_6290_2.pdf, at 6.
[153] Section 1001.451(1), F.S.
[154] Section 1001.451(2), F.S.
[155] Section 1001.451(5), F.S.

services. Of the allocation, the bill specifies that unexpended amounts must be carried forward into the approved operating budget for the following year.

The bill codifies current practice that a member district must serve as the fiscal agent for regional consortium contractual and reporting purposes. The bill specifies compensation to the fiscal agent and to each regional consortium for activities. Employees of the regional consortium are employees of the fiscal agent district; the regional consortium recommends appointments to the fiscal agent and recommends a salary schedule and job description for its personnel. However, the bill authorizes the regional consortium to purchase or lease property and facilities independent of the fiscal agent district.

The bill increases the alternate revenue sources for a regional consortium board of directors to include contracting for services to nonmember school districts. Of these additional funds, the bill removes the requirement that all such additional funds be used for development and marketing; the bill authorizes the board of directors to determine fund use. These funds may be carried forward for maintaining or expanding services, facilities maintenance, terminal pay, and other liabilities.

Finally, the bill authorizes each regional consortium to administer the Regional Consortia Service Organization Supplemental Services Program.

Section 54 appropriates $3.6 million in recurring funds from the General Revenue Fund to DOE to fund the increased grant allocations for regional consortia, pursuant to section 36 of the bill..

Section 37 creates s. 1001.4511, F.S., to establish the Regional Consortia Service Organization Supplemental Services Program (supplemental services) to provide additional resources to regional consortium service organizations for programs and services offered to members. The supplemental services funds may be used for transportation; district finance personnel services; property insurance; cybersecurity support; school safety; college, career, and workforce development; academic support; and behavior support within exceptional student education services. Each board of directors will determine the use of supplemental services funds through cooperative agreements with regional consortium members.

The bill authorizes the regional consortium to carry forward unused supplemental services funds for up to five years. The regional consortium must annually report to the Legislature on the distribution of funds and member services provided.

Section 55 appropriates $25 million in recurring funds from the General Revenue Fund to DOE to be distributed to regional consortium service organizations as follows:

- $5,555,149 to the Heartland Educational Consortium;
- $11,912,923 to the North East Florida Educational Consortium;
- and $7,531,928 to the Panhandle Area Educational Consortium.

The funds must be distributed to each regional consortium service organization no later than 30 days following the release of the funds to the department.

Present Situation:

Instructional Personnel in Rural Districts

Schools, especially those with inadequate resources, can experience difficulty hiring teachers and high turnover. These issues are linked with the availability of new teachers, salaries, and working conditions.[156] For example, rural schools may have limited instructional staff, which necessitates recruiting teachers with multiple subject endorsements. Staff members may teach multiple subjects, multiple grades, and sometimes multi-age students within the same classroom. More-rural schools face higher transportation costs that can siphon resources away from other budget items, such as teacher salaries. Housing shortages and limited access to hospitals, banks, stores, cultural facilities, and higher education institutions may also negatively impact teacher recruitment in rural areas.[157] Rural communities face challenges related to competition from higher urban compensation schedules, housing shortages, and a lack of support resources commonly found in urban areas.[158]

In 2020–21, a higher percentage of schools in rural areas than of schools in cities and suburban areas found it very difficult or not possible to fill teaching vacancies in foreign languages, English or language arts, social studies, mathematics, biology or life sciences, music or art, and physical education or health.[159]

Also in 2020–21, more than 20 percent of private schools in rural areas that had teaching vacancies in specific fields found it very difficult to fill or were not able to fill vacancies in the physical education or health, special education, computer science, mathematics, foreign languages, physical sciences, and biology or life sciences.[160]

Effect of Proposed Changes:

Section 38 creates s. 1009.635, F.S., to establish the Rural Incentive for Professional Educators (RIPE) program within the Office of Student Financial Assistance in the Department of Education (DOE). In order to support the recruitment and retention of qualified instructional personnel in rural communities, the RIPE program provides up to $15,000 in total student loan repayment assistance over 5 years, disbursed in annual payments up to $3,000 per year.

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[156] National Center for Education Statistics, *Difficulty Hiring Teachers in Rural Areas*, https://nces.ed.gov/programs/coe/indicator/llc (last visited Feb. 25, 2025).

[157] Principal's Research Review, *Recruiting and Retaining Rural Educators: Challenges and Strategies* (v. 7, Issue 6, Nov. 2012) *available at* https://nisnresourcehub.org/wp-content/uploads/2021/01/Recruiting-and-Retaining-Rural-Educators-Challenges-and-Strategies.pdf, at 2.

[158] EdSource, *Rural counties far from universities struggle to recruit teachers*, https://edsource.org/2024/rural-counties-far-from-universities-struggle-to-recruit-teachers/710566#:~:text=Rural%20teachers%20scarce,candidates%2C%20according%20to%20the%20study (last visited Feb. 26, 2025).

[159] National Center for Education Statistics, *Difficulty Hiring Teachers in Rural Areas*, https://nces.ed.gov/programs/coe/indicator/llc (last visited Feb. 25, 2025).

[160] *Id*.

To be eligible for the RIPE program, an individual must:

- Establish permanent residency on or after July 1, 2025, in a rural area of opportunity. The address on a state-issued identification card or driver license is evidence of residence.
- Secure full-time employment as a teacher or administrator in a public or private school in the same district of residence.
- Hold an associate degree, bachelor's degree, postgraduate degree, or certificate from an accredited institution earned before establishing residency.
- Have an active student loan balance incurred for the completion of the qualifying degree or certificate.

Before disbursement of an award, the DOE must verify that the participant has maintained continuous enrollment in the school district in an instructional or administrative role, has a evaluation rating of effective or highly effective, and has not been subject to specified disciplinary actions.

The DOE must develop application procedures requiring documentation, including proof of residency, verification of employment, official academic transcripts, and details of outstanding student loans. The bill requires the State Board of Education to adopt rules no later than January 31, 2026, to administer the RIPE program.

Section 56 appropriates $7 million in recurring funds from General Revenue Fund to the DOE for the RIPE Program.

Present Situation:

Special Facility Construction Accounts

The Special Facility Construction Account (SFCA) within the Department of Education is used to provide necessary construction funds to school districts that have urgent construction needs but lack sufficient resources, and cannot reasonably anticipate sufficient resources within the next 3 years.[161] These projects typically are located in rural school districts that have an insufficient tax base to fund large construction projects. The state's smaller school districts, which serve 20,000 or fewer students, generally raise considerably less through local discretionary property taxes than larger Florida school districts. As a result, small school districts may have a difficult time raising the local funds needed to pay for new schools.[162] In 2023, rural school districts that were members of regional consortium service organizations occupied ranks 36-67 in taxable values and values of the 1.5 mill discretionary levy.[163]

A district that receives funds under the SFCA must, for three years prior to submitting an application for funds, and for a continuing period necessary to meet its participation requirement, levy the maximum millage against the district's nonexempt assessed property value as authorized

[161] Section 1013.64(2)(a), F.S.

[162] Office of Program Policy Analysis & Government Accountability, *Special Facility Construction Projects Appear Needed, but Have Excess Capacity* (Report 11-02, Jan. 2011) *available at* https://oppaga.fl.gov/Documents/Reports/11-02.pdf, at 1-2.

[163] Heartland Educational Consortium, North East Florida Educational Consortium, Panhandle Area Educational Consortium, *Florida's Regional Consortia*, Presentation to the Florida Senate Committee on Education Pre-K - 12 (Feb. 4, 2025), *available at* (https://www.flsenate.gov/Committees/Show/ED/MeetingPacket/6290/10954_MeetingPacket_6290_2.pdf, at 10.

under s. 1011.71(2) or raise an equivalent amount of revenue from the school capital outlay surtax authorized under s. 212.055(6). In addition, a district must budget the value of 1 mill per year to the project until the participation requirement[164] related to the discretionary capital improvement levy or capital outlay surtax is satisfied.[165] A district may not receive funding for more than one approved project in any 3-year period or while any portion of the district's participation requirement is outstanding.[166]

Since 2014-2015, 16 school districts have received a total of $1,080,133,481 from the SFCA.[167]

Effect of Proposed Changes:

Section 40 amends s. 1013.64, F.S., to modify the participation requirement in s. 1013.64, F.S., for a school district that receives funds under the Special Facility Construction Account (SFCA).

The bill specifies that, for new construction projects under the SFCA, beginning in the 2025-2026 fiscal year, the district is not required to budget the value of 1 mill per year toward the project, but must use those funds toward authorized capital purchases specified in law. However, the bill maintains a requirement that the district levies the maximum 1.5 mills ad valorem tax or raise an equivalent revenue from the school capital outlay surtax for the three years prior to the application for funds, and for the initial year of appropriation plus two additional years.

Eleven school districts that have received funds since 2020-2021 under the SFCA have an outstanding participation requirement of $111,254,828;[168] these districts would be required to complete the terms of the participation agreement. However, under the bill such districts with existing projects more than three years old would be eligible to apply for funds for an additional project.

Present Situation:

Charter School Capital Outlay Funding

Charter school capital outlay funding consists of state funds when such funds are appropriated in the General Appropriations Act and revenue resulting from the 1.5 mill discretionary capital improvement levy authorized in law.[169]

If the school board levies the discretionary capital improvement millage, the Department of Education (DOE) must, when determining the amount of revenue that a school district must distribute to each eligible charter school, reduce from the total amount the total discretionary millage revenue by the school district's annual debt service obligation incurred as of March 1, 2017, which has not been subsequently retired, and any amount of participation requirement

[164] The participation requirement is unencumbered and future revenue from school bonds under Art. XII, s. 9(d), Fla. Const., the discretionary capital improvement levy under s. 1011.71(2), and the amounts from the Public Education Capital Outlay and Debt Service Trust Fund in the year of the initial appropriation and for the 2 years immediately following the initial appropriation. Section 1013.64(2)(a)11., F.S.

[165] Section 1013.64(2)(a)8., F.S.

[166] Section 1013.64(2)(a), F.S.

[167] Email, Florida Department of Education (Feb. 12, 2025).

[168] Email, Florida Department of Education (Feb. 12, 2025).

[169] Section 1013.62(1), F.S. The 1.5 mill discretionary capital improvement levy is authorized under s. 1011.71(2), F.S.

under the Special Facility Construction Account that is being satisfied by revenues raised by the discretionary millage.[170] Of the total calculated amount based on a district's discretionary millage and the total number of students in district charter schools, the school district must distribute 40 percent in 2024-2025, and 60 percent in 2025-2026.[171]

By October 1 of each year, each school district must certify to the DOE the amount of debt service and participation requirement that can be reduced from the total discretionary millage revenue. The Auditor General must verify compliance with these requirements during scheduled operational audits of school districts.[172]

For all school districts with charter schools in that district, the total 2025-2026 estimated local funds that must be shared with charter schools is $214,219,713. Of the 29 fiscally constrained counties[173] that may be eligible for funds under the Special Facilities Construction Account, the 2025-2026 estimated local funds that must be shared with charter schools is $1,292,083.[174]

Effect of Proposed Changes:

Sections 39 amends s. 1013.62, F.S., to specify the revenue to be deducted from the capital funds a district participating under the Special Facility Construction Account (SFCA) program must distribute to each eligible charter school.

The bill maintains the requirement that the total discretionary millage revenue that a school district must distribute to each eligible charter school must be reduced by the school district's annual debt service obligation incurred as of March 1, 2017, which has not been subsequently retired.

However, the bill modifies the additional amount of revenue that must be deducted from the total discretionary millage revenue related to the SFCA:
- For currently funded projects under the SFCA, the bill maintains the requirement that deducts any amount of participation requirement under the SFCA that is being satisfied by revenues raised by the discretionary millage.
- For construction projects for which SFCA funding is sought beginning in the 2025-2026 fiscal year, the additional deducted amount will be the value of 1 mill from the revenue generated under the district's 1.5 mill discretionary ad valorem levy or revenue from the school capital outlay surtax. This amount must be certified to the DOE.

Sections 57-87 make conforming and non-substantive changes throughout Florida Statutes as necessary to implement the bill.

[170] Section 1013.62(3), F.S.
[171] Section 1013.62(3)(d), F.S.
[172] Section 1013.62(3), F.S. Flush-left provision.
[173] Each county that is entirely within a rural area of opportunity as designated by the Governor pursuant to s. 288.0656 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., from the previous July 1, is considered a fiscally constrained county. Section 218.67(1), F.S. *See also* Florida Department of Revenue, *Fiscally Constrained Counties*, *available at* https://www.floridarevenue.com/property/Documents/fcc_map.pdf (last visited Feb. 26, 2025).
[174] The amount is derived from 60 percent of the calculation of each district's ad valorem taxes, after specified deductions, and eligible charter school full-time equivalent students. See 1013.62(3), F.S.

Section 88 provides that the bill takes effect on July 1, 2025.

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.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The bill changes a distribution to fiscally constrained counties from the tax collected on direct-to-home satellite service to sales tax. The bill redirects the portion of the direct-to-home satellite service tax to the General Revenue Fund. The bill provides for at least 50 million annually to be distributed to fiscally constrained counties from sales tax based on a new formula that takes into account sales tax collections, per capita personal income, and population. At this time the Revenue Estimating Conference consensus estimates for these bill provisions is not available.

The bill redirects revenues from documentary stamp taxes and title fees to the Department of Transportation for the new FARM program and the SCRAP. At this time the Revenue Estimating Conference consensus estimates for these bill provisions is not available. Staff informally estimates that the changes in the bill will result in an additional:

- $30 million to the FARM program, in addition to $20 million currently allocated for rural arterial roads, for a total of $50 million for this program.
- Over $30 million for the SCRAP program, in addition to the $25 million currently allocated to the program, for a total of at least $55 million for this program.

The impact of the changes to the bill related to school special facility construction funding has not been considered by the Revenue Estimating Conference at this time, but is expected to be negative, indeterminate.

The Department of Transportation must submit budget amendments to the Legislature, with a plan for use of the funds for the SCRAP and the FARM programs, for budget authority for the new funding in the bill redirected to these programs.

Fiscally constrained counties will see an increase in state tax revenues shared with these counties. The bill requires these funds to be used as follows: 50 percent for public safety, 30 percent for infrastructure, and 20 percent for any public purpose.

B. Private Sector Impact:

The bill creates a number of new grant programs and increases funding for existing programs which are designed to fund, either directly or indirectly, private sector activity, primarily in the transportation, education, and healthcare fields. Citizens in rural communities will benefit indirectly from programs designed to increase community investment as guided by local governments.

C. Government Sector Impact:

Local governments in rural areas of the state will benefit from participating in the grant programs created specifically for them in the bill and the associated funding for the newly created and already existing programs.

The bill makes the following appropriations to the Department Commerce:
- $1,827,591 in recurring funds and $652,327 in nonrecurring funds from the General Revenue Fund for the staffing and operation of the Office of Rural Prosperity, which includes funding for 17 full-time equivalent positions for the office.
- $8 million in recurring funds from the General Revenue Fund for the Office of Rural Prosperity for block grants to certain low-population rural counties under the Renaissance Grant Program.
- $500,000 in recurring funds from the Grants and Donations Trust Fund within the Department of Commerce for the Public Infrastructure Smart Technology Grant Program as created by the bill.
- $40 million in nonrecurring funds and $5 million in recurring funds from the General Revenue Fund for the Rural Infrastructure Fund. This appropriation is in addition to the base appropriation of $5 million, bringing the total recurring funds for the program to $10 million.
- $4 million in nonrecurring funds and $1 million in recurring funds from General Revenue for Rural Community Development Revolving Loan Fund. This appropriation is in addition to the base appropriation of $420,000, bringing the total recurring funds for the program to $1.42 million.
- $250,000 in recurring funds from the Grants and Donations Trust Fund within the Department of Commerce is appropriated for the Rural Economic Development Strategy Grant program created by the bill.

- $1 million in recurring funds from the General Revenue Fund for the SBDC to implement the requirements of the rural-focused Florida SBDC Network activity.

The bill does not change the appropriation for the Regional Rural Development Grants Program in the Department of Commerce, which remains at $750,000 annually.

The bill increases the base amount for the State Housing Initiatives Partnership (SHIP) from $350,000 to $1 million. Funding for this program is provided annually in the General Appropriations Act and is based on a distribution formula. In general, local governments that typically receive the base amount will see an increase in grant funds received.

The bill appropriates $30 million in nonrecurring funds from the General Revenue Fund to the Florida Housing Finance Corporation to be used to issue loans to preserve affordable multifamily rental housing funded through USDA loans. The bill also authorizes local SHIP administrators to use up to 25 percent of their allocated SHIP funds to preserve such housing.

The amendments made in the bill to the Rural Economic Development Initiative to modernize and revitalize the organization and functions may result in increased use of state programs by rural communities, leading to a financial benefit in these areas.

The bill makes the following appropriations to the Department of Education:
- $25 million in recurring funds from the General Revenue Fund for grant funding to the three regional consortium service organizations.
- $3.6 million in recurring funds from the General Revenue Fund for the increase in grant funds to regional consortiums, from $50,000 to $150,000 annually. With a base appropriation of $1.75 million, this would bring the total recurring funds for the program to $5.35 million annually.
- $7 million in recurring funds from General Revenue to implement the Rural Incentive for Professional Educators (RIPE) Program.

The bill makes the following appropriations to the Department of Health:
- $5 million in nonrecurring funds from the General Revenue Fund for the purpose of implementing the Stroke, Cardiac, and Obstetric Response and Education (SCORE) Grant Program.
- $25 million in nonrecurring funds from the General Revenue Fund to implement the Rural Access to Primary and Preventative Care (RAPP-C) Grant Program.
- $25 million in nonrecurring funds from the General Revenue Fund implement the Rural Hospital Capital Improvement (RHCI) Grant Program.

The bill appropriates $1,499,261 in recurring funds from the General Revenue Fund and $1,933,112 in recurring funds from the Medical Care Trust Fund to the Agency for Health Care Administration (AHCA) to establish a Diagnosis-Related Grouping (DRG) reimbursement methodology for critical access hospitals, as defined in s. 408.07, F.S., for the purpose of providing inpatient reimbursement to such a hospital in amounts comparable to the reimbursement the hospital would receive for inpatient services from the federal Medicare program.

The bill appropriates $4,840,182 in recurring funds from the General Revenue Fund and $6,240,820 in recurring funds from the Medical Care Trust Fund to the AHCA to establish an Enhanced Ambulatory Patient Grouping (EAPG) reimbursement methodology for critical access hospitals, as defined in s. 408.07, F.S., for the purpose of providing outpatient reimbursement to such a hospital in amounts comparable to the reimbursement the hospital would receive for outpatient services from the federal Medicare program.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 20.60, 163.3168, 201.15, 202.18, 212.20, 215.971, 218.67, 288.0001, 288.001, 288.007, 288.018, 288.019, 288.021, 288.065, 288.0655, 288.0656, 288.0657, 288.9961, 290.06561, 319.32, 334.044, 339.0801, 339.2816, 339.2818, 339.68, 395.6061, 420.9073, 420.9075, 1001.451, 1013.62, 1013.64, 163.3187, 212.205, 257.191, 257.193, 265.283, 288.11621, 288.11631, 443.191, 571.26, 571.265, 288.9935, 125.0104, 193.624, 196.182, 218.12, 218.125, 218.135, 218.136, 252.35, 288.102, 403.064, 589.08, 1011.62, 403.0741, 163.3177, 288.9962, 215.211, 339.66, 420.9072, 420.9076, and 420.9079.

This bill creates the following sections of the Florida Statutes: 288.013, 288.014, 288.0175, 381.403, 381.9856, 1001.4511, and 1009.635.

This bill repeals the following sections of the Florida Statutes: 288.06561 and 290.06561.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.