

FLORIDA HOUSE OF REPRESENTATIVES

BILL ANALYSIS

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BILL #: [HB 273](#)

TITLE: Special District Funding

SPONSOR(S): Johnson

COMPANION BILL: [SB 214](#) (McClain)

LINKED BILLS: None

RELATED BILLS: None

Committee References

[Intergovernmental Affairs](#)

15 Y, 0 N

► [Housing, Agriculture & Tourism](#)

► [State Affairs](#)

SUMMARY

Effect of the Bill:

The bill requires agency agreements to provide state or federal financial assistance to special districts located in a rural community or 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 also revises the definition of “rural community” for the purposes of the Rural Economic Development Initiative to include special districts located in rural counties.

Fiscal or Economic Impact:

None

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ANALYSIS

EFFECT OF THE BILL:

The bill requires [agency agreements](#) to provide state or federal financial assistance to [special districts](#) located, in whole or in part, in a rural community or [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. (Section [1](#))

The bill also revises the definition of “rural community” for the [Rural Economic Development Initiative](#) to include special districts located in rural counties. (Section [2](#))

The effective date of the bill is July 1, 2026. (Section [3](#))

RELEVANT INFORMATION

SUBJECT OVERVIEW:

[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.¹ Special districts are created by general law, special act, local ordinance, or rule of the Governor and Cabinet.² 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

¹ See *Halifax Hospital Medical Center v. State of Fla.*, et al., 278 So. 3d 545, 547 (Fla. 2019).

² See [ss. 189.02\(1\), 189.031\(3\)](#), and [190.005\(1\), F.S.](#) See generally [s. 189.012\(6\), F.S.](#)

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addition to, or in place of, those provided by a municipality or county.³ Special districts are funded through the imposition of ad valorem taxes, fees, or charges on the users of those services as authorized by law.⁴

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.⁵

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 single municipality.⁶

Special districts are governed generally by the Uniform Special District Accountability Act (USDA).⁷ The USDAA centralizes provisions governing special districts and applies to the formation,⁸ governance,⁹ administration,¹⁰ supervision,¹¹ merger,¹² and dissolution¹³ of special districts, unless otherwise expressly provided in law.¹⁴ The USDAA requires notice and publication of tentative budgets and final budgets.¹⁵ Certain budget amendments are allowed up to 60 days following the end of the fiscal year.¹⁶

Special districts do not possess “home rule” powers and may impose only those taxes, assessments, or fees authorized by special or general law. The special act creating an independent special district may provide for funding from a variety of sources while prohibiting others. For example, ad valorem tax authority is not mandatory for a special district.¹⁷

Rural Economic Development Initiative

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.¹⁸ REDI operates as a statewide initiative led by the Department of Commerce (Department) to serve Florida’s rural

³ Intergovernmental Affairs Subcommittee, [Local Government Formation Manual](#), p. 56 (last visited Jan. 9, 2026).

⁴ The method of financing a district must be stated in its charter. [Ss. 189.02\(4\)\(g\)](#) and [189.031\(3\), F.S.](#) Independent special districts may be authorized to impose ad valorem taxes as well as non-ad valorem special assessments in the special acts comprising their charters. *See, e.g.*, [ch. 2023-335, s. 1\(6\), Laws of Fla.](#) (East River Ranch Stewardship District). *See also, e.g.*, ss. [190.021](#) (community development districts), [191.009](#) (independent fire control districts), [197.3631](#) (non-ad valorem assessments), [298.305](#) (water control districts), and [388.221, F.S.](#) (mosquito control). *See also* [ch. 2004-397, s. 3\(27\), Laws of Fla.](#) (South Broward Hospital District).

⁵ [S. 189.012\(2\), F.S.](#)

⁶ [S. 189.012\(3\), F.S.](#)

⁷ [S. 189.01, F.S.](#), but see ch. 190, F.S. (community development districts), ch. 191, F.S. (independent special fire control districts), ch. 298, F.S. (water control districts), ch. 388, F.S. (mosquito control districts), and ch. 582, F.S. (soil and water conservation districts).

⁸ See [ss. 189.02](#) (creation of dependent special districts) and [189.031, F.S.](#) (creation of independent special districts).

⁹ See [s. 189.0311, F.S.](#) (charter requirements for independent special districts).

¹⁰ See [s. 189.019, F.S.](#) (requiring codification of charters incorporating all special acts for the district).

¹¹ See [s. 189.0651, F.S.](#) (oversight for special districts created by special act of the Legislature).

¹² [Ss. 189.071](#) and [189.074, F.S.](#)

¹³ [Ss. 189.071](#) and [189.072, F.S.](#)

¹⁴ See, e.g., [s. 190.004, F.S.](#) (Ch. 190, F.S. as “sole authorization” for creation of community development districts).

¹⁵ [S. 189.016\(4\), F.S.](#)

¹⁶ [S. 189.016\(6\), F.S.](#)

¹⁷ See, e.g., [ch. 2006-354, Laws of Fla.](#) (Argyle Fire District may impose special assessments, but has no ad valorem tax authority).

¹⁸ [S. 288.0656\(1\)\(a\), F.S.](#)

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.¹⁹

Specified agencies and organizations²⁰ 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.²¹ 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.²²

Each REDI member agency is required to review financial match requirements for projects in rural areas, develop a proposal to waive or reduce match requirements, and submit such proposals to REDI.²³ REDI must call a meeting within 30 days of receipt of such proposals for comment and recommendation.²⁴ 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.²⁵ REDI must prepare an annual report as a supplement to the Department's annual report which includes an evaluation on the status of changes to rules, number of awards made with waivers, and recommendations for future changes.²⁶

Based on recommendations of the REDI, the Governor may designate up to three rural areas of opportunity (RAOs) by executive order,²⁷ 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 has been recommended by the department.²⁸

Rural Area of Opportunity

An RAO is a rural community, or region comprised of rural communities, that has been adversely affected by an extraordinary economic event, severe or chronic distress, or a natural disaster.²⁹ An area may also be designated as an RAO if it presents a unique economic development opportunity of regional impact.³⁰ The designation of an RAO

¹⁹ [S. 288.0656\(3\), F.S.](#)

²⁰ 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, and the Institute of Food and Agricultural Sciences. See [s. 288.0656\(6\)\(a\), F.S.](#)

²¹ [S. 288.0656\(4\), F.S.](#)

²² [S. 288.0656\(2\)\(e\), F.S.](#)

²³ [S. 288.06561, F.S.](#)

²⁴ [S. 288.06561\(3\), F.S.](#)

²⁵ [S. 288.06561\(4\) and \(7\), F.S.](#)

²⁶ [S. 288.06561\(8\), F.S.](#)

²⁷ [S. 288.0656\(7\)\(a\), F.S.](#)

²⁸ See Executive Orders [21-149](#), [23-132](#), and [25-141](#) (last visited Jan. 9, 2026).

²⁹ [S. 288.0656\(2\)\(d\), F.S.](#)

³⁰ *Id.*

must be agreed upon by the Department, as well as the county and municipal governments to be included in the RAO.³¹

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,³² transportation projects,³³ the brownfield redevelopment bonus refund,³⁴ and the rural job tax credit program.³⁵

Currently, there are three designated RAO areas:

- Northwest RAO: Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Liberty, Wakulla, and Washington counties, and certain portions of Bay, Okaloosa, and Walton Counties.
- 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.³⁶

Agency Grant Agreements

State agencies may enter into agreements with counties and municipalities to provide financial assistance paid for by state or federal funds.³⁷ Agreements of this type between a state agency and a local government must include provisions specifying:

- A scope of work that clearly establishes the tasks the recipient is required to perform;
- The division of the agreement into quantifiable units of deliverables that must be received and accepted in writing by the agency before payment;
- Financial consequences that apply if the recipient fails to perform the minimum level of service required by the agreement;
- A recipient of federal or state financial assistance may expend funds only for allowable costs resulting from obligations incurred during the specified agreement period;
- Any balance of unobligated funds which has been advanced or paid must be refunded to the state agency;
- Any funds paid in excess of the amount to which the recipient or subrecipient is entitled under the terms and conditions of the agreement must be refunded to the state agency; and
- Any other additional provisions required by the Florida Single Audit Act.³⁸

Additionally, any agreement that provides assistance to a county or municipality that is a rural community or RAO must contain a provision that allows the agency to provide for the payment of invoices to the county or municipality for verified and eligible performance that has been completed in accordance with the terms and conditions set forth in the agreement.³⁹ These provisions are intended to help alleviate financial hardships rural counties and municipalities encounter when administering agreements and must be exercised by the agency when a county or municipality demonstrates financial hardship, to the extent that federal or state law, rule, or other

³¹ [S. 288.0656\(7\)\(b\), F.S.](#)

³² [S. 288.047, F.S.](#)

³³ [S. 339.2821, F.S.](#)

³⁴ [S. 288.107, F.S.](#)

³⁵ [Ss. 212.098, F.S.](#) and [220.1895, F.S.](#)

³⁶ Department of Commerce, [Office of Rural Initiatives](#) (last visited Jan. 9, 2026). The economic development organizations for these RAOs are named Opportunity Florida, Florida Heartland Economic Region of Opportunity, and the North Florida Economic Development Partnership, respectively.

³⁷ [S. 215.971\(1\), F.S.](#)

³⁸ [S. 215.971\(1\)\(a\)-\(g\), F.S.](#)

³⁹ [S. 215.971\(1\)\(h\), F.S.](#)

regulation allows such payments. In practice, this provision allows eligible grantees to receive direct payment for performance under grant agreements without requiring an initial outlay by the local government.⁴⁰

The Chief Financial Officer establishes and disseminates uniform procedures for grant management to ensure that services have been rendered in accordance with agreement terms before the agency processes an invoice for payment.⁴¹ 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.⁴² The grant manager must reconcile and verify all funds received against all funds expended during the grant agreement period and produce a final report which identifies any funds paid in excess by the recipient.⁴³

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Intergovernmental Affairs Subcommittee	15 Y, 0 N	1/14/2026	Darden	Darden
Housing, Agriculture & Tourism Subcommittee				
State Affairs Committee				

⁴⁰ Department of Commerce, [House Bill 1209 – Changes in Law Designed to Support Rural and Fiscally Constrained Communities Regarding the Payment of Specified Invoices \(Aug. 22, 2023\)](#) (last visited Jan. 9, 2026).

⁴¹ [S. 215.971\(2\)\(b\), F.S.](#)

⁴² *Id.*

⁴³ [S. 215.971\(2\)\(c\), F.S.](#)