

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 Commerce and Tourism

BILL: SB 936

INTRODUCER: Senator Montford

SUBJECT: Regional Rural Development Grants

DATE: March 10, 2017

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Askey	McKay	CM	Pre-meeting
2.			AP	
3.			RC	

I. Summary:

SB 936 changes the Regional Rural Development Grants Program in s. 288.018, F.S. Regarding the program, the bill:

- Removes the local match requirement;
- Increases the amount of funds that can be expended by the program to \$1 million;
- Specifies that the maximum amount that can be awarded in rural areas of opportunity is to be awarded to Opportunity Florida, Florida’s Heartland REDI, Inc., and the North Florida Economic Development Partnership;
- Increases the maximum amount that can be awarded to \$250,000 from \$150,000;
- Provides that grants used for technical assistance can be used to provide technical assistance to local governments, local economic development organizations, and existing and prospective businesses; and
- Repeals the authority of the DEO to contract for the development of an enterprise zone web portal or websites for enterprise zones.

The bill takes effect July 1, 2017.

II. Present Situation:

Regional Rural Development Grant Program

The Regional Rural Development Grant Program was established to provide funding, through matching grants, to build the professional capacity of regional economic development organizations in Florida.¹ Additionally, grants from the program may be used by an economic development organization to provide technical assistance to businesses within the rural counties and communities that the organization serves. The Department of Economic Opportunity (DEO)

¹ Section 288.018, F.S.

may approve annual grants to regionally based economic development organizations for the purposes of the grant program. The maximum amount any organization can receive is \$50,000, or \$150,000 in a rural area of opportunity, and it must be matched by an equivalent amount of non-state resources. The DEO may expend up to \$750,000 each fiscal year from funds appropriated to the Rural Community Development Revolving Loan Fund for the matching grant program. The DEO is authorized to contract with Enterprise Florida, Inc., to administer this program.

To be approved, an applying organization must need assistance and provide to the DEO:

- Documentation of official commitments of support from all the local governments represented by the organization;
- Proof that each local government has made financial or in-kind commitment to the organization;
- Proof that private sector financial or in-kind commitments have been made to the organization;
- Proof that the organization is in existence and actively involved in economic development activities in the region; and
- The manner in which the organization coordinates its efforts with those of other local and state organizations.

Additionally, the program authorizes the DEO to contact for the development of an enterprise zone web portal or websites for each enterprise zone to market the program for job creation in disadvantaged urban and rural enterprise zones.

Rural Areas of Opportunity

A Rural Area of Opportunity (RAO) is a rural community, or region 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 or that presents a unique economic development opportunity of regional impact.² By executive order, the Governor may designate up to three RAOs, establishing each region as a priority assignment for Rural Economic Development Initiative agencies. This allows the Governor to waive criteria of any economic development incentive including the Qualified Target Industry Tax Refund Program,³ the Quick Response Training Program and the Quick Response Training Program for participants in the welfare transition program,⁴ transportation projects,⁵ the Brownfield Redevelopment Bonus Refund,⁶ and the Rural Job Tax Credit program.⁷

The currently designated RAOs are:

- **Northwestern RAO:** consisting of Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Liberty, Wakulla, and Washington counties, and the City of Freeport in Walton County;

² Section 288.0656(1)(d), F.S.

³ Section 288.106, F.S.

⁴ Section 288.047, F.S.

⁵ Section 339.2821, F.S.

⁶ Section 288.107, F.S.

⁷ Sections 212.098 and 220.1895, F.S.

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

Regional Economic Development Organizations

Three regional economic development organizations that operate in the state coincide with the current RAOs. These public/private 501c(6) organizations provide economic development support to the local governments that represent the RAOs. Opportunity Florida⁸ serves the Northwestern RAO, Florida's Heartland Rural Economic Development Initiative, Inc.,⁹ serves the South Central RAO, and the North Florida Economic Development Partnership¹⁰ serves the North Central RAO.

Rural Community Development Revolving Loan Fund Program

The Rural Community Development Revolving Loan Fund Program was created 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.¹¹ The program has received an annual appropriation of \$1.17 million for several consecutive fiscal years.¹² These funds may be used to finance initiatives directed toward maintaining or developing the economic base of rural communities, especially initiatives addressing employment opportunities for residents of these communities. The program requires all repayments of principal and interest to be returned to the loan fund and made available for loans to other applicants. Up to \$750,000 of the annual allocation may be expended for the Regional Rural Development Grant Program.¹³

Rural Economic Development Initiative

The Rural Economic Development Initiative (REDI) was established in 1997 by the Legislature to encourage and facilitate the location and expansion of major economic development projects of significant scale in rural communities.¹⁴ The REDI is responsible for coordinating and focusing the efforts and resources of state and regional agencies on the problems that affect the fiscal, economic, and community viability of Florida's economically distressed rural communities.¹⁵ The REDI works with local governments, community-based organizations, and private organizations that have an interest in the growth and development of these communities to find ways to balance environmental and growth management issues with local needs.

⁸ See generally, Opportunity Florida, available at <http://www.opportunityflorida.com/>, (last visited March 8, 2017).

⁹ See generally, Florida's Heartland REDI, Inc., available at <http://flaheartland.com/>, (last visited March 8, 2017). This organization is not directly related to the REDI program administered by the DEO pursuant to s. 288.0656, F.S.

¹⁰ See generally, North Florida Economic Development Partnership, available at <http://nflp.org/>, (last visited March 8, 2017).

¹¹ Section 288.065, F.S.

¹² Chapters 2016-66, 2015-232, 2014-51, and 2013-40, Laws of Fla.

¹³ Section 288.018(4), F.S.

¹⁴ Section 288.0656, F.S.

¹⁵ Agencies required to participate in the REDI are found in s. 288.0656(6)(a), F.S.

The Governor, acting through the REDI, can waive criteria, requirements, or any similar provisions of any state economic development incentive in RAOs. While not explicitly listed in statute, the matching requirement in the Regional Rural Development Grants Program is likely able to be waived.¹⁶

Florida Enterprise Zones

The Florida Enterprise Zone Program offered a variety of sales tax credits, refunds, exemptions, and corporate income tax credits to businesses within certain geographic regions to encourage economic growth and investment in distressed areas. The program was administered by the DEO and sunset on December 31, 2015.

Enterprise Florida, Inc.

Enterprise Florida, Inc., (EFI) serves as the principal economic development organization for the state. Among its numerous duties, EFI markets the state for business creation, expansion, and retention. Additionally, EFI contracts with DEO to manage some of the various programs housed in the Division of Strategic Business Development, including the Regional Rural Development Grants Program.

III. Effect of Proposed Changes:

SB 936 changes the Regional Rural Development Grants Program in s. 288.018, F.S. Regarding the program, the bill:

- Removes the match requirement of equivalent amounts non-state resources for grants, and removes all references to matching in the section;
- Increases the amount of funds from the Rural Community Development Revolving Loan Fund program that can be expended by the grants program to \$1 million from \$750,000;
- Specifies that the maximum amount that can be awarded in RAOs is to be awarded to the three regional economic development organizations serving the RAOs, specifically Opportunity Florida, Florida's Heartland REDI, Inc., and the North Florida Economic Development Partnership;
- Increases the maximum amount that can be awarded to \$250,000 from \$150,000;
- Clarifies that the purpose of the program is to build the professional capacity of regional economic development organizations;
- Provides that building professional capacity includes hiring and compensating professional staff to develop, directly provide, or facilitate the delivery of necessary economic development services, including technical assistance, education and leadership development, marketing and project recruitment, and other professional services deemed important for rural economic development;
- Provides that grants used for technical assistance to businesses can be used to provide technical assistance to local governments, local economic development organizations, and existing and prospective businesses; and
- Repeals the authority of the DEO to contract for the development of an enterprise zone web portal or websites for enterprise zones, and directions for the contents of any such websites.

¹⁶ Section 288.018(1), F.S.

The bill takes effect July 1, 2017.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Indeterminate. The bill increases the maximum amount of funds that can be awarded to an organization, but not the overall funding for the program. Additionally, the bill increases the amount of funds that can be expended from the Rural Community Development Revolving Loan Fund, decreasing the amount of funds specifically dedicated to loans under that program.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

SB 936 specifies by name which regional economic development organizations serving RAOs may receive the larger maximum grant amount. Several situations could arise requiring statutory change, including if one or more of the organizations changed name, or another organization began to be the primary economic development representative for one of the regions.

VIII. Statutes Affected:

This bill substantially amends section 288.018 of the Florida Statutes.

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.

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