

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

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

BILL: CS/SB 214

INTRODUCER: Appropriations Committee on Transportation, Tourism, and Economic Development Committee and Senator McClain

SUBJECT: Special District Funding

DATE: February 27, 2026 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Renner</u>	<u>McKay</u>	<u>CM</u>	<u>Favorable</u>
2.	<u>Griffin</u>	<u>Nortelus</u>	<u>ATD</u>	<u>Fav/CS</u>
3.	<u>Renner</u>	<u>Siples</u>	<u>FP</u>	<u>Pre-meeting</u>

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 214 amends s. 215.971, F.S., to require agency agreements that provide state or federal financial assistance to special districts located in a rural community or rural area of opportunity or an independent special district that provides water and wastewater services within a rural area of opportunity to include a provision allowing the agency to provide for the payment of invoices for verified and eligible performance that has been completed in accordance with the terms and conditions of the agreement in the same manner as current law authorizes for counties and municipalities in those areas.

The bill amends s. 288.0656, F.S., to revise the definition of “rural community” for the purposes of the Rural Economic Development Initiative to include special districts located in rural counties as well as to include independent special districts that provide water and wastewater services within a rural area of opportunity. This inclusion will allow these special and independent districts to participate in state financial assistance programs.

This bill may have an indeterminate impact on state expenditures. See Section V., Fiscal Impact Statement.

The bill takes effect July 1, 2026.

II. 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.¹ Today, the REDI operates as a statewide initiative led by the Department of Commerce (FloridaCommerce) 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.²

Specified agencies and organizations³ 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 the REDI and helps to identify opportunities to accommodate or include rural local governments in their agency programs.

The 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.⁴ 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.⁵

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 the REDI.⁶ The REDI must call a meeting within 30 days of receipt of such proposals for comment and recommendation.⁷ 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.⁸ The REDI must prepare an annual report as a supplement to Florida Commerce's

¹ Section 288.0656(1)(a), F.S.

² Section 288.0656(3), F.S.

³ 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.

⁴ Section 288.0656(4), F.S.

⁵ Section 288.0656(2)(e), F.S.

⁶ Section 288.06561, F.S.

⁷ Section 288.06561(3), F.S.

⁸ Section 288.06561(4) and (7), F.S.

annual report, which includes an evaluation on the status of changes to rules, the number of awards made with waivers, and recommendations for future changes.⁹

Based on the REDI's recommendations, the Governor may designate up to three rural areas of opportunity (RAOs) by executive order,¹⁰ which establishes certain local governments as a 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 have been recommended by the department.¹¹

Rural Area of Opportunity

A RAO is a rural community,¹² 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.¹³ An area may also be designated as an RAO if it presents a unique economic development opportunity of regional impact.¹⁴ 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.¹⁵

This designation establishes these areas as priority assignments for the REDI and allows the Governor, acting through the 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,¹⁶ the Quick Response Training Program for participants in the welfare transition program,¹⁷ transportation projects,¹⁸ the brownfield redevelopment bonus refund,¹⁹ and the rural job tax credit program.²⁰

Currently, there are three designated RAO areas:²¹

- **Northwest RAO:** Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Liberty, Wakulla, and Washington counties, and portions of Bay, Okaloosa, and Walton Counties.

⁹ Section 288.06561(8), F.S.

¹⁰ Section 288.0656(7)(a), F.S.

¹¹ Executive Orders 20-170, 21-149, and 23-132 and 25-141 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> and <https://www.flgov.com/eog/sites/default/files/executive-orders/2025/EO%2025-141.pdf> (last visited Jan. 20, 2026)

¹² Section 288.0656(2)(e), F.S.

¹³ Section 288.0656(2)(d), F.S.

¹⁴ *Id.*

¹⁵ Section 288.0656(7)(b), F.S.

¹⁶ Section 288.047, F.S.

¹⁷ Section 288.047(8), F.S.

¹⁸ Section 339.2821, F.S.

¹⁹ Section 288.107, F.S.

²⁰ Sections 212.098 and 220.1895, F.S.

²¹ Florida Department of Commerce, Office of Rural Initiatives, available at <https://www.floridajobs.org/community-planning-and-development/office-of-rural-initiatives> (last visited Jan. 20, 2026).

- **South Central RAO:** DeSoto, Glades, Hardee, Hendry, Highlands, and Okeechobee counties, and the communities of Pahokee, Belle Glade, and South Bay in Palm Beach County and Immokalee in Collier County.²²
- **North Central RAO:** Baker, Bradford, Columbia, Dixie, Gilchrist, Hamilton, Jefferson, Lafayette, Levy, Madison, Putnam, Suwannee, Taylor, and Union counties.²³

Agreements Funded with Federal or State Assistance

Current law requires an agency agreement that provides state financial assistance to a recipient or subrecipient,²⁴ 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.²⁵

Current law prohibits an agency agreement that provides state or federal financial assistance to local government entities within an RAO from requiring those entities to expend funds 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 pursue other options to meet the requirements of the agreement, allowing local governments in rural areas to be paid without first spending their own capital first.²⁶

The Chief Financial Officer establishes and disseminates uniform procedures for grant management to ensure that services have been rendered in accordance with agreement terms

²² The economic development organization for this RAO is Florida's Heartland Regional Economic Development Initiative, Inc. See <https://flaheartland.com/> (last visited Jan. 20, 2026).

²³ The economic development organization for this RAO is the North Florida Economic Development Partnership. See <https://nflp.org/> (last visited Jan. 20, 2026).

²⁴ Section 215.97(2)(y), F.S., defines a "subrecipient" as a nonstate entity that receives state financial assistance through another nonstate entity.

²⁵ Section 215.971(1)(a)-(g), F.S.

²⁶ Section 215.971(1) (h) F.S.

before the agency processes an invoice for payment.²⁷ The procedures include, but are not limited to, monitoring and documenting recipient performance, reviewing and documenting deliverables for payment requested by recipients, and providing written certification by the grant manager of the agency's receipt of goods and services.²⁸ The grant manager must reconcile and verify all funds received against all funds expended during the grant agreement period and produce a final report that identifies any funds paid in excess by the recipient.²⁹

Special Districts

A "special district" is a unit of local government created for a particular purpose, with jurisdiction to operate within a limited geographic boundary.³⁰ Special districts are created by general law, special act, local ordinance, or rule of the Governor and Cabinet.³¹ A special district has only those powers expressly provided by, or reasonably implied from, the authority provided in the district's charter. Special districts provide specific municipal services in addition to, or in place of, those provided by a municipality or county.³² Special districts are funded through the imposition of ad valorem taxes, fees, or charges on the users of those services authorized by law.³³

Special districts may be classified as dependent or independent based on their relationship with local general-purpose governments. A special district is classified as "dependent" if the governing body of a single county or municipality:

- Serves as governing body of the district;
- Appoints the governing body of the district;
- May remove members of the district's governing body at-will during their unexpired terms; or
- Approves or can veto the budget of the district.³⁴

A district is classified as "independent" if it does not meet any of the above criteria or is located in more than one county, unless the district lies entirely within the boundaries of a single municipality.³⁵

Currently, there are 103 special districts within the Northwest RAO counties, 44 within the North Central RAO counties, and 57 within the South Central RAO counties.³⁶

²⁷ Section 215.971(2)(b), F.S.

²⁸ *Id.*

²⁹ Section 214.971(2)(c), F.S.

³⁰ See *Halifax Hospital Medical Center v. State of Fla., et al.*, 278 So. 3d 545, 547 (Fla. 2019).

³¹ See ss. 189.02, 189.031(3), and 190.005(1), F.S. See generally s. 189.012(6), F.S.

³² Florida House of Representatives, Intergovernmental Affairs Subcommittee, *Local Government Formation Manual*, pg. 56, available at

<https://www.flhouse.gov/Sections/Documents/loaddoc.aspx?PublicationType=Committees&CommitteeId=3304&Session=2025&DocumentType=General+Publications&FileName=Local+Government+Formation+Manual+%5b2024-2026%5d.pdf> (last visited Jan. 20, 2026).

³³ The method of financing a district must be stated in its charter. Sections 189.02(4)(g) and 189.031(3), F.S.

³⁴ Section 189.012(2), F.S.

³⁵ Section 189.012(3), F.S.

³⁶ See Florida Department of Commerce, Official List of Special Districts, <https://www.floridajobs.org/community-planning-and-development/special-districts/special-district-accountability-program/official-list-of-special-districts> (last visited Jan. 20,

III. Effect of Proposed Changes:

CS/SB 214 amends s. 215.971, F.S., to require agency agreements that provide state or federal financial assistance to special districts located, in whole or in part, in a rural community or RAO, or an independent special district that provides water and wastewater services within a RAO, to include a provision allowing the agency to provide for the payment of invoices for verified and eligible performance that has been completed in accordance with the terms and conditions of the agreement.

The bill amends s. 288.0656, F.S., to revise the definition of “rural community” for the REDI to include special districts located in rural counties as well as independent special districts that provide water and wastewater services within a rural area of opportunity. This inclusion will allow these special and independent districts to participate in state financial assistance programs.

The bill takes effect July 1, 2026.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None identified.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

2026). Some of these districts may lie outside of the portions of counties listed in the Northwest RAO and the South Central RAO.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Expanding the eligibility for invoice payments to include these special and independent districts may have an indeterminate negative fiscal impact on agencies administering financial assistance programs. Similarly, expanding the definition of rural community to include these special and independent districts may alter which projects located in an RAO receive economic development funding.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 215.971 and 288.0656.

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

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

CS by Appropriations Committee on Transportation, Tourism, and Economic Development on February 4, 2026:

The committee substitute authorizes independent special districts that provide water and wastewater services within a rural area of opportunity to receive payment of invoices under state or federally funded agreements and expands the statutory definition of “rural community” to include those independent districts.

B. Amendments:

None.