

FLORIDA HOUSE OF REPRESENTATIVES

FINAL BILL ANALYSIS

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BILL #: [HB 5403E](#)

TITLE: Correctional Facilities Financing and Capital Improvements

SPONSOR(S): Maney

COMPANION BILL: None

LINKED BILLS: None

RELATED BILLS: None

FINAL HOUSE FLOOR ACTION: 106 Y's 0 N's

GOVERNOR'S ACTION: Vetoed

SUMMARY

Effect of the Bill:

The bill conforms current law to the Fiscal Year 2026-2027 General Appropriations Act. The bill establishes Legislative intent to provide funding to address critical fixed capital outlay needs of the Department of Corrections (FDC). Specifically, the bill:

- Requires the Legislature to appropriate \$50 million in recurring funds from the General Revenue Fund to FDC beginning in Fiscal Year 2026-2027 and continuing through 2066-2067.
- Requires FDC to utilize specifically appropriated funding to develop and implement a capital improvement plan for new and existing correctional facilities.
- Requires such funding to be used for specific priorities and directs FDC to begin planning and design of one new 600-bed correctional hospital unit, beginning on July 1, 2026.
- Requires FDC to submit recommendations for the use of funds through its annual legislative budget request and submit a specified report upon the completion of new construction projects.
- Authorizes the Division of Bond Finance to issue bonds for specific construction activities under certain circumstances.
- Creates a financing oversight committee to recommend the most cost-effective method of financing construction for new correctional facilities.
- Directs an annual transfer of funds for the Debt Reduction Program in the State Board of Administration.

Fiscal or Economic Impact:

The bill requires an annual appropriation of \$50 million in recurring funds from the General Revenue Fund to the FDC for various fixed capital outlay expenditures through Fiscal Year 2066-2067.

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ANALYSIS

EFFECT OF THE BILL:

The bill provides that \$50 million from the General Revenue Fund be appropriated each fiscal year until Fiscal Year 2066-2067 to the Department of Corrections (FDC) to develop and implement a [capital improvement plan](#) for new and existing correctional facilities (Section [1](#)).

The bill specifies that, from any funds specifically appropriated for capital improvement projects, the department must prioritize the use of funds for:

- Debt service payments or other costs of bonds issued under the bill; and
- To address critical facility needs, including construction of new facilities or maintenance of existing facilities, as appropriated in the General Appropriations Act (GAA) (Section [1](#)).

The bill directs FDC to begin planning and design on July 1, 2026, for one new 600-bed correctional hospital unit that must include mental health services. FDC must provide preference to the use or purchase of state or locally-owned land before considering the acquisition of privately-owned land for construction. If state or local land is unavailable, capital improvement funds may be used to purchase land. Additionally, the bill specifies that any site

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selected must be capable of co-location with any prospective major correctional institution construction, and must be located where the labor market, potential labor pool, and other factors such as commute distance and cost of living are favorable to provide a sufficient workforce for staffing the facility (Section [1](#)).

The bill directs FDC to include recommendations for the use of funds in its annual legislative budget request. FDC must contract with a construction management entity for scheduling and coordination of design and construction for any project costing \$5 million or more. Upon completion of the construction for any new correctional institution, FDC shall submit a recommendation to the Legislature for the closure of existing facilities which are perpetually understaffed or present excessive maintenance costs (Section [1](#)).

The bill authorizes the [Division of Bond Finance \(Division\)](#) to issue bonds to finance the construction of a new correctional facility. Proceeds from such bonds may not be used for maintenance or repair of existing facilities. FDC must request, and the Division must issue, bonds as directed in the GAA. Other than bonds issued for refinancing, bonds may not be issued under the bill's provisions without a specific appropriation for that fiscal year's debt service (Section [1](#)).

The bill creates a financing oversight committee to ensure funds and bond proceeds are spent efficiently and responsibly. The committee is composed of representatives from the Senate, the House of Representatives, the Executive Office of the Governor's Office of Policy and Budget, FDC, and the Division. The committee is responsible for recommending the most cost-effective method of financing the construction of any new correctional facilities (Section [1](#)).

The bill directs the Chief Financial Officer to transfer \$150 million from the General Revenue Fund to the State Board of Administration for the [Debt Reduction Program](#) on July 1 of each year, beginning in 2026. On June 30 of each year, any unexpended balance of funds will revert to the General Revenue Fund (Section [2](#)).

The effective date of this bill was July 1, 2026; however, this bill was vetoed by the Governor on June 29, 2026 (Section [3](#)).

FISCAL OR ECONOMIC IMPACT:

STATE GOVERNMENT:

The bill requires an annual appropriation of \$50 million in recurring funds from the General Revenue Fund to the FDC for various fixed capital outlay expenditures through Fiscal Year 2066-2067, and directs the annual transfer of \$150 million from the General Revenue Fund to the State Board of Administration for the Debt Reduction Program.

PRIVATE SECTOR:

The bill may have an indeterminate positive economic impact on any private entities awarded contracts for planning, design, construction, or construction management services associated with constructing the new correctional hospital unit.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

[Debt Reduction Program](#)

The Debt Reduction Program was created by the Legislature in 2025 to reduce state debt by accelerating the retirement of bonds prior to maturity.¹ The program is funded through an annual transfer of \$250 million to the

¹ Ch. 2025-207, Laws of Fla.

State Board of Administration from the General Revenue Fund. At the end of the fiscal year, any undisbursed balance of the funds reverts to the General Revenue Fund.

Over the last three fiscal years, a total of \$1.7 billion has been allocated to state debt reduction, of which \$875 million has been utilized as of June 30, 2025.² Notably, refinancing of existing debt has slowed significantly in the same time frame as a sizeable portion of remaining bonds are at comparatively low interest rates.³ While the Division expects to use the additional funding provided by the Program, it has not yet done so.

Capital Improvements to State-Owned Correctional Facilities

FDC operates 134 facilities statewide, including more than 50 major institutions, annexes, work camps, road prisons, re-entry centers, and work-release centers which house approximately 90,000 inmates.⁴ Over the last five fiscal years, the department has been appropriated an average of \$30.6 million per year to address fixed capital outlay needs.⁵ However, the department's average request of \$100.7 million per year for the same period indicates significant remaining need.

In Fiscal Year 2022-2023, the Department of Management Services was appropriated \$5 million to competitively procure a multi-year master plan to address repair, maintenance, or replacement of FDC facilities.⁶ The contract was awarded to KPMG LLP, which submitted the master plan ("KPMG report") to the Legislature in December 2023. The KPMG report included the following findings:

- Approximately one-third of FDC physical sites, representing a combined 7,900,000 square feet, were assessed to be in "critical" or "poor" condition.
- Of the facility sites assessed in "critical" or "poor" condition, most are outdated or atypical models from the 1970s and 1980s that have reached the end of their effective life despite the department's best efforts to maintain them.
- Facilities based on the oldest and non-prototypical models were assessed to require nearly \$1.6 billion in immediate needs for remediation, including life safety, building envelope, and security concerns.
- The total expected capital needs of the department are as high as \$6 billion over the next 20 years.
- To maximize available capital outlay resources and manage the growing inmate population, the department will need to construct at least one 4,800-bed prison and one 600-bed hospital by 2030.⁷

In recent years, the Legislature has invested significantly in long-term plans to address deteriorating conditions at correctional facilities. The Fiscal Year 2020-2021 GAA provided \$2 million to contract for an independently-prepared master plan for repair, maintenance, or replacement of FDC facilities, which was subsequently vetoed by the Governor.⁸ The Fiscal Year 2022-2023 GAA provided \$850 million for planning, design, and construction of a new 4,500-bed correctional facility and 250-bed hospital unit, which was subsequently vetoed by the Governor.⁹ The Fiscal Year 2024-2025 GAA provided \$100 million in recurring fixed capital outlay funding to address the needs outlined by the KPMG report.¹⁰ However, the \$56.4 million portion earmarked for construction of new or expanded housing units was subsequently realigned in Fiscal Year 2025-2026 to address critical deficits in

² Florida Division of Bond Finance, 2025 Annual Debt Report, p. 13 <https://bondfinance.sbafla.com/media/022phcpf/dar-with-2026-update.pdf> (last accessed June 1, 2026).

³ In Fiscal Year 2020-21, the state refinanced 16 bonds for a total savings of \$362 million. In Fiscal Year 2024-25, the state refinanced 2 bonds for a total savings of \$47.8 million. *Id.* p. 15.

⁴ Florida Department of Corrections, <https://www.fdc.myflorida.com/institutions> (last accessed June 1, 2026); Email from Edem Anthonio, Data Analyst, Florida Department of Corrections, *DC POP for: February 5th, 2026*, Feb. 6, 2026.

⁵ The five-year average appropriation excludes \$850 million in new correctional facility construction funding that was vetoed from ch. 2022-156, Laws of Fla.

⁶ Ch. 2022-156, Laws of Fla. Specific Appropriation 2781A.

⁷ KPMG, Final Multi-Year Master Plan (FAR-D16), *Charting a Path to a Safer, More Efficient Correctional System* (December 27, 2023), [FL-DMS-Final-Multi-Year-Master-Plan-FAR-D16.pdf](https://www.fdc.myflorida.com/institutions) (last accessed June 1, 2026).

⁸ Ch. 2020-111, Laws of Fla. Specific Appropriation 586A.

⁹ Ch. 2022-156, Laws of Fla. Specific Appropriations 679A and 684A.

¹⁰ Ch. 2024-231, Laws of Fla. Specific Appropriations 715, 716, 718, and 719A.

correctional officer salaries and benefits, which the department has been unable to reconcile for the past two fiscal years.

Division of Bond Finance

The Division was created to provide capital financing for state agencies and associated entities by issuing and administering a variety of state bonds.¹¹ State bonds are used to finance education, environmental, and transportation projects, state facilities, and insurance programs. The Division is administratively housed within the State Board of Administration, and is governed by the Governor, Attorney General, and Chief Financial Officer.

RECENT LEGISLATION:

YEAR	BILL #/SUBJECT	HOUSE/SENATE SPONSOR(S)	OTHER INFORMATION
2025	HB 5017 - Debt Reduction	McClure/ Brodeur	Became law on July 1, 2025.
2024	SB 2512 - Correctional Facilities Capital Improvement	Hooper	Died in Conference Committee.

¹¹ [Article VII, s. 11, Fla. Const.](#)