

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 Governmental Oversight and Accountability

BILL: CS/SB 600

INTRODUCER: Agriculture Committee and Senator Grimsley and others

SUBJECT: Rural Economic Development Initiative

DATE: April 14, 2017 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Askey</u>	<u>McKay</u>	<u>CM</u>	Favorable
2.	<u>Becker</u>	<u>Becker</u>	<u>AG</u>	Fav/CS
3.	<u>Ferrin</u>	<u>Ferrin</u>	<u>GO</u>	Favorable
4.	_____	_____	<u>RC</u>	_____

Please see Section IX. for Additional Information:
COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 600 makes several changes to the Rural Economic Development Initiative (REDI), most notably to the agency and organization members who collaborate with the REDI. The bill changes the membership to include:

- The executive director of the Department of Economic Opportunity or their designee, to serve as chair;
- The Secretary of Transportation or their designee;
- The Secretary of Environmental Protection or their designee;
- The Commissioner of Agriculture or their designee;
- The State Surgeon General or their designee;
- The Commissioner of Education or their designee;
- The President of Enterprise Florida, Inc., or their designee;
- The chair of the board of CareerSource Florida, Inc., or their designee;
- Five members from the private sector, three who are appointed by the executive director of the Department of Economic Opportunity, and one each appointed by the President of the Senate and the Speaker of the House of Representatives.

The bill requires that the report required of the REDI be submitted to the Department of Economic Opportunity, the President of the Senate, and the Speaker of the House of

Representatives by September 1st of each year and expands the information to be included in the report.

The bill makes conforming changes to address cross-references in numerous sections of the Florida Statutes.

The bill is effective upon becoming law.

II. Present Situation:

Rural Economic Development Initiative

The Rural Economic Development Initiative (REDI) was established in 1997¹ by the Legislature to encourage and facilitate the location and expansion of major economic development projects of significant scale in rural communities.² The REDI is responsible for coordinating and focusing the efforts and resources of state and regional agencies on the problems that affect the fiscal, economic, and community viability of Florida's economically distressed rural communities.³ The REDI works with local governments, community-based organizations, and private organizations that have an interest in the growth and development of these communities to find ways to balance environmental and growth management issues with local needs and economic development.⁴ Other responsibilities include the review and evaluation of the impact of statutes and rules on rural communities, and the facilitation of better access to state resources by promoting direct access and referrals to both state and regional agencies and statewide organizations.⁵

The REDI is administered by the Department of Economic Opportunity (DEO), but is a collaborative effort facilitated by a group of agencies and organizations. Numerous state agencies and organizations are required to participate in the REDI by designating a deputy secretary or higher-level staff person to serve as a REDI representative. The agencies and organizations that are statutorily required to designate a representative are:⁶

- The Department of Transportation;
- The Department of Environmental Protection;
- The Department of Agriculture and Consumer Services;
- The Department of State;
- The Department of Health;
- The Department of Children and Families;
- The Department of Corrections;
- The Department of Education;
- The Department of Juvenile Justice;
- The Fish and Wildlife Conservation Commission;
- Each water management district;

¹ Ch. 97-278

² Section 288.0656, F.S.

³ Section 288.0656(3), F.S.

⁴ *Id.*

⁵ Sections 288.0656(4) and (5), F.S.

⁶ Section 288.0656(6)(a), F.S.

- Enterprise Florida, Inc. (EFI);
- VISIT Florida;
- The Florida Regional Planning Council Association;
- The Agency for Health Care Administration; and
- The Institute for Food and Agricultural Sciences.

Agency and organization representatives are required to have comprehensive knowledge of their agency's regulatory and service functions, and the state's economic goals, policies, and programs.⁷ The representatives are required to work with the REDI in the reviewing, evaluating, and proposing impact mitigation of any statute or rule that may have an adverse effect on rural communities.⁸ Additionally, representatives are to inform their agencies and organizations about the REDI and provide assistance to the REDI throughout the agency or organization.⁹

The law governing the REDI program defines a rural area of opportunity (RAO) as a rural community,¹⁰ or a region comprised of rural communities, designated by the Governor, that have been adversely affected by an extraordinary economic event, a natural disaster, or severe or chronic distress.¹¹ An area may also be classified as a RAO if it presents a unique economic development opportunity of regional impact.¹² A designation of RAO must be agreed upon by the DEO and the local governments included in the RAO.¹³

Based on recommendations of REDI, up to three rural areas of opportunity can be designated by the Governor through executive order.¹⁴ This designation establishes these areas as priority assignments for REDI as well as allows the Governor, acting through REDI, to waive criteria, requirements, or similar provisions of any economic development initiative.¹⁵

Currently, there are three designated RAO areas:

- Northwest Rural Area of Opportunity: Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Liberty, Wakulla, and Washington counties, and the City of Freeport in Walton County. The name of this area's economic development organization is Opportunity Florida.¹⁶

⁷ Section 288.0656(6)(b), F.S.

⁸ Section 288.0656(6)(c), F.S.

⁹ Section 288.0656(6)(d), F.S.

¹⁰ Section 288.0656(2)(e), F.S., defines a "Rural community" as a county with a population of 75,000 or fewer; a county with a population of 125,000 or fewer, which is contiguous to a county with a population of 75,000 or fewer; a municipality within such a county; 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 identified in s. 288.0656(2)(c), F.S., and verified by DEO. For purposes of this paragraph, population is determined in accordance with the most recent official estimate pursuant to the state population census statute located in s. 186.901, F.S. The U.S. Census Bureau defines "rural" as all population, housing, and territory not included within an urban area, and identifies two types of urban areas, Urbanized Areas (UAs) of 50,000 or more people; and Urban Clusters (UCs) of at least 2,500 and less than 50,000 people.

¹¹ Section 288.0656(2)(d), F.S.

¹² *Id.*

¹³ Section 288.0656(7)(b), F.S. a designation of RAO is contingent upon the execution of a memorandum of agreement among the Department of Economic Opportunity, the governing body of the county, and the governing bodies of any municipalities included within a RAO.

¹⁴ Section 288.0656(7)(a), F.S.

¹⁵ *Id.*

¹⁶ For additional information on Opportunity Florida, see: <http://www.opportunityflorida.com/> (last viewed April 10, 2017).

- South Central Rural Area of Opportunity: DeSoto, Glades, Hardee, Hendry, Highlands, and Okeechobee counties, and the cities of Pahokee, Belle Glade, and South Bay (Palm Beach County), and Immokalee (Collier County). The name of this area's economic development organization is Florida's Heartland Regional Economic Development Initiative, Inc.¹⁷
- North Central Rural Area of Opportunity: Baker, Bradford, Citrus, Columbia, Dixie, Gilchrist, Hamilton, Jefferson, Lafayette, Levy, Madison, Putnam, Suwannee, Taylor, and Union counties. The name of this area's economic development organization is the North Florida Economic Development Partnership.¹⁸

Each rural area of opportunity, by a REDI recommendation and identification by Enterprise Florida Inc., may designate catalyst projects, which must be confirmed by the Department of Economic Opportunity.¹⁹ All agencies and departments of the state are required to use all available tools and resources available to promote the creation and development of each catalyst project and the development of catalyst sites.²⁰ For purposes of the REDI program, a catalyst project is a business relocating or expanding in an RAO and serves as an economic generator of regional significance, and a catalyst site is one or more parcels of land in an RAO that is prioritized for economic development.²¹

REDI is required to submit a report to DEO on all REDI activities for the previous fiscal year as a supplement to DEO's annual report required under s. 20.60, F.S.²² This supplementary report must include:

- A status report on all projects currently being coordinated through REDI;
- The number of preferential awards and allowances made pursuant to the REDI program;
- The dollar amount of such awards, and the names of the recipients;
- A description of all waivers of program requirements granted;
- Information as to the economic impact of the projects coordinated by REDI; and
- Recommendations based on the review and evaluation of statutes and rules having an adverse impact on rural communities and proposals to mitigate such adverse impacts.

III. Effect of Proposed Changes:

This bill makes several changes to the REDI, most notably to the agency and organization members who collaborate with the REDI. The bill changes the membership to include:

- The executive director of the DEO or their designee, to serve as chair;
- The Secretary of Transportation or their designee;
- The Secretary of Environmental Protection or their designee;
- The Commissioner of Agriculture or their designee;
- The State Surgeon General or their designee;
- The Commissioner of Education or their designee;

¹⁷ For additional information on Florida's Heartland Regional Economic Development Initiative, Inc., see: <http://flaheartland.com/> (last viewed April 10, 2017).

¹⁸ For additional information on the North Florida Economic Development Partnership, see: <http://nflp.org/?/Home> (last viewed April 10, 2017).

¹⁹ Section 288.0656(7)(c), F.S.

²⁰ *Id.*

²¹ Section 288.0656(2), F.S.

²² Section 288.0656(8), F.S.

- The President of EFI or their designee;
- The chair of the board of CareerSource Florida, Inc., or their designee;
- The chair of the board of each regional economic development organization for each of the rural areas of opportunity or their designee; and
- Five members from the private sector, three who are appointed by the executive director of the DEO, and one each appointed by the President of the Senate and the Speaker of the House of Representatives.

In making their appointments, the executive director, the President, and the Speaker are to ensure that the diversity of the state's business community and the state's ethnic, racial, and gender diversity are reflected. Appointments are for 2-year terms, beginning on July 1 and expiring on June 30, with initial appointments beginning in July 2017. The bill provides direction for appointee vacancies and removal. The bill removes the requirement related to REDI members needing comprehensive knowledge of their agency or organization and the state's economic policies and goals.

The bill authorizes the chair of the REDI to create ad hoc committees to address issues or projects. The chair is authorized to request the head of any state agency or organization to serve on the ad hoc committees, but is directed to consider requesting:

- The executive director of FWC or their designee;
- The Secretary of State or their designee;
- The Secretary of Children and Families or their designee;
- The Secretary of Corrections or their designee;
- The Secretary of Juvenile Justice or their designee;
- The Secretary of Health Care Administration or their designee; and
- A board member of the Florida Regional Councils Association or their designee.

Additional changes to the program include:

- Clarifying the legislative intent of the REDI to include encouraging job creation, improving community infrastructure including roads, utilities, water, sewer, and communications, the development and expansion of a skilled workforce, and improved access to healthcare;
- Expanding the definition of "rural area of opportunity" to include a rural community that faces competitive disadvantages including low labor force participation, low education levels, high unemployment, a district grade of "D" or "F" pursuant to s. 1008.34,²³ high infant mortality rates, and high rates of diabetes and obesity;
- Clarifying that the REDI is to focus its efforts on the challenges of the state's rural areas of opportunity and economically distressed rural communities, and that REDI is to work with private organizations that have an interest in the renewed prosperity and competitiveness of these communities;
- Clarifying that when undertaking outreach and capacity-building efforts, REDI's purpose should be to improve rural communities' ability to compete in a global economy;
- Removing the limitation on the Governor's designation of only three rural areas of opportunity;

²³ This section refers to the school grading system, school report cards, and district grades.

- Requiring that the report required of the REDI be submitted to the DEO, the President of the Senate, and the Speaker of the House of Representatives by September 1st of each year; and
- Expanding the information to be included in the report to include evaluation of organizational progress towards goals, REDI accomplishments, and issues affecting the performance of REDI programs and activities.

The bill makes conforming changes to address cross-references in sections 163.3177, 163.3187, 257.193, 288.019, 288.06561, 290.0055, 290.06561, 337.403, 339.2818, 339.2819, 339.63, 479.16, 627.6699, F.S.

The bill is effective upon becoming law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The mandate restrictions do not apply because the bill does not require counties or municipalities to spend funds, reduce the counties' or municipalities' ability to raise revenue or reduce the percentage of state tax shared with counties or municipalities.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 288.0656, 163.3177, 163.3187, 257.193, 288.019, 288.06561, 290.0055, 290.06561, 337.403, 339.2818, 339.2819, 339.63, 479.16, and 627.6699.

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 Agriculture on April 3, 2017:

The committee substitute removes the requirement that an analysis shall be done by OPPAGA. It clarifies that communications methods that improve community infrastructure could include more than broadband. It removes the requirement that catalyst projects must be identified by EFI.

- B. **Amendments:**

None.