

HOUSE OF REPRESENTATIVES STAFF FINAL BILL ANALYSIS

BILL #: CS/HB 141 Economic Development
SPONSOR(S): Ways & Means Committee, Abbott and others
TIED BILLS: **IDEN./SIM. BILLS:** CS/SB 196

FINAL HOUSE FLOOR ACTION: 112 Y's 0 N's **GOVERNOR'S ACTION:** Approved

SUMMARY ANALYSIS

CS/HB 141 passed the House on March 1, 2024, and subsequently passed the Senate on March 4, 2024.

Under Florida law, a "rural community," as the term relates to counties, means a county with a population of 75,000 or fewer, or a county with a population of 125,000 or fewer which is contiguous to a county with a population of 75,000 or fewer. The Florida Department of Commerce (DOC) Regional Rural Development Grant Program encourages rural communities to leverage limited resources to develop and implement strategies to help attract new businesses.

Triumph Gulf Coast, Inc., was created in 2013 by the Legislature to manage, distribute, and assess the use of certain funds related to the Deepwater Horizon oil spill. Triumph Gulf Coast, Inc., is organized as a nonprofit corporation, administratively housed within the Department of Commerce. The corporation is a separate entity from state government and not subject to control, supervision, or direction of the Department of Commerce.

The bill eliminates several requirements related to the Regional Rural Development Grants Program:

- Removes the requirements for grant funds received by a regional development organization to be matched each year by nonstate resources in an amount equal to 25 percent of the state contributions;
- Removes the requirement for local governments and private businesses to make financial or in-kind commitments to the regional organization; and
- Removes the requirement that the DOC consider the demonstrated need of the applicant for assistance when approving participants for the program.

The bill also allows Triumph Gulf Coast, Inc., to retain interest earned on the funds in its trust account rather than having those funds revert to the Triumph Gulf Coast Trust Fund. The funds held are required to be used to make awards or for administrative costs.

The bill was approved by the Governor on May 28, 2024, ch. 2024-203, L.O.F., and will become effective on July 1, 2024.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

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 provide economic development professional services. Professional services include technical assistance, education and leadership development, marketing, and project recruitment.¹

Applications submitted to the Department of Commerce (DOC) for funding through this program must provide proof:²

- Of official commitments of support from each of the units of local government represented by the regional organization;
- That each local government has made a financial or in-kind commitments to the regional organization;
- That the private sector has made financial or in-kind commitment to 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.

An organization may receive up to \$50,000 a year or \$250,000 if located in a rural area of opportunity (RAO).³ Grants must be matched by an amount of non-state resources equal to 25 percent of the state contribution. The DOC 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.⁴

Rural Areas of Opportunity

A (RAO) is a rural community,⁵ 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.⁶ An area may also be designated as a RAO if it presents a unique economic development opportunity of regional impact. The designation of a RAO must be agreed upon by the Department of Commerce (DOC), as well as the county and municipal governments to be included in the RAO.⁷

¹ S. 288.018(1)(b), F.S.

² S. 288.018(2), F.S.

³ S. 288.018(1)(c), F.S.

⁴ S. 288.018(4), F.S.

⁵ S. 288.0656(2)(e), F.S., defines a “rural community” as any county with a population of 75,000 or fewer, any county with a population of 125,000 or fewer that is contiguous to a county with a population of 75,000 or fewer, a municipality in a county that meets either of the aforementioned criteria, or an unincorporated federal enterprise community or an incorporated rural city with a population of 25,000 or fewer and an employment base focused on traditional agricultural or resource-based industries, located in a county not defined as rural, which has at least three or more of the economic distress factors.

⁶ S. 288.0656(2)(d), F.S.

⁷ S. 288.0656(7)(b), F.S.

Based on recommendations of the Rural Economic Development Initiative (REDI),⁸ the Governor may designate up to three RAOs by executive order.⁹ 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.

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.¹⁰

Triumph Gulf Coast, Inc.

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Triumph Gulf Coast, Inc., is required to administer the Recovery Fund and all programs created under the Gulf Coast Economic Corridor Act in a transparent manner and in accordance with all applicable laws, bylaws, or contractual requirements.¹² The corporation is required to monitor, review, and evaluate awardees and related projects or programs. The evaluation process must be used to determine funding priorities and determine whether an award should be reauthorized or terminated. The corporation is also required to maintain a website that provides information related to meetings, issuance of awards, and the status of projects and programs.

Effect of the Bill

The bill eliminates several requirements related to the Regional Rural Development Grants Program:

- Removes the requirements for grant funds received by a regional development organization to be matched each year by nonstate resources in an amount equal to 25 percent of the state contributions;
- Removes the requirement for local governments and private businesses to make financial or in-kind commitments to the regional organization; and
- Removes the requirement that the DOC consider the demonstrated need of the applicant for assistance when approving participants for the program.

The bill also allows Triumph Gulf Coast, Inc., to retain interest earned on the funds in its trust account rather than having those funds revert to the Triumph Gulf Coast Trust Fund. The funds held are required to be used to make awards or for administrative costs.

The bill provides an effective date of July 1, 2024.

⁸ S. 288.0656(1), F.S. 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.

⁹ S. 288.0656(7)(a), F.S.

¹⁰ Department of Commerce, *Rural Areas of Opportunity*, <https://floridajobs.org/community-planning-and-development/rural-community-programs/rural-areas-of-opportunity> (last visited Feb. 19, 2023). 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.

¹¹ S. 288.8013(1), F.S.

¹² Triumph Gulf Coast, Inc., *available at* <https://www.myfloridatriumph.com/> (last visited Feb. 19, 2024).

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.