ARA 02 FISCALLY CONSTRAINED COUNTY DEFINITION
STAFF ANALYSIS

PROPOSAL INFORMATION			
SUBMITTING COUNTY:	Columbia		
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FAC COMMITTEE:	ARA	**CROSS-CLAIMS:**	FTA
FAC STAFF:	Peter Abello	**DATE:**	October 19th 2026

This staff analysis is based on the proposal as submitted and does not reflect an adopted position of the Florida Association of Counties.

POLICY PROPOSAL:

Florida designates certain counties as "fiscally constrained" to identify those with limited taxable value and correspondingly restricted ability to fund essential services through property taxes. Under the existing framework, a county qualifies if the revenue from 1 mill of ad valorem taxation yields $5 million or less. Rising assessed property values and higher costs for core services such as public safety, transportation, environmental compliance, and emergency management have pushed several historically rural or small counties close to losing this status, even though their overall tax bases and household incomes remain constrained. Updating the statewide threshold from $5 million to $10 million would better reflect inflation, valuation growth, and current economic realities while still fulfilling the original policy purpose of flagging counties with limited revenue-raising capacity. The proposed statutory change would codify the 1-mill test in general law for greater clarity and consistency, raise the eligibility threshold to $10 million, and reduce year-to-year churn in status for borderline rural counties whose valuations fluctuate.

I. SUMMARY:

Columbia County asks FAC to support raising the fiscally constrained county threshold in s. 218.67(1), F.S., from $5 million to $10 million in revenue per mill. Under current law, a county is fiscally constrained if it lies entirely within a rural area of opportunity or if the value of one mill raises no more than $5 million in revenue. Twenty-nine counties currently qualify. The fiscally constrained designation determines eligibility for the distribution under s. 218.67, F.S., for several offset appropriations outlined in statute, and for appropriations by other state programs. The $5 million threshold has not changed since it was set in 2006.

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The proposal seeks to change only the dollar figure in subsection (1) from $5 million to $10 million in revenue per mill. The Senate passed the same threshold increase in 2026 as part of SB 250, which died in the House, and FAC adopted an identical position in its 2026 Legislative Action Plan.

II. PRESENT SITUATION:

Section 218.67(1), F.S., provides two ways for a county to be considered fiscally constrained. The county either lies entirely within a rural area of opportunity designated by the Governor under s. 288.0656, F.S., or the value of one mill raises no more than $5 million in revenue. The section was created in 2006 by ch. 2006-229, Laws of Fla. Twenty-nine counties are fiscally constrained. Senate staff reported in December 2025 that Highlands and Putnam are the only counties that exceed the $5 million threshold and qualify only through their rural area of opportunity designation.

III. EFFECT OF THE PROPOSAL:

The proposal amends s. 218.67(1), F.S., to raise the mill-value threshold from $5 million to $10 million. A county whose mill value is $10 million or less would be fiscally constrained regardless of its rural area of opportunity status. Because several other statutes cross-reference subsection (1) of s.218.67, the change would reach the distribution, the offsets, and fiscally constrained county program funding. Counties now above $5 million already retain their status through the rural area of opportunity criterion for as long as their designation continues. The higher threshold would give them an independent, value-based route to qualify. This proposal matches the threshold change proposed in the Rural Renaissance package in both the 2025 and 2026 sessions.

IV. COUNTY IMPACT:

The proposal would benefit the 29 counties currently designated as fiscally constrained under s. 218.67(1), F.S. Counties would not need to take any new action; the Department of Revenue would continue to determine eligibility each year from certified taxable values. A county where one mill raises between $5 million and $10 million would qualify for the fiscally constrained county distribution, the offset appropriations, and program preferences, and counties that now depend on their RAO designation would gain an independent, value-based path to that status. Counties should monitor proposals to remove the RAO criterion, such as SB 250 as filed; executive order renewals of RAO designations; and Amendment 3 (HJR 1F), which would add revenue pressure in the same counties.

Protective of Home Rule: Yes.

V. FISCAL IMPACT:

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- For counties that depend on their rural area of opportunity designation or are near losing, their value-based eligibility, the change would protect existing funding support if their 1-mill levy currently surpass the $5 million threshold or if their RAO designation lapses or the criteria is removed.

Unfunded Mandate (Art. VII, s. 18, Fla. Const.): No.

VI. LEGISLATIVE & FAC HISTORY:

- 2026: SB 250 (Simon), Rural Communities, would have raised the threshold to $10 million and replaced the satellite-tax distribution with a sales tax distribution of at least $50 million, using new allocation factors and spending requirements. As filed, it also removed the rural area of opportunity criterion. It passed the Senate 39-0 and died in House Messages.
- 2025: SB 110 (Simon), the prior Rural Renaissance package, included the $10 million threshold, a new sales tax distribution, and removal of the rural area of opportunity pathway. It died in returning messages on June 16, 2025.
- Enacted framework: ch. 2006-229 created s. 218.67, F.S., with the $5 million threshold and the two-year phaseout. The section was last amended by ch. 2014-218.
- Trajectory: the Senate has advanced the $10 million threshold in consecutive sessions as part of a broader rural package. Each time, it has been paired with removal of the rural area of opportunity criterion and a restructured distribution, and the package has stalled in the House.
- Past FAC statements: 2026—ARA-4—Fiscally Constrained County Definition (Columbia County; staff recommendation Adopt; included in the 2026 Legislative Action Plan).
- Guiding Principles coverage: Finance, Tax, and Administration
- BoCC action: the submission states that the Columbia BCC supports the proposal, as do other fiscally constrained counties and the rural areas of opportunity.

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