FLORIDA HOUSE OF REPRESENTATIVES
BILL ANALYSIS

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BILL #: HB 1427 **TITLE:** Rural Communities **SPONSOR(S):** Griffitts, Abbott	**COMPANION BILL:** CS/SB 110 (Simon) **LINKED BILLS:** None **RELATED BILLS:** NoneNone

Committee References

Commerce	➤	Health & Human Services	➤	Budget
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SUMMARY

Effect of the Bill:

The bill establishes the Office of Rural Prosperity within the Department of Commerce. The bill creates or revises various programs to foster economic development, infrastructure, education, and health care in rural communities.

Fiscal or Economic Impact:

There will be a substantial fiscal impact on state government, and there will be a positive indeterminate fiscal impact on local governments and the private sector.

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ANALYSIS

EFFECT OF THE BILL:

Collaboration with Rural Communities

The Office of Rural Prosperity

The bill creates the Office of Rural Prosperity (Office) within the Department of Commerce (Department) for the purpose of supporting rural communities, helping them navigate available state and federal resources, and representing rural interests across state government. The Office will serve as the state point of contact for rural local governments and will administer various rural-focused grant programs currently administered by the Department, as well as new programs created in the bill. The Office will be led by a director, who will be appointed by the Governor and confirmed by the Senate. (Section 11).

The Office will create and maintain an interactive tool, the "Rural Resource Directory," designed for rural local governments to navigate state and federal grants and resources.

The Office of Program Policy Analysis and Government Accountability (OPPAGA) will review the effectiveness of the Office by December 15, 2026, and each year thereafter until 2028. Beginning in 2029, OPPAGA shall review and evaluate the Office every three years and shall submit a report[1] based on its findings. (Section 11).

The bill transfers the administration of the following programs from the Department to the Office:

- Regional Rural Development Grants Program (Section 14);
- Rural Community Development Revolving Loan Fund (Section 17);
- Rural Infrastructure Fund (Section 18);
- Rural Economic Development Strategy Grants (Section 21).

[1] OPPAGA must submit each report to the President of the Senate and the Speaker of the House of Representatives in accordance the schedule.

Regional Rural Community Liaison Centers

By October 1, 2025, the Office must establish and staff seven regional rural community liaison centers across the state for the purpose of providing in-person state support to rural local governments. The Office must by rule divide the state into seven regions and assign a liaison center to each region. Each liaison center will be staffed with at least two full-time department personnel who will be responsive to the rural local governments within the respective region. Specifically, liaison centers are required, at a minimum, to do the following:

- Work with local governments to plan and achieve goals for local or regional growth, economic development, and rural prosperity;
- Facilitate access to state and federal resources, such as grants, loans, and other aid or resources;
- Advise on waivers for rural local governments for certain requirements for state and federal programs, such as local financial match waivers;
- Coordinate technical assistance needs with the Department and other state or federal agencies;
- Promote model ordinances, policies, and strategies related to economic development;
- Regularly engage with the Rural Economic Development Initiative; and
- Assist local governments with regulatory and reporting compliance.

Rural Communities Report (Section 8)

The bill requires OPPAGA and the Office of Economic and Demographic Research (EDR) to prepare a report on the impact of Florida Statutes on rural communities. Specifically, the two entities must review definitions in the Florida Statutes of terms such as "rural community," "rural area of opportunity," and similar terms used to define rural areas of the state to assess whether the current definitions are appropriate, whether appropriate metrics are used to describe these communities and if statutory changes are needed. OPPAGA and the EDR must also survey rural local governments to evaluate the statutory advantages of qualifying as a rural local government and assess perceived unmet needs in the implementation of current statutory provisions designed to support rural communities. OPPAGA and the EDR must submit a report and recommendations to the President of the Senate and the Speaker of the House of Representatives by December 31, 2025. These provisions expire on July 1, 2026.

Fiscally-Constrained Counties (Section 7)

The bill updates definitions related to fiscally constrained counties (FCC). For example, the bill increases the FCC threshold from a county that raises $5 million in property tax revenue per 1 mill, to $10 million per 1 mill.

The bill increases the total distribution to no less than $50 million per fiscal year and changes the revenue source from the tax on direct-to-home satellite service to sales tax. The current distribution from direct-to-home satellite is instead redirected to General Revenue. The bill also changes the formula to use the following distribution factors: sales tax collections, per capita personal income, and population. An FCC with declining per capita sales tax collections or per capital personal income will receive a relatively larger share of the total distribution. Finally, the bill adds spending requirements. Specifically, 50% of the distribution must be used for public safety, 30% for infrastructure, and 20% for any public purpose. Debt service is prohibited.

Renaissance Grants for Counties with Declining Population (Section 12)

The bill establishes the Renaissance Grant Program to be administered by the Office of Rural Prosperity (Office). Under the program, the Office will provide $1 million block grants to counties which are "growth-impeded," meaning a county has had a declining population over the last ten years, as certified by the EDR. By October 1, 2025, the EDR must certify to the Office which counties are growth-impeded. After the initial certification, the EDR shall annually certify whether each participating county remains growth-impeded, until the county has three consecutive years of population growth.

Participating counties must enter into an agreement with the Office to receive the $1 million block grant and have broad authority to design a specific plan to achieve population growth within the specified parameters.

Participating counties must design a plan to make targeted investments in the community to achieve population growth and increase the economic vitality of the community. The plan must incorporate certain features.

Each participating county must hire a renaissance coordinator who is responsible for overseeing the use of funds, coordinating with other entities, and complying with reporting requirements. Upon request, the regional rural community liaison center staff must provide training and assistance to the renaissance coordinator.

The bill directs the Auditor General to conduct an operational audit of each participating county's grant program every two years, beginning in 2026. Additionally, on December 31, 2026, and each year thereafter, the EDR must submit an annual report of grant recipients by county to the President of the Senate and the Speaker of the House of Representatives.

The Renaissance Grant Program expires June 30, 2040.

Rural Economic Development Initiative (REDI) (Section 19)

The bill requires REDI to meet at least monthly and requires the REDI representative or his or her designee to be physically present or available electronically. The bill provides a legislative finding that rural communities are the essential conduits for the economy's distribution, manufacturing, and food supply. The bill removes a reference to "economically distressed" rural communities which broadens REDI's reach to all rural communities. The bill requires:

- Enhanced reporting on projects being coordinated by REDI and enhanced reporting on program requirement waivers granted to rural communities, and
- REDI to provide legislative recommendations for statutory waivers or reductions for economic development programs for rural applicants.

The bill removes language regarding rural enterprise zones, catalyst projects, and catalyst sites.

Agreements Funded with Federal or State Assistance

The bill clarifies provisions regarding the payment of invoices due and requires agencies to expedite such payment requests for local governments.

The bill requires each state agency to annually report to the Office, by August 1, a summary of the implementation of this provision for the previous fiscal year, which shall be incorporated in the office annual report (Section 6).

Adds Small Business Development Center Circuit Riders

The Small Business Development Center (SDBC) currently funds staff in rural areas to "ride the circuit" of their region and work with local governments and communities to provide services, including access to capital, technical assistance, and other small business services. The bill appropriates $1 million to increase circuit riders and reach more communities through this program (Sections 9 and 42).

Inventory of Communities Seeking to Recruit Businesses

The bill requires each local government within a Rural Area of Opportunity (RAO) or its local economic development organization to submit certain required information to the Department for inclusion in the inventory of communities seeking to recruit businesses. (Section 10).

Options for Rural Housing

Raises Minimum Allocations for SHIP to Jump Start Rural Housing Options

Currently allocations are population-based, with the minimum allocation for each county within the State Housing Initiatives Partnership (SHIP) Program set at $350,000. The bill increases the minimum allocation for each county to $1 million which will provide additional funding to rural communities (Section 34).

Preserves Rental Housing in Rural Communities

The bill removes statutory restrictions on the use of SHIP funds. It allows counties and municipalities to use up to 25 percent of their SHIP funds to preserve existing multifamily affordable rental housing financed with USDA loans. This provision expires on June 30, 2031.

The bill appropriates $30 million in nonrecurring funds from the General Revenue Fund to the Florida Housing Finance Corporation (FHFC) to preserve affordable multifamily rental housing funded through USDA loans. Funds must be used to issue competitive requests for application for the rehabilitation or acquisition of such properties to ensure continued affordability. By October 1, 2026, the FHFC must submit a report to the President of the Senate and the Speaker of the House of Representatives on projects funded pursuant to this section. The report must include the number of units preserved and the financing portfolio for each project. (Section 35).

Rural Transportation and Broadband Infrastructure

Rural Infrastructure Fund

The bill appropriates $40 million in nonrecurring funds and $5 million in recurring funds from the General Revenue Fund to the Office for the Rural Infrastructure Fund. (Section 46).

The bill also:
- Specifically provides that grant funds may be awarded to a unit of local government within a rural community or a RAO; or to a regional economic development organization, a unit of local government, or certain economic development organizations for an infrastructure project located within an unincorporated area that has a population of 15,000 or less, has been in existence for 100 years or more, is contiguous to a rural community, and has been adversely affected by a natural disaster or presents a unique economic development opportunity of regional impact.
- Clarifies that grant funds may be awarded for "site readiness" expenses, which may include clearing title, surveys, permitting, environmental studies, and regulatory compliance costs.
- Requires the Office to consult with the Department of Transportation (FDOT) instead of Visit Florida when reviewing applications for funding.
- Requires enhanced annual reporting of the program.

Rural Community Development Revolving Loan Fund

The bill requires the Office to include in its annual report detailed information about the fund, including loans made during the previous fiscal year, active loans, repaid loans, and unobligated funds. (Section 17).

Improves Coordination for Broadband Programs (Section 22)

The bill improves coordination and technical assistance between the Office of Broadband at the Department and rural communities in need of broadband services. The bill requires the Office of Broadband:
- To consult with each regional rural community liaison center and with the Office to develop and update its strategic plan to increase broadband internet service.
- To submit a quarterly report on the implementation of broadband activities in rural communities and an annual report to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

Establishes Public Infrastructure Smart Technology Grants (Section 13)

The Public Infrastructure Smart Technology Grant Program, which will be administered by the Office, will fund and support infrastructure projects in rural communities that utilize smart technology to increase efficiency, enhance public services, and promote sustainable development.

The bill directs the Office to contract with one or more not-for-profit entities (smart technology lead organization) that specializes in smart regional planning to provide grants to counties and municipalities within a RAO for public infrastructure smart technology projects. The bill defines "public infrastructure smart technology" as systems and applications that use connectivity, data analytics, automation to improve public infrastructure by increasing efficiency, enhancing public services, and promoting sustainable development.

Rural Economic Development Strategy Grants (Section 21)

The bill provides that grants may be provided to assist with costs associated with marketing sites to potential businesses for an economic development project. The bill requires the regional rural community liaison centers within the Office to aid those applying for grants. The bill provides that marketing grants may include funding to deploy materials through advertising campaigns and costs associated with marketing, site preparation, meetings, trade missions, and professional development.

Creates the Florida Arterial Road Modernization (FARM) Program (Section 29)

The bill creates the Florida Arterial Road Modernization (FARM) Program within FDOT to provide capacity and safety improvements to two-lane arterial roads located in rural communities.

Beginning in fiscal year 2025-2026, FDOT is directed to allocate from the State Transportation Trust Fund a minimum of $50 million annually to fund the FARM Program. This includes an additional $30 million redirected by the bill from documentary stamp taxes revenues into the State Transportation Trust Fund[2] and the $20 million currently required to be allocated to the existing rural arterial road program. The bill directs FDOT to use certain criteria to prioritize funding projects under the program.

Beginning January 1, 2027, and every two years thereafter, FDOT must issue a report to the Governor, the President of the Senate and the Speaker of the House of Representatives evaluating the condition of arterial roads in rural communities and the implementation of the FARM Program.

Expands Small County Road Assistance Program

The Small County Road Assistance Program (SCRAP) assists small county governments in resurfacing and reconstructing county roads. The bill amends powers and duties of FDOT to specifically authorize the department to provide technical assistance and support to counties that are not located in a metropolitan planning organization.

The bill redirects a portion of vehicle title fees, which are currently directed to the state's general revenue fund, to the State Transportation Trust Fund to increase funding available for SCRAP. FDOT is currently required to expend $25 million on the program, and this redirect more than doubles the state's investment in these counties. (Sections 26, 27, and 30).

The bill amends provisions relating to the Small County Outreach Program (SCOP) to remove obsolete statutory provisions and correct cross-references. Similarly, the bill revises the SCOP funding eligibility requirements to repeal an existing category for certain local governments located within the Everglades Agricultural Area or designated river basins. (Section 28).

Education Opportunities in Rural Communities

[2] The bill amends s. 201.15, F.S., to specify that $30 million in documentary stamp taxes must be paid to the credit of the State Transportation Trust Fund and used exclusively for the FARM Program.

Expands Regional Education Consortia

The bill increases from $50,000 to $150,000 the consortia funding per eligible member and appropriates recurring funding for this investment. (Section 36).

Creates Regional Consortium Service Organization Supplemental Services Program

The bill creates a grant program administered by the three regional consortium service organizations to supplement member needs related to transportation; district finance personnel services; cybersecurity support; school safety; college, career, and workforce development; academic support; and behavior support within exceptional student education services (Section 37).

The bill provides that such funding must be distributed as follows (Section 55):
- $5,555,149 to the Heartland Educational Consortium;
- $11,912,923 to the North East Florida Educational Consortium; and
- $7,531,928 to the Panhandle Area Educational Consortium.

The funds must be distributed to each regional consortium service organization no later than 30 days following the release of the funds to the Department of Education.

Updates Special Facility Construction Account

The bill modifies the participation requirement for a school district that receives funds under the Special Facility Construction Account (SFCA). The bill removes the restriction that a school district may not receive funding while any portion of the district's participation requirement is outstanding.

The bill specifies that, for new construction projects under the SFCA, beginning in the 2025-2026 fiscal year, the district is not required to budget the value of 1 mill per year toward the project, but must use those funds toward authorized capital purchases specified in law. However, the bill maintains a requirement that the district levies the maximum 1.5 mills ad valorem tax or raise an equivalent revenue from the school capital outlay surtax for the three years prior to the application for funds, and for the initial year of appropriation plus two additional years. (Section 40).

Charter School Capital Outlay Funding

The bill specifies the revenue to be deducted from the capital funds a district participating under the SFCA program must distribute to each eligible charter school. The bill maintains the requirement that the total discretionary millage revenue that a school district must distribute to each eligible charter school must be reduced by the school district's annual debt service obligation incurred as of March 1, 2017, which has not been subsequently retired (Section 39).

Adds a Student Loan Repayment Program for Rural Educators

The bill creates the Rural Incentive for Professional Educators (RIPE) program. The program provides an annual benefit for educators that reside in and work as instructional employees or administrators at public or private schools in a fiscally constrained county (Section 38).

Participants receive up to $15,000 in total student loan repayment assistance over five years, disbursed in annual payments not to exceed $3,000 per year. The bill provides certain criteria for an individual to be eligible for the RIPE program. (Section 38).

Access to Health Care in Rural Areas

To further access to healthcare in rural communities, the bill:

- Creates the Stroke, Cardiac, and Obstetric Response and Education (SCORE) Grant Program within the Department of Health (DOH) to implement training, purchase equipment, establish telehealth capabilities, and develop quality improvement programs with the goal of improving patient outcomes and increasing access to high-quality stroke, cardiac, and obstetric care in rural communities (Section 32);
- Creates the Rural Access to Primary and Preventative Care Grant Program (RAPP-C) program within the DOH to provide incentive funding for primary care physicians, physician assistants, and autonomous Advanced Practice Registered Nurses to open new practice locations in rural and underserved areas of the state (Section 31) ; and
- Expands the existing Rural Hospital Capital Improvement Grant Program (RHCI) to allow rural hospitals to use grant funds to establish mobile care units to provide primary care services, behavioral health services, or obstetric and gynecological services in rural health professional shortage areas (HPSA) or to establish telehealth kiosks to provide urgent care services in rural HPSAs (Section 33).

Effective Date

The effective date of the bill is July 1, 2025 (Section 88).

RULEMAKING:

The bill requires the State Board of Education to adopt rules no later than January 31, 2026 for the RIPE program (Section 38). The bill requires the Office of Rural Prosperity within the Department of Commerce to promulgate by rule the division of Florida into seven different regions and assign a regional rural community liaison center to each region (Section 11). The bill allows the Department of Health to adopt rules to implement the RAPP-C Grant Program (Section 31).
Lawmaking is a legislative power; however, the Legislature may delegate a portion of such power to executive branch agencies to create rules that have the force of law. To exercise this delegated power, an agency must have a grant of rulemaking authority and a law to implement.

FISCAL OR ECONOMIC IMPACT:

STATE GOVERNMENT:

Revenues
The Revenue Estimating Conference estimated that the provisions of the bill will have a recurring negative impact on General Revenue of $106.1 million and a recurring positive impact on State Trust Fund revenue of $65.6 million and a recurring positive impact on local government revenue of $40.5 million in FY 2025-26.

Appropriations
The bill makes the following appropriations to the Department Commerce:
- $1,827,591 in recurring funds and $652,327 in nonrecurring funds from the General Revenue Fund for the staffing and operation of the Office of Rural Prosperity, which includes funding for 17 full-time equivalent positions for the office.
- $8 million in recurring funds from General Revenue for the Office of Rural Prosperity for block grants to certain low-population rural counties under the Renaissance Grant Program.
- $500,000 in recurring funds from the Grants and Donations Trust Fund within Commerce for the Public Infrastructure Smart Technology Grant Program as created by the bill.
- $40 million in nonrecurring funds and $5 million in recurring funds from General Revenue for the Rural Infrastructure Fund. This appropriation is in addition to the base appropriation of $5 million, bringing the total recurring funds for the program to $10 million.
- $4 million in nonrecurring funds and $1 million in recurring funds from General Revenue for Rural Community Development Revolving Loan Fund. This appropriation is in addition to the base appropriation of $420,000, bringing the total recurring funds for the program to $1.42 million.
- $250,000 in recurring funds from the Grants and Donations Trust Fund within Commerce is appropriated for the Rural Economic Development Strategy Grant program created by the bill.

- $1 million in recurring funds from General Revenue for the SBDC to implement the requirements of the rural-focused Florida SBDC Network activity.

The bill does not change the appropriation for the Regional Rural Development Grants Program in the Department of Commerce, which remains at $750,000 annually.

The bill increases the base amount for the State Housing Initiatives Partnership (SHIP) from $350,000 to $1 million. Funding for this program is provided annually in the General Appropriations Act and is based on a distribution formula. In general, local governments that typically receive the base amount will see an increase in grant funds received.

The bill appropriates $30 million in nonrecurring funds from the General Revenue Fund to the Florida Housing Finance Corporation to be used to issue loans to preserve affordable multifamily rental housing funded through USDA loans. The bill also authorizes local SHIP administrators to use up to 25 percent of their allocated SHIP funds to preserve such housing.

The amendments made in the bill to the Rural Economic Development Initiative to modernize and revitalize the organization and functions may result in increased use of state programs by rural communities, leading to a financial benefit in these areas.

The bill makes the following appropriations to the Department of Education:

- $25 million in recurring funds from the General Revenue Fund for grant funding to the three regional consortium service organizations.
- $3.6 million in recurring funds from the General Revenue Fund for the increase in grant funds to regional consortiums, from $50,000 to $150,000 annually. With a base appropriation of $1.75 million, this would bring the total recurring funds for the program to $5.35 million annually.
- $7 million in recurring funds from General Revenue to implement the Rural Incentive for Professional Educators (RIPE) Program.

The bill makes the following appropriations to the Department of Health:

- $5 million in nonrecurring funds from the General Revenue Fund for the purpose of implementing the Stroke, Cardiac, and Obstetric Response and Education (SCORE) Grant Program.
- $25 million in nonrecurring funds from the General Revenue Fund to implement the Rural Access to Primary and Preventative Care (RAPP-C) Grant Program.
- $25 million in nonrecurring funds from the General Revenue Fund implement the Rural Hospital Capital Improvement (RHCI) Grant Program.

The bill appropriates $1,499,261 in recurring funds from the General Revenue Fund and $1,933,112 in recurring funds from the Medical Care Trust Fund to the Agency for Health Care Administration (AHCA) to establish a Diagnosis-Related Grouping (DRG) reimbursement methodology for critical access hospitals, as defined in s. 408.07, F.S., for the purpose of providing inpatient reimbursement to such a hospital in amounts comparable to the reimbursement the hospital would receive for inpatient services from the federal Medicare program.

The bill appropriates $4,840,182 in recurring funds from the General Revenue Fund and $6,240,820 in recurring funds from the Medical Care Trust Fund to the AHCA to establish an Enhanced Ambulatory Patient Grouping (EAPG) reimbursement methodology for critical access hospitals, as defined in s. 408.07, F.S., for the purpose of providing outpatient reimbursement to such a hospital in amounts comparable to the reimbursement the hospital would receive for outpatient services from the federal Medicare program.

LOCAL GOVERNMENT:

The Revenue Estimating Conference estimated the provisions of the bill will have a recurring positive impact on local government revenue of $40.5 million in FY 2025-26.

Local governments in rural areas of the state will benefit from participating in the grant programs created specifically for them in the bill and the associated funding for the newly created and already existing programs.

PRIVATE SECTOR:

The bill creates a number of new grant programs and increases funding for existing programs which are designed to fund, either directly or indirectly, private sector activity, primarily in the transportation, education, and healthcare fields. Citizens in rural communities will benefit indirectly from programs designed to increase community investment as guided by local governments.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

The Department of Commerce

The Department of Commerce (Department) is Florida's lead agency for working with the Legislature, state agencies, business leaders, and economic development professionals to formulate and implement coherent and consistent policies and strategies designed to promote economic opportunities for all Floridians.[3] The Department is also the state's chief agency for business recruitment and expansion.[4] The department must also promote viable, sustainable communities by providing technical assistance and guidance on growth and development issues, grants, and other assistance to local communities.[5]

The head of the Department is the Secretary of Commerce, who is appointed by the Governor and confirmed by the Senate.[6] The secretary may create offices within the Office of the Secretary and within the divisions to promote efficient and effective operation of the Department.[7] The Department must also ensure that the state's goals and policies relating to economic development, workforce development, community planning and development, and affordable housing are fully integrated with appropriate implementation strategies.[8]

There are seven divisions and offices within the Department:

- Economic Development
- Community Development
- Workforce Services
- Finance and Administration
- Information Technology
- Office of the Secretary
- Office of Economic Accountability and Transparency[9]

The Department is charged with managing the activities of public-private partnerships and state agencies in order to avoid duplication and promote coordinated and consistent implementation of programs, including rural community development.[10] This includes stimulation of economic development and job creation in rural areas, including strategies for rural marketing and the development of infrastructure in rural areas.[11] Additionally, the Department runs a number of financial and grant programs aimed at helping small rural communities in Florida.

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.[12] REDI operates as a statewide initiative led by the Department to serve Florida's rural communities by providing a

[3] S. 20.60(4), F.S.
[4] *Id.*
[5] S. 20.60(4)(c), F.S
[6] S. 20.60(2), F.S.
[7] S. 20.60(3)(b), F.S.
[8] S. 20.60(3), F.S.
[9] *Id.*
[10] S. 20.60(4)(e), F.S.
[11] S. 20.60(5)(a)4.c., F.S.
[12] S. 288.0656(1)(a), F.S.

more focused and coordinated effort among state and regional agencies to improve the fiscal, economic, and community viability of these areas.[13]

Specified agencies and organizations[14] 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.[15] 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.[16]

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.[17] REDI must call a meeting within 30 days of receipt of such proposals for comment and recommendation.[18] 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.[19] REDI must prepare an annual report as a supplement to the Department's annual report which includes in an evaluation on the status of changes to rules, number of awards made with waivers, and recommendations for future changes.[20]

Based on recommendations of the REDI, the Governor may designate up to three rural areas of opportunity (RAOs) by executive order,[21] 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.[22]

Rural Area of Opportunity

A RAO is a rural community,[23] or region comprised of rural communities that has been adversely affected by an extraordinary economic event, severe or chronic distress, or a natural disaster.[24] An area may also be designated as

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[13] S. 288.0656(3), F.S.
[14] 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.
[15] S. 288.0656(4), F.S.
[16] S. 288.0656(2)(e), F.S.
[17] S. 288.06561, F.S.
[18] S. 288.06561(3), F.S.
[19] S. 288.06561(4) and (7), F.S.
[20] S. 288.06561(8), F.S.
[21] S. 288.0656(7)(a), F.S.
[22] Executive Orders 20-170, 21-149, and 23-132 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 (last visited Mar. 21, 2025)
[23] S. 288.0656(2)(e), F.S.

an RAO if it presents a unique economic development opportunity of regional impact.[25] The designation of an RAO must be agreed upon by the Department, as well as the county and municipal governments to be included in the RAO.[26]

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[27], the Quick Response Training Program for participants in the welfare transition program[28], transportation projects,[29] the brownfield redevelopment bonus refund[30], and the rural job tax credit program.[31]

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.[32]

Fiscally Constrained Counties

Fiscally constrained counties are counties entirely within a RAO or where a 1-mill levy would raise no more than $5 million in annual tax revenue.[33] There are 29 counties that currently meet these conditions; Baker, Bradford, Calhoun, Columbia, Desoto, Dixie, Franklin, Gadsden, Gilchrist, Glades, Gulf, Hamilton, Hardee, Hendry, Highlands, Holmes, Jackson, Jefferson, Lafayette, Levy, Liberty, Madison, Okeechobee, Putnam, Suwannee, Taylor, Union, Wakulla, and Washington.[34] Highlands' and Putnam's 1-mill levy currently surpass the $5 million threshold.

Direct-to-Home Satellite Service Tax Distribution

Retail sales of direct-to-home satellite service received in Florida are subject to the communications service tax at the rate of 9.07 percent and the gross receipts tax at the rate of 2.37 percent.[35]

From communications services tax receipts, 55.9 percent is distributed through the state's "standard" sales tax distribution formula.[36] The remaining 44.1 percent is transferred to the local government half-cent sales tax trust fund.[37]

Seventy percent of the transfer is distributed formulaically to all counties within the state. The remaining 30 percent is distributed to fiscally constrained counties that are eligible to participate in the local government half-

[24] S. 288.0656(2)(d), F.S.
[25] *Id.*
[26] S. 288.0656(7)(b), F.S.
[27] S. 288.047, F.S.
[28] S.288.047(8), F.S.
[29] S. 339.2821, F.S.
[30] S. 288.107, F.S.
[31] Ss. 212.098 and 220.1895, F.S.
[32] Department of Commerce, *Rural Areas of Opportunity*, *available at* https://floridajobs.org/community-planning-and-development/rural-community-programs/rural-areas-of-opportunity (last visited Mar.19, 2025). 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.
[33] S. 218.67(1), F.S.
[34] Florida Department of Revenue, *Fiscally Constrained Counties*, available at https://www.floridarevenue.com/property/Documents/fcc_map.pdf (last visited Mar. 21, 2025).
[35] Ss. 202.12(1)(b) and 203.01(1)(b)2., F.S.
[36] S. 202.18(2)(b), F.S. *See also*, s. 212.20(6)(d), F.S. Gross receipts tax revenues are distributed to the Public Education Capital Outlay (PECO) and Debt Service Trust Fund in accordance with section 9 of Article XII of the State Constitution.
[37] S. 202.18(2)(c)1., F.S.

cent sales tax distribution.[38] Fiscally constrained counties may use the funds from this distribution for any public purpose, except for debt service.[39]

The collections from the tax on direct-to-home satellite service have declined in recent years; decreasing from $18.1 million in Fiscal Year 2018-2019 to $10.1 million in Fiscal Year 2023-2024.[40]

Distribution Factors

Each fiscally constrained county receives a portion of the total direct-to-home satellite service distribution. At the beginning of each fiscal year, the Department of Revenue (DOR) determines the amount to be distributed to each fiscally constrained county using the prior fiscal year's certified school taxable value, county millage rate, and latest April 1 county population, excluding prisoners.[41] The following factors were created by DOR to determine each county's relative share of the total distribution available for the coming fiscal year:[42]

The relative revenue-raising-capacity factor is based on a county's certified school taxable value and population and referred to in law as the ability of a county to generate property tax revenues from 1 mill on a per capita basis. 43 Counties that generate less per capita revenue receive a higher factor.[44]

The local-effort factor is based on a county's millage rate and referred to in law as a measure of the relative level of local effort of a county as indicated by the millage rate levied for the prior fiscal year.[45] This factor guarantees that each county receives a portion of the total distribution. It uses the most recently adopted countywide operating millage rate for each eligible county and multiplies that millage rate by 0.1. For example, a county with a countywide operating millage rate of 6.73 would receive a factor value of 0.673.

Sales and Use Tax

Florida levies a 6 percent tax on the sale or rental of most items of tangible personal property,[46] admissions,[47] transient rentals,[48] and a limited number of services, as well as a 2 percent tax on commercial leases.[49] Sales tax is added to the price of the taxable good or service and collected from the purchaser at the time of sale.[50] Counties are authorized to impose local discretionary sales surtaxes in addition to the state sales tax.[51]

A portion of Florida's state sales and use tax collections are distributed to all eligible counties and municipalities through the County and Municipal Revenue Sharing programs and the Local Government Half-Cent Sales Tax program. These programs distributed to fiscally constrained counties, including municipalities within the counties, approximately $363.0 million in Fiscal Year 2023-2024.[52]

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[38] *Id.*
[39] S. 218.67(5), F.S.
[40] Florida Office of Economic and Demographic Research, *Ordinary, Emergency, Supplemental, and Fiscally-Constrained Distributions by County: SFY 1987-2024,* available at https://edr.state.fl.us/Content/local-government/data/data-a-to-z/g-l.cfm (last visited Mar. 21, 2025).
[41] S. 186.901, F.S.
[42] S. 218.67(3)(a), F.S
[43] *Id.*
[44] For example, a county that raises $25 or less per capita receives a factor value of 1; whereas a county that raises more than $50 per capita receives a factor value of 0. In Fiscal Year 2024-2025, only three fiscally constrained counties were eligible for this factor. *See* Email correspondence with staff at the Department of Revenue, Feb. 6, 2025 (on file with the Senate Committee on Finance and Tax).
[45] S. 218.67(3)(b), F.S.
[46] S. 212.05(1)(a)1.a., F.S.
[47] S. 212.04(1)(b), F.S.
[48] S. 212.03(1)(a), F.S.
[49] S. 212.031, F.S.
[50] S. 212.07(2), F.S.
[51] S. 212.055, F.S.
[52] Florida Department of Revenue, Office of Tax Research, General Tax Distributions, Forms 5 and 6, available at https://floridarevenue.com/DataPortal/Pages/TaxResearch.aspx (last visited Mar. 21, 2025).

In contrast to the tax on direct-to-home satellite service, collections from sales tax have increased from $28.5 billion in Fiscal Year 2018-2019 to $41.1 billion in Fiscal Year 2023-2024.[53] Additionally, sales tax collections are based on sales of a wide variety of goods and some services and change with the state's economic cycles.

Florida Office of Broadband

The Office of Broadband (office) is an office created within the Division of Community Development[54] in the Department for the purpose of providing broadband internet service to residents of Florida including: libraries, schools, colleges and universities, health care providers, and community organizations.[55] Under the office, the department may apply for and accept federal funds, enter into contracts, and establish any committee or workgroups to administer the program.[56]

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.[57]

Applications submitted to the Department for funding through this program must provide the following:[58]
- Official commitments of support from each of the units of local government represented by the regional organization;
- The regional organization is in existence and actively involved in economic development activities serving the region; and
- The manner in which the organization coordinates its efforts with those other local and state organizations.

A contract or agreement that involves the expenditure of grant funds must include:[59]
- The purpose of the contract or agreement.
- Specific performance standards and responsibilities for each entity under the contract or agreement.
- A detailed project or contract budget, if applicable.
- The value of any services provided.
- The projected travel expenses for employees and board members, if applicable.

An organization may receive up to $50,000 a year or $250,000 for any three regional economic development organizations that serve an entire RAO.[60] The Department 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.[61]

Rural Infrastructure Fund

The Rural Infrastructure Fund is a grant program created to facilitate the planning, preparing, and financing of infrastructure projects in rural communities.[62] The program provides access to federal and state infrastructure funding programs, including, but not limited to, those offered by the United States Departments of Agriculture and

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[53] Florida Office of Economic and Demographic Research, *2023 and 2024 Florida Tax Handbooks*, available at https://edr.state.fl.us/content/revenues/reports/tax-handbook/ (last visited Mar. 21, 2025).
[54] S. 288.9961(4), F.S.
[55] S. 288.9961(1), F.S.
[56] S. 288.9961(5), F.S.
[57] S. 288.018(1)(b), F.S.
[58] S. 288.018(2), F.S.
[59] S. 288.018(3)(a), F.S.
[60] S. 288.018(1)(c), F.S.
[61] S. 288.018(4), F.S.
[62] *See* s. 288.0655, F.S.

Commerce and including those offered by Rural Economic Development Initiative agencies.[63] The program funds total infrastructure project grants, infrastructure feasibility grants, and preclearance review grants.

The Department may award grants for up to 75 percent of the total infrastructure cost, or up to 100 percent of the total infrastructure project cost for a project that is located in a rural community that is also located in a fiscally constrained county[64] or a RAO.[65] Additionally, projects may include improving any inadequate infrastructure that has resulted in regulatory action that prohibits economic or community growth or reducing the costs to community users of proposed infrastructure improvements that exceed such costs in comparable communities.

Eligible uses of funds include improvements to public infrastructure for industrial or commercial sites and upgrades to or development of public tourism infrastructure.[66] Infrastructure can include public or public-private partnership facilities, such as stormwater systems, telecommunication, roads or other remedies to transportation impediments, nature-based tourism facilities and physical requirements necessary to facilitate tourism, trade, and economic development activities.[67] The Department may award grants of up to $300,000 for infrastructure feasibility studies, design and engineering activities, or other infrastructure planning and preparation activities.[68] The total project participation grant may be used in conjunction with the infrastructure feasibility grant.

To enable local governments to access the resources the Department may award grants for surveys, feasibility studies, and other activities related to the identification and preclearance review of suitable land.[69] Authorized grants under program may not exceed $75,000 each, except in the case of a project in a rural area of opportunity, in which case the grant may not exceed $300,000.[70]

Rural Community Development Revolving Loan Fund

The Rural Community Development Revolving Loan Fund Program is administered by the Department 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.[71]

The program provides for long-term loans, loan guarantees, and loan loss reserves to units of local governments, or economic development organizations in counties with populations of 75,000 or fewer, or within any county with a population of 125,000 or fewer which is contiguous to a county with a population of 75,000 or fewer.[72] Loans must be made pursuant to agreements specifying the terms and conditions agreed to between the applicant and the department, and loans are the legal obligations of the applicant.[73] All repayments of principal and interest must be returned to the loan fund and made available for loans to other applicants.

However, in a RAO, repayments of principal and interest may be retained by the applicant if repayments are dedicated and matched to fund regionally based economic development organizations representing the rural area of opportunity.[74]

Rural Economic Development Strategy Grants

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63 S. 288.0655(2)(b), F.S.
64 A fiscally constrained country is any county that is entirely within a rural area of opportunity as designated by the Governor pursuant to s. 288.0656, F.S., or each county for which the value of a mill will raise no more than $5 million in revenue, based on the taxable value certified pursuant to s. 1011.62(4)(a)1.a., F.S., from the previous July 1. S. 218.67(1), F.S.
65 S. 288.0655(2)(b), F.S.
66 *Id.*
67 Broadband internet service must be provided in partnership with one or more dealers of communications services. S. 288.0655(2)(b), F.S.
68 S. 288.0655(2)(c), F.S.
69 S. 288.0655(2)(e), F.S.
70 *Id.*
71 S. 288.065, (1) F.S.
72 S. 288.065, (2)(a) F.S.
73 S. 288.065 (2)(b), F.S.
74 S. 288.065 (2)(c), F.S.

The Department accepts and administers money which is appropriated to the department for providing grants to assist rural communities in developing and implementing strategic economic development plans.[75] The rural community must be counties with populations of 75,000 or fewer, or within any county with a population of 125,000 or fewer which is contiguous to a county with a population of 75,000 or fewer, or a municipality therein.[76] The Department must establish criteria for reviewing grant applications under this section. These criteria include, but are not limited to, the degree of participation and commitment by the local community and the application's consistency with local comprehensive planning.[77]

Inventory of Communities Seeking to Recruit Businesses

By September 30 of each year, a county or municipality that has a population of at least 25,000 or its local economic development organization must submit to the Department a brief overview of the strengths, services, and economic development incentives that its community offers.[78] The local government or its local economic development organization also must identify any industries that it is encouraging to locate or relocate to its area.[79] Such local governments and organizations seeking to recruit businesses may submit information and may participate in any activity or initiative resulting from the collection, analysis, and reporting of the information to the Department.[80]

Agreements Funded with Federal or State Assistance

Current law requires an agency agreement that provides state financial assistance to a recipient or subrecipient,[81] 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.[82]

Current law prohibits an agency agreement that provides state or federal financial assistance to local government entities within a RAO from requiring the local government entity to expend funds in order 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 undertake other options to meet the requirements of the agreement, allowing local governments in rural areas to be paid without spending their own capital first.[83]

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[75] S. 288.0657 (2), F.S.
[76] S. 288.0657 (1), F.S.
[77] S. 288.0657(4), F.S.
[78] S. 288.007, F.S.
[79] *Id.*
[80] *Id.*
[81] S. 215.97, F.S., defines a "subrecipient" as a nonstate entity that receives state financial assistance through another nonstate entity.
[82] S. 215.971(1)(a)-(g), F.S.
[83] S. 215.971, F.S (h) F.S.

The Small Business Development Center Network

Established in 2008, the Florida Small Business Development Center Network (SBDC) is the principal business assistance organization for small businesses in the state. The purpose of the SBDC is to serve emerging and established for-profit, privately held businesses that maintain a place of business in the state.[84] The SBDC is a consortium of regional small business development centers throughout the state that offer current and prospective small businesses consulting services, training opportunities, and access to other resources and information.[85] Regional centers are based at several of Florida's colleges and universities.[86] The SBDC is run by a statewide director in consultation with a 19 member statewide advisory board.[87]

The network is funded in part by the U.S. Small Business Administration, Department of Defense, State of Florida through appropriations, and other private and public partners, with the University of West Florida serving as the SBDC's designated lead host institution.[88] Half of any state funds received directly by a host institution which are specifically designated for the network are distributed for the following purposes:

- Ensuring that support services are available statewide, especially in underserved and rural areas of the state, to assist eligible businesses;
- Enhancing participation in the network among state universities and colleges; and
- Facilitating the adoption of innovative small business assistance best practices by the regional small business development centers.

State Housing Initiatives Partnership (SHIP) Program

The SHIP Program was created to provide funds to local governments as an incentive to create partnerships that produce and preserve affordable homeownership and multifamily housing. The SHIP program provides funds to all 67 counties and 52 Community Development Block Grant[89] entitlement cities on a population-based formula to finance and preserve affordable housing based on locally adopted housing plans.[90] The program was designed to serve very-low, low-, and moderate-income families and is administered by Florida Housing Finance Corporation (FHFC). SHIP funds may be used to pay for emergency repairs, rehabilitation, down payment and closing cost assistance, impact fees, construction and gap financing, mortgage buydowns, acquisition of property for affordable housing, matching dollars for federal housing grants and programs, and homeownership counseling.[91]

Funds are expended per each local government's adopted Local Housing Assistance Plan (LHAP), which details the housing strategies it will use.[92] Local governments submit their LHAPs to the FHFC for review to ensure that they meet the broad statutory guidelines and the requirements of the program rules. The guaranteed minimum allocation amount that will be disbursed on a quarterly or more frequent basis by the FHFC to local governments is $350,000.[93]

Certain statutory requirements restrict a local government's use of funds made available under the SHIP program (excluding amounts set aside for administrative costs):

[84] Ch. 2008-149, L.O.F., codified as s. 288.001, F.S.
[85] America's SBDC Florida, *Consulting Services*, available at https://floridasbdc.org/ (last visited Mar. 21, 2025)
[86] America's SBDC Florida, *Our Network*, available at https://floridasbdc.org/ (last visited Mar. 21, 2025).
[87] S. 288.001 (3)-(4), F.S.
[88] America's SBDC Florida, *About Funding*, available at https://floridasbdc.org/about/ (last visited Mar. 21, 2025).
[89] The CDBG program is a federal program created in 1974 that provides funding for housing and community development activities.
[90] *See* ss. 420.907-420.9089, F.S.
[91] S. 420.9072(7), F.S.
[92] S. 420.9075, F.S. S. 420.9075(3), F.S., outlines a list of strategies LHAPs are encouraged to employ, such as helping those affected by mobile home park closures, encouraging innovative housing design to reduce long-term housing costs, preserving assisted housing, and reducing homelessness.
[93] S. 420.9073 (3)(a-b) F.S.

- At least 75 percent of SHIP funds must be reserved for construction, rehabilitation, or emergency repair of affordable, eligible housing;[94] and
- Up to 25 percent of SHIP funds may be reserved for allowed rental services.[95]

Within those distributions by local governments, additional requirements must be met:
- At least 65 percent of SHIP funds must be reserved for home ownership for eligible persons;[96]
- At least 20 percent of SHIP funds must serve persons with special needs;[97]
- Up to 20 percent of SHIP funds may be used for manufactured housing;[98] and
- At least 30 percent of SHIP funds must be used for awards to very-low-income persons or eligible sponsors serving very-low-income persons, and another 30 percent must be used for awards for low-income-persons or eligible sponsors serving low-income persons.[99]

USDA Section 515 Rural Affordable Housing

Many of rural America's 65 million residents experience acute housing problems with nearly 30 percent of rural households experiencing at least one major housing problem, such as high cost, physical deficiencies, or overcrowding.[100] The United States Department of Agriculture's (USDA) Section 515 program is a part of the national Rural Rental Housing program. Under the Section 515 program, USDA Rural Development makes direct loans to developers to finance affordable multifamily rental housing for very low-income, low-income, and moderate-income families, for elderly people, and for persons with disabilities.[101]

Section 515 funds can be used for any new construction and for the rehabilitation of existing rural properties. Funding can also be used to buy or improve land, and to provide critical infrastructure for properties such as water and waste disposal systems. However, no new rental properties have been developed under Section 515 since 2011.[102]

Small County Road Programs

Small County Road Assistance Program (SCRAP)

FDOT administers SCRAP to assist small county governments in resurfacing or reconstructing county roads that were part of the county road system on June 10, 1995.[103] Counties eligible to compete for funding based on population include those with a population of 75,000 or less according to the 1990 federal census. Under this criterion, there are currently 33 counties eligible to receive funding through the program. Capacity improvements on county roads are not eligible for SCRAP funding, except when FDOT determines that widening existing lanes as part of a resurfacing or reconstruction project is necessary to address safety concerns.[104]

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[94] S. 420.9075(5)(c), F.S.

[95] S. 420.9075(5)(b), F.S. However, a local government may not expend money distributed to it to provide ongoing rent subsidies, except for: security and utility deposit assistance; eviction prevention not to exceed six months' rent; or a rent subsidy program for very-low-income households with at least one adult who is a person with special needs or is homeless, not to exceed 12 months' rental assistance.

[96] S. 420.9075(5)(a), F.S. "Eligible person" or "eligible household" means one or more natural persons or a family determined by the county or eligible municipality to be of very low income, low income, or moderate income based upon the annual gross income of the household.

[97] S. 420.9075(5)(d), F.S.

[98] S. 420.9075(5)(e), F.S.

[99] S. 420.9075(5)(g)2., F.S.

[100] National Low Income Housing Coalition, *USDA Rural Rental Housing Programs,* available at *https://nlihc.org/sites/default/files/AG-2019/04-13_USDA-Rural-Rental-Housing-Programs.pdf* (last visited Mar. 21, 2025).

[101] *Id.*

[102] *Id.*

[103] S. 339.2816(4), F.S.

[104] FDOT, *Work Program Instructions FY 25/26-29/30*, September 6, 2024, at p. 394, available at https://fdotewp1.dot.state.fl.us/fmsupportapps/Documents/development/WorkProgramInstructions.pdf

Currently, up to $25 million annually from the State Transportation Trust Fund may be used to fund the SCRAP.[105] Available funds are allocated to the FDOT districts based on the number of counties eligible for funding under the criteria in s. 339.2816, F.S.

Small County Outreach Program (SCOP)

The SCOP assists small counties in repairing or rehabilitating county bridges, paving unpaved roads, addressing road-related drainage improvements, resurfacing or reconstructing county roads, or constructing capacity or safety improvements to county roads. Small counties eligible to compete for project funding include those with a population of 200,000 or less as determined by the most recent official estimate of the Office of Economic and Demographic Research.[106] Similar to the SCRAP, available funds are allocated to FDOT districts based on the number of counties eligible for funding under the criteria in s. 339.2818, F.S.

FDOT is required to fund 75 percent of the cost of projects on county roads selected for funding under the program and the county must provide 25 percent of such costs.[107] Rural counties qualifying under the Rural Economic Development Initiative[108] may apply for a waiver or reduction of the required 25 percent local match.[109] Subject to specific appropriation, municipalities within a rural area of opportunity may also compete for funding at up to 100 percent of the project costs.[110]

In 2024, the SCOP was amended to incorporate additional eligibility provisions. Specifically, subject to a specific appropriation, a local government either wholly or partially within the Everglades Agricultural Area, the Peace River Basin, or the Suwannee River Basin may compete for additional funding at up to 100 percent of project costs on state or county roads used primarily as farm-to-market connections between rural agricultural areas and market distribution centers, excluding capacity improvement projects.[111]

Arterial Roads

Under Florida's Transportation Code "arterial road" means a route providing service which is relatively continuous and of relatively high traffic volume, long average trip length, high operating speed, and high mobility importance.[112] Arterials include U.S. numbered highways and principal state roads that connect cities and towns. FDOT's Functional Classification system distinguishes between urban and rural designations for arterial roads.[113] FDOT routinely manages and improves arterial roads to increase capacity and facilitate traffic throughput, while at the same time achieving the paramount goal of improving safety.

FDOT is required to identify and include in the work program projects to increase capacity by widening existing two-lane arterial rural roads to four lanes. To be included in a work program project, the road must be classified as an arterial rural road, and truck traffic using the road must amount to at least 15 percent of all such traffic, as determined by the department. FDOT is required to fund at least $20 million annually for such projects.[114]

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[105] S. 339.2816(3), F.S.
[106] S. 339.2818, F.S.
[107] S. 339.2818(4)(a), F.S.
[108] *See* s. 288.056, F.S., for a full description of the Rural Economic Development Initiative.
[109] FDOT, *Work Program Instructions FY 25/26-29/30*, September 6, 2024, at p. 384, available at https://fdotewp1.dot.state.fl.us/fmsupportapps/Documents/development/WorkProgramInstructions.pdf (last visited Mar. 21, 2025).
[110] S. 339.2818(7), F.S.
[111] S. 339.2818(8), F.S.
[112] S. 334.03(1), F.S.
[113] FDOT, *2020 Urban Area Boundary and Functional Classification Handbook*, available at https://fdotwww.blob.core.windows.net/sitefinity/docs/default-source/statistics/docs/urbanfunclass.pdf?sfvrsn=84c718c4_15 (last visited Mar. 21, 2025).
[114] S. 339.68, F.S.

Rural Hospital Capital Improvement (RHCI) Grant Program

This grant program is available to rural hospitals[115] that apply and guarantee, subject to appropriation, at least $100,000 per hospital to fund projects to acquire, repair, improve, or upgrade systems, facilities and equipment. Between fiscal years 2023-2025 the grant program has helped to fund numerous improvement projects at rural hospitals including, but not limited to:

- Adding a third chiller at AdventHealth Palm Coast;
- Purchasing a leased building which houses a rural health clinic by AdventHealth Wauchula;
- Replacing nuclear medicine camera equipment and upgrading and refreshing patient rooms and air conditioning at Ascension Sacred Heart Emerald Coast;
- Replacing the air conditioning system at Doctors' Memorial Hospital in Bonifay; and
- Renovating emergency department space at Doctors' Memorial Hospital in Perry and Ed Fraser Memorial Hospital in Macclenny.[116]

Regional Educational Consortia

School districts with 20,000 or fewer students, developmental research schools, and the Florida School for the Deaf and the Blind may enter into cooperative agreements to form a regional consortium service organization (regional consortium).[117] Regional consortium service organizations (regional consortia) are intended to provide programs and services to small school districts to save money, increase student achievement, and improve organizational efficiency via economies of scale and collaboration.[118]

There are three regional consortia:

- The Heartland Educational Consortium (HEC),[119]
- The North East Regional Consortium (NEFEC),[120] and
- The Panhandle Area Educational Consortium (PAEC).[121]

Florida's Regional Consortia members include 36 school districts, 430 schools, 12,000 teachers, and 160,000 students.[122]

Each regional consortium must provide, at a minimum, three of the following services: exceptional student education; teacher education centers; environmental education; federal grant procurement and coordination; data processing; health insurance; risk management insurance; staff development; purchasing; or planning and accountability.[123] Each regional consortium receives an incentive grant of $50,000 per school district to be used for the delivery of services within the participating school districts. The determination of services and use of such funds is determined by the board of directors of the regional consortium.[124]

The board of directors of a regional consortium may use various means to generate revenue in support of its activities, which may include patents, copyrights, and trademarks and licenses. Such funds must be used to support

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[115] A rural hospital is defined in s. 395.602, F.S. According to Florida Health Finder, there are 24 rural hospitals in Florida.
[116] A full list of all projects is on file with Senate Health Policy Committee staff.
[117] S. 1001.451(1), F.S.
[118] Heartland Educational Consortium, North East Florida Educational Consortium, Panhandle Area Educational Consortium, *Florida's Regional Consortia*, Presentation to the Florida Senate Committee on Education Pre-K - 12 (Feb. 4, 2025), available at https://www.flsenate.gov/Committees/Show/ED/MeetingPacket/6290/10954_MeetingPacket_6290_2.pdf, at 6.
[119] HEC serves six-member districts: DeSoto, Glades, Hardee, Hendry, Highlands, and Okeechobee.
[120] NEFEC serves 13-member districts: Baker, Bradford, Columbia, Dixie, Flagler, Gilchrist, Hamilton, Lafayette, Levy, Nassau, Putnam, Suwannee, and Union. NEFEC also serves the Florida School for the Deaf and the Blind and the P.K. Yonge Developmental Research School.
[121] PAEC serves 13-member districts: Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Jefferson, Liberty, Madison, Taylor, Wakulla, Walton, Washington. PAEC also serves the FSU Collegiate School and FAMU Developmental Research School.
[122] Heartland Educational Consortium, North East Florida Educational Consortium, Panhandle Area Educational Consortium, *Florida's Regional Consortia*, Presentation to the Florida Senate Committee on Education Pre-K - 12 (Feb. 4, 2025), available at https://www.flsenate.gov/Committees/Show/ED/MeetingPacket/6290/10954_MeetingPacket_6290_2.pdf, at 6.
[123] S. 1001.451(1), F.S.
[124] S. 1001.451(2), F.S.

the organization's marketing and research and development activities in order to improve and increase services to its member districts.[125]

Special Facility Construction Accounts

The Special Facility Construction Account (SFCA) within the Department of Education (DOE) is used to provide necessary construction funds to school districts that have urgent construction needs but lack sufficient resources, and cannot reasonably anticipate sufficient resources within the next three years.[126] These projects typically are located in rural school districts that have an insufficient tax base to fund large construction projects. The state's smaller school districts, which serve 20,000 or fewer students, generally raise considerably less through local discretionary property taxes than larger Florida school districts. As a result, small school districts may have a difficult time raising the local funds needed to pay for new schools.[127] In 2023, rural school districts that were members of regional consortium service organizations occupied ranks 36-67 in taxable values and values of the 1.5 mill discretionary levy.[128]

A district that receives funds under the SFCA must, for three years prior to applying for funds, and for a continuing period necessary to meet its participation requirement, levy the maximum millage against the district's nonexempt assessed property value as authorized under s. 1011.71(2) or raise an equivalent amount of revenue from the school capital outlay surtax authorized under s. 212.055(6). In addition, a district must budget the value of 1 mill per year to the project until the participation requirement[129] related to the discretionary capital improvement levy or capital outlay surtax is satisfied.[130] A district may not receive funding for more than one approved project in any 3-year period or while any portion of the district's participation requirement is outstanding.[131]

Charter School Capital Outlay Funding

Charter school capital outlay funding consists of state funds when such funds are appropriated in the General Appropriations Act and revenue resulting from the 1.5 mill discretionary capital improvement levy authorized in law.[132]

If the school board levies the discretionary capital improvement millage, DOE must, when determining the amount of revenue that a school district must distribute to each eligible charter school, reduce from the total amount the total discretionary millage revenue by the school district's annual debt service obligation incurred as of March 1, 2017, which has not been subsequently retired, and any amount of participation requirement under the Special Facility Construction Account that is being satisfied by revenues raised by the discretionary millage.[133] Of the total calculated amount based on a district's discretionary millage and the total number of students in district charter schools, the school district must distribute 40 percent in 2024-2025, and 60 percent in 2025-2026.[134]

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[125] S. 1001.451(5), F.S.
[126] S. 1013.64(2)(a), F.S.
[127] Office of Program Policy Analysis & Government Accountability, *Special Facility Construction Projects Appear Needed, but Have Excess Capacity* (Report 11-02, Jan. 2011) available at https://oppaga.fl.gov/Documents/Reports/11-02.pdf, at 1-2.
[128] Heartland Educational Consortium, North East Florida Educational Consortium, Panhandle Area Educational Consortium, *Florida's Regional Consortia*, Presentation to the Florida Senate Committee on Education Pre-K - 12 (Feb. 4, 2025), available at https://www.flsenate.gov/Committees/Show/ED/MeetingPacket/6290/10954_MeetingPacket_6290_2.pdf, at 10.
[129] The participation requirement is unencumbered and future revenue from school bonds under Art. XII, s. 9(d), Fla. Const., the discretionary capital improvement levy under s. 1011.71(2), and the amounts from the Public Education Capital Outlay and Debt Service Trust Fund in the year of the initial appropriation and for the 2 years immediately following the initial appropriation. S. 1013.64(2)(a)11., F.S.
[130] S. 1013.64(2)(a)8., F.S.
[131] S. 1013.64(2)(a), F.S.
[132] S. 1013.62(1), F.S. The 1.5 mill discretionary capital improvement levy is authorized under s. 1011.71(2), F.S.
[133] S. 1013.62(3), F.S.
[134] S. 1013.62(3)(d), F.S.

By October 1 of each year, each school district must certify to DOE the amount of debt service and participation requirement that can be reduced from the total discretionary millage revenue. The Auditor General must verify compliance with these requirements during scheduled operational audits of school districts.[135]

For all school districts with charter schools in that district, the total 2025-2026 estimated local funds that must be shared with charter schools is $214,219,713. Of the 29 fiscally constrained counties[136] that may be eligible for funds under the Special Facilities Construction Account, the 2025-2026 estimated local funds that must be shared with charter schools is $1,292,083.[137]

OTHER RESOURCES:

Addressing Rural Health Challenges Head On - PMC
Rural-Urban Differences in Cardiovascular Mortality in the United States, 2010-2022 | JACC
COE - Difficulty Hiring Teachers in Rural Areas

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Commerce Committee	24 Y, 0 N	3/24/2025	Hamon	Larkin
Health & Human Services Committee				
Budget Committee				

[135] S. 1013.62(3), F.S. Flush-left provision.
[136] Each county that is entirely within a rural area of opportunity as designated by the Governor pursuant to s. 288.0656 or each county for which the value of a mill will raise no more than $5 million in revenue, based on the taxable value certified pursuant to s. 1011.62(4)(a)1.a., from the previous July 1, is considered a fiscally constrained county. S. 218.67(1), F.S. *See also* Florida Department of Revenue, *Fiscally Constrained Counties*, available at https://www.floridarevenue.com/property/Documents/fcc_map.pdf (last visited Mar. 21, 2025).
[137] The amount is derived from 60 percent of the calculation of each district's ad valorem taxes, after specified deductions, and eligible charter school full-time equivalent students. See 1013.62(3), F.S.