



ARA-PP-05: RURAL ECONOMIC & COMMUNITY DEVELOPMENT

COMMITTEE RECOMMENDATION: DEFER TO LEGISLATIVE CONFERENCE

PROPOSED POLICY: FAC SUPPORTS a comprehensive rural economic & community development package to include:

- Increase funding for rural infrastructure projects to the Florida Job Growth Grant Fund
- Increase operational funding and regulatory flexibility for Rural Areas of Opportunity and local entities to promote job creation and economic expansion;
- Rural Qualified Targeted Industries Tax Refund Reauthorization for 10 years;
- Modify match requirements and provide flexibility to the following programs:
 - Regional Rural Development Grants Program;
 - Rural Community Development Revolving Loan Fund;
 - Rural Infrastructure Fund.

BACKGROUND AND ANALYSIS:

This proposal embodies several significant economic development tools that have helped rural communities pursue projects enabling economic growth in their communities and regions. The proposal includes the following concepts:

Request – Support Increased funding for Florida Job Growth Grant Fund

The program is currently funded at \$50,000,000 with non-recurring funding

The Florida Job Growth Grant Fund is authorized pursuant to F.S. 288.101 - The Florida Job Growth Grant Fund allows the State to make strategic investments in a dynamic fashion by funding of public infrastructure and enhancing workforce training. The program enables the State to:

- Promote economic recovery in specific regions of the state, economic diversification, or economic enhancement in a targeted industry.
- Accelerate the rehabilitation of the Herbert Hoover Dike. The department or the South Florida Water Management District may enter into agreements, as necessary, with the United States Army Corps of Engineers to implement this paragraph.
- Provided workforce training grants to support programs at state colleges and state technical centers that provide participants with transferable, sustainable workforce skills applicable to more than a single employer, and for equipment associated with these programs.



Request - increase operational funding and regulatory flexibility for each of the three Rural Areas of Opportunity and local entities promoting job creation and economic expansion in Florida's rural areas

The Rural Area of Opportunity program is authorized in F.S. 288.0656. By definition "Rural area of opportunity" means a rural community, or a region composed of rural communities, designated by the Governor, which has been adversely affected by an extraordinary economic event, severe or chronic distress, or a natural disaster or that presents a unique economic development opportunity of regional impact. There are currently three R.A.O.'s designation by the State of Florida.

- Opportunity Florida the Northwest Rural Area of Opportunity: Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Liberty, Wakulla, and Washington counties, and the area within the city limits of Freeport and Walton County north of the Choctawhatchee Bay and intercoastal waterway.
- Florida's Heartland Regional Economic Development Initiative, Inc. the 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).
- North Florida Economic Development Partnership the North Central Rural Area of Opportunity: Baker, Bradford, Columbia, Dixie, Gilchrist, Hamilton, Jefferson, Lafayette, Levy, Madison, Putnam, Suwannee, Taylor, and Union counties.

R.A.O.'s may receive up to \$300,000 from funding appropriated to the Rural Infrastructure fund with a match requirement of 33 percent with local funds. The funding is provided through a grant administered by the Dept. of Economic Opportunity. R.A.O.'s are a priority assignment for Rural and Economic Development Initiative (REDI) agencies and allows for the waiver of criteria of any economic development incentive including, but not limited to: the Qualified Target Industry Tax Refund Program under section 288.106, Florida Statutes (F.S.), the Quick Response Training Program and the Quick Response Training Program for participants in the welfare transition program under section 288.047, F.S., transportation projects under section 339.2821, F.S., the brownfield redevelopment bonus refund under section 288.107, F.S., and the rural job tax credit program under section 212.098, F.S. and section 220.1895, F.S.

Request - Support the reauthorization of the Qualified Targeted Industries Tax Refund, specifically for rural areas, for 10 years

The Qualified Targeted Industries Tax Refund program, previously authorized in 288.106 was allowed to expire in June of 2020. The program provided an important economic development tool for retaining and expanding existing businesses in the state. The program provided state tax refunds to qualified target industry businesses that originate or expand in the state or that relocate to the state. The program was used to encourage the creation of new businesses in



the state, attract new businesses from outside the state, and generally providing conditions favorable for the growth of target industries creates high-quality, high-wage employment opportunities for residents of the state and strengthens the state's economic foundation. The program provided an incentive program that was narrowly focused in application and scope allowing for targeted incentives to qualified industries that were consistent with the state's economic development goals. The QTI program encouraged the policy of the state to encouraged a focus higher-wage jobs and a diverse economic base. The QTI program allowed for the following tax refund payments – An amount equal to \$3,000 multiplied by the number of jobs specified in the tax refund agreement or equal to \$6,000 multiplied by the number of jobs if the project is located in a rural community or an enterprise zone. In addition to the other tax refund payments authorized, the program could provide:

- An additional amount equal to \$1,000 multiplied by the number of jobs specified in the tax refund agreement, if such jobs pay an annual average wage of at least 150 percent of the average private sector wage in the area, or equal to \$2,000 multiplied by the number of jobs if such jobs pay an annual average wage of at least 200 percent of the average private sector wage in the area.
- An additional payment equal to \$1,000 multiplied by the number of jobs specified in the tax refund agreement, if the local financial support is equal to that of the state's incentive award.

An additional amount shall be allowed a tax refund payment equal to \$2,000 multiplied by the number of jobs specified in the tax refund agreement if the business: Falls within one of the high-impact sectors designated under s. 288.108; or b. Increases exports of its goods through a seaport or airport in the state by at least 10 percent in value or tonnage in each of the years that the business receives a tax refund under this program.

Amend the Regional Rural Development Grants Program

- Grant funds received by a regional economic development organization must be matched each year by nonstate resources in an amount equal to 15 25 percent of the state contribution.
- Evaluation criteria and scoring procedures must recognize the disparity of available fiscal resources for an equal level of financial support from an urban county and a rural county.
- In-kind match should be allowed and applied as financial match

Amend the Rural Community Development Revolving Loan Fund

- All Repayments of principal and interest currently are required to be returned to the loan fund and made available for loans to other applicants. However, counties designate as a rural area of opportunity designated by the governor, and upon approval by the department, repayments of principal and interest may be retained by the applicant if they



are dedicated to fund regionally based economic development organizations representing the rural area of opportunity.

- Remove the match requirement to retain repaid funds for future loans.

Amend the Rural Infrastructure Fund

This fund was created to facilitate the planning, preparing and financing of infrastructure in rural counties which encourages job creation, capital investment and the strengthening of rural economies. The following changes are being requested:

- Remove the requirement to have a project prospect to receive funding.
- Raise the total state contribution available for a grant from 50 percent to 75 percent.
- Remove the requirement for an employment project prospect to be in place to receive funding for infrastructure feasibility studies, design and engineering activities, or other infrastructure planning and preparation activities and remove the cap on the amount of funding available for this assistance.
- Remove the local match requirement for grants for surveys, feasibility studies, and other activities related to the identification and preclearance review of land which is suitable for preclearance review.

FISCAL IMPACT:

The SFY 2022-23 budget allocates \$31.6 million to support local rural infrastructure projects such as broadband, roads, storm and wastewater systems, and telecommunications facilities. The eligible uses of these funds include roads or other remedies to transportation impediments; storm water systems; water or wastewater facilities; and telecommunications facilities and broadband facilities. Of this appropriation, \$5 million is specifically appropriated to the Hurricane Michael impacted counties. \$25 million is appropriated from the federal Coronavirus State Fiscal Recovery Fund.

The SFY 2022-2023 budget allocates \$50 million to the Job Growth Grant Fund.

FAC STAFF NOTES:

FAC 2022 Policy Conference:

- The Committee recommended to defer ARA-PP-05 for further discussion at Legislative Conference.

The purpose of the Rural Infrastructure Fund Grant is to facilitate the planning, preparing and financing of infrastructure projects in rural communities which will encourage job creation, capital investment and the strengthening and diversification of rural economies. The RIF program is intended to facilitate access of rural communities to infrastructure funding programs.



Grants may be awarded for up to 50 percent of the total infrastructure project costs related to specific job-creating or job-retention opportunities. Eligible uses of funds include:

- Improvements to public infrastructure for industrial or commercial sites
- Upgrades to or development of public tourism infrastructure;
- Improvements to access and availability of broadband Internet service; and
- Improvements to inadequate infrastructure that has resulted in regulatory action.

The 2020 Florida Legislature passed legislation amending certain sections of the RIF statute (Section 288.0655, F.S.) and appropriating funds for the FY 2020-2021 RIF program. The legislation also directed DEO to reevaluate existing RIF guidelines and criteria governing submission of applications for funding, review/evaluation of applications, and approval of funding by September 2021.

- Statutes:
 - [s. 288.101, F.S.](#) *Florida Job Growth Grant Fund*
 - [s. 288.0655, F.S.](#) *Rural Infrastructure Fund*
 - [s. 288.0656, F.S.](#) *Rural Economic Development Initiative (Defines Rural Areas of Opportunity)*
 - [s. 288.106, F.S.](#) *Tax refund program for qualified target industry businesses*
 - [s. 288.018, F.S.](#) *Regional Rural Development Grants Program*
 - [s. 288.065, F.S.](#) *Rural Community Development Revolving Loan (RCDRL) Program*
- Past FAC Statements:
 - ARA-PP-01 (2021-22): RURAL INFRASTRUCTURE FUND RESTORATION-
 - SUPPORT Rural Infrastructure Fund base-level funding restoration.
 - ARA-PP-02 (2021-22): RURAL JOBS TAX CREDIT
SUPPORT a revised Rural Jobs Tax Credit to provide the following:
 - Not require a minimum number of jobs be created at a new eligible business;
 - Up to a \$2,500 tax credit for a new eligible business;
 - At an existing business with less than 50 employees, for a 10 percent increase in the number of employees, allow up to a \$2,000 tax credit per job created;
 - At an existing business with 50 or more employees, allow a \$1,500 tax credit per job created if the business adds at least 5 new employees.
 - ARA-PP-03 (2021-22) – RURAL OPPORTUNITY TAX REBATE
 - SUPPORT the enactment of a Rural Opportunity Tax Rebate (ROTR) to provide projects in a rural community a tax refund of \$6000 for each new job where the business has a net increase in employment. SUPPORT streamlined reporting requirements for eligible businesses.
 - ARA-PP-04(2021-22) – RURAL ECONOMIC DEVELOPMENT ENHANCEMENTS
SUPPORT rural economic development enhancements including:
 - SUPPORT extending the sales tax exemption on building materials for new construction in Rural Areas of Opportunity (RAO) to include the building



materials used in rehabilitation of property. SUPPORT increasing the amount of exemption available when the property is within an Opportunity Zone.

- SUPPORT reinstating the 50% Sales Tax Exemption for Electrical Energy to qualified businesses located in an opportunity zone within an RAO on the purchase of electrical energy. The exemption is only available if the municipality in which the business is located has passed an ordinance to exempt a qualified opportunity zone businesses from 50% of the municipality utility tax.
- FAC Guiding Principles
 - CUA 1. The Florida Association of Counties supports measures that empower local governments and provides resources to work with community partners towards the creation of quality jobs, more vibrant Florida communities, as well as an enhanced level of national and global competitiveness.
 - CUA 2. The Florida Association of Counties supports legislation and appropriation that enhances the efficiency and effectiveness of the state and local government partnership in economic development through the greater use of targeted strategic investments in infrastructure and programmatic enhancements designed to induce sustainable economic activity resulting in a consistent positive return on investment for both state and local governments.
 - CUA 11. The Florida Association of Counties supports funding for all modes of the state and local transportation infrastructure network.
 - ARA 2. The Florida Association of Counties supports enhancing programs to increase funding for rural infrastructure, job growth, and workforce development policies and efforts to reduce the digital divide and expand internet access to underserved areas through industry partnerships, new technologies, and collaboration with local stakeholders.
 - ARA 3. The Florida Association of Counties supports enhancing the ability for Rural Areas of Opportunity (RAOs) to advance local rural economic development initiatives through allocation of additional resources.

SUBMITTING COUNTY AND CONTACT: Okeechobee and Walton – Terry Burroughs and Danny Glidewell

ASSIGNED COMMITTEE: ARA

BOARD SUPPORT: N/A

UNFUNDED MANDATE: No

PROTECTIVE OF HOME RULE: N/A