

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 Fiscal Policy

BILL: CS/SB 196

INTRODUCER: Appropriations Committee on Transportation, Tourism, and Economic Development
Committee and Senator Simon

SUBJECT: Economic Development

DATE: February 13, 2024

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Renner</u>	<u>McKay</u>	<u>CM</u>	Favorable
2.	<u>Nortelus</u>	<u>Jerrett</u>	<u>ATD</u>	Fav/CS
3.	<u>Renner</u>	<u>Yeatman</u>	<u>FP</u>	Favorable

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 196 amends the Regional Rural Development Grants Program to:

- Eliminate the rural matching requirement;
- Eliminate the requirement that grant funds received by a regional economic development organization must be matched each year by nonstate resources in an amount equal to 25 percent of the state contributions;
- Remove the requirement that the Department of Commerce (DCM) consider the demonstrated need of the applicant for assistance when approving participants for the program; and
- Remove the requirement that an applicant must show proof that each local government and the private sector made a financial or in-kind commitment to the regional organization in order to receive funding.

Additionally, the bill 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 are required to be used to make awards or pay for administrative costs.

The bill does not affect state revenues or expenditures.

The bill takes effect July 1, 2024.

II. 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 includes technical assistance, education and leadership development, marketing, and project recruitment.¹

Applications submitted to the Department of Commerce (DCM) 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 DCM 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 Area of Opportunity

An 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 an RAO if it presents a unique economic development opportunity of regional impact. The designation of an RAO must

¹ Section 288.018(1)(b), F.S.

² Section 288.018(2), F.S.

³ Section 288.018(1)(c), F.S.

⁴ Section 288.018(4), F.S.

⁵ Section 288.0656(2)(e), F.S., defines a “rural community” as is 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 Section 288.0656(2)(d), F.S.

be agreed upon by the DCM, as well as the county and municipal governments to be included in the RAO.⁷

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.

Triumph Gulf Coast, Inc., was created in 2013¹¹ 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 DCM. The corporation is a separate entity from state government and not subject to control, supervision, or direction of the DCM.¹²

Triumph Gulf Coast, Inc., is required to administer the Triumph Gulf Coast Trust 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. 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.¹³

⁷ Section 288.0656(7)(b), F.S.

⁸ Section 288.0656(1)(a), 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 Section 288.0656(7)(a), F.S.

¹⁰ Department of Economic Opportunity, *Rural Areas of Opportunity*, available at <https://floridajobs.org/community-planning-and-development/rural-community-programs/rural-areas-of-opportunity> (last visited February 14, 2024). 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 Chapter 2013-39, s. 54, Laws of Fla.

¹² Section 288.8013, F.S.

¹³ Section 288.8016, F.S.

Chapter 2023-240, s. 65, Laws of Fla., amended s. 288.8013(3), F.S., to require any interest earned on the funds in the Triumph Gulf Coast Trust Fund account to revert back to the Triumph Gulf Coast Trust Fund in existence on June 30, 2023.

III. Effect of Proposed Changes:

The bill amends s. 288.018, F.S., to specify that funding provided under the Regional Rural Development Grants Program are not matching grants. The bill eliminates the requirement that grant funds received by a regional economic development organization must be matched each year by nonstate resources in an amount equal to 25 percent of the state contributions. The bill also removes the requirement that the DCM consider the demonstrated need of the applicant for assistance when approving participants for the program. The bill removes the requirement that an applicant must show proof that each local government and the private sector made a financial or in-kind commitment to the regional organization in order to receive funding.

Additionally, the bill amends s. 288.8013, F.S., to allow 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 pay for administrative costs.

The bill takes effect July 1, 2024.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None identified.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The bill does not affect state revenues or expenditures.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 288.018, 288.8013

IX. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Appropriations Committee on Transportation, Tourism, and Economic Development on January 11, 2024:

The committee substitute continues Triumph Gulf Coast, Inc. authority to retain interest earned on the funds in its trust account. The funds retained are required to be used to make awards or pay for administrative costs.

B. Amendments:

None.