SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/CS/SB 1934

SPONSOR: Comprehensive Planning, Local and Military Affairs Committee, Commerce and Economic Opportunities Committee and Senator Klein

SUBJECT: Rural Development

DATE: April 4, 2000 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Joseph	Maclure	CM	Favorable/CS
2.	Bowman	Yeatman	CA	Favorable/CS
3.			FP	
4.				
5.				

I. Summary:

This committee substitute creates the Florida Rural Heritage Act. This committee substitute creates several programs to assist rural communities in identifying and addressing their individual needs. These programs include: a voluntary Rural Heritage Grant Program for rural communities; various forms of technical and financial assistance; a micro-loan program for small nature and heritage-based tourism businesses; and pilot programs to encourage agricultural diversification and use of innovative educational technologies.

This committee substitute creates the Rural Heritage Grant Program to assist communities in identifying and addressing rural issues and needs through a community-based process. The process would include the involvement of residents, community and faith-based organizations, financial institutions, school boards, and representatives of housing, health, safety, and other groups. Communities could apply for Rural Heritage Grants to fund the planning and implementation of projects identified through the community-based process for locally designated Rural Heritage Areas. The program would be administered by the Department of Community Affairs, and would complement the urban infill and redevelopment program enacted by ch. 99-378, L.O.F.

This committee substitute would create a micro-loan program for small businesses to encourage the development of nature and heritage-based tourism in rural communities. The Department of Environmental Protection, the Office of Tourism, Trade, and Economic Development (OTTED), Enterprise Florida Inc., (EFI), VISIT Florida, and others would develop the program, which would be administered by EFI under its contract with OTTED.

This committee substitute directs the Department of Agriculture, in consultation with the University of Florida and the Florida Agricultural & Mechanical University, to establish four pilot projects aimed at encouraging agricultural diversification throughout the state.

This committee substitute directs the Department of Management Services to establish, in consultation with the Department of Education, two pilot projects in rural schools that utilize wireless or other technologies to provide interactive learning opportunities and Internet access.

This committee substitute provides technical assistance to rural communities by funding the regular distribution of a Rural Resource Directory and providing assistance in accessing funds identified in the directory, as well as creating a uniform grant application form for use by rural local governments when applying to state agencies for available funds.

In addition, the committee substitute would increase the relevance of the Enterprise Zone Program to rural communities by expanding the area of a rural enterprise zone to up to 15 square miles, and by allowing businesses in the rural enterprise zones to receive tax credits for employing residents' county-wide, rather than for only those employees residing within the enterprise zone.

This committee substitute amends the following sections of the Florida Statutes: 163.3187, 187.201, 212.096, 220.181, 290.0055, and 420.507.

II. Present Situation:

The Legislative Committee on Intergovernmental Relations (LCIR) conducted an interim project entitled *Report on Development of a State Rural Policy*, March 2000. The committee undertook this project to complement legislation it developed regarding a state urban policy, enacted in ch. 99-378, L.O.F., which created the Urban Infill and Redevelopment Assistance Program. During the course of the interim project, testimony and findings indicated that the needs of Florida's rural communities are in many ways similar to the needs of Florida's inner city communities: access to more and better jobs; workforce development; access to services; improved infrastructure; educational quality; and availability of capital.

The LCIR found that the state has an interest in promoting economic prosperity for residents of its rural areas while protecting the unique character and heritage of those areas. A need for the state to assist rural governments in developing and implementing strategies to address problems facing their communities would be balanced by protecting the rural character and assets of rural communities.

Problems in rural Florida can be broadly categorized as follows: limited resources; economic development needs; changing agricultural conditions and related land-use problems; reduced quality of life and access to public services; and limited capacity to address local issues in a comprehensive fashion. The problems are interrelated, and problems in one area result in problems in other areas.

Rural areas can also be characterized by their unique assets, which may include: an abundance of natural resources; beautiful scenery; clean environment; productive agricultural lands; rich history and culture; ethnic diversity; available labor pool; proximity to institutions of higher education; close-knit communities and social support systems; or place-based knowledge and skills. Many of these assets can be enhanced and marketed to become engines of economic development. The development of nature and heritage-based tourism is one such asset-based approach. Agricultural diversification and value added agricultural production are other approaches. Innovative

technology is a cost-effective method for increasing rural communities' educational and workforce development opportunities.

The LCIR determined that successfully revitalizing and sustaining rural areas depends on addressing, through an integrated and coordinated community effort, a range of varied components essential to a healthy rural environment, including cultural, educational, recreational, economic, transportation, land use, information technology, and social service delivery components. A collaborative approach is needed to aid communities in defining their own common visions, goals, objectives, strategies, action plans, prioritization of objectives and strategies, and targeting of scarce resources. Because of the interrelated nature of rural issues and problems, solutions should be pursued by a broad-based representative group of stakeholders that includes community residents and the private and nonprofit sectors. The LCIR voted to introduce legislation incorporating a series of recommendations to assist rural communities.

Rural Economic Development

Numerous laws have been enacted creating statutes to promote economic development in Florida. Although some of these laws include specific provisions to improve economic conditions in rural areas, the laws generally have been more effective in improving conditions in the more populated urban and urbanizing areas of the state.

During the 1999 regular session, the Legislature passed ch. 99-251, L.O.F., which contained several components specifically to further promote rural economic development. Among other provisions, the legislation codified the multi-agency Rural Economic Development Initiative (REDI) within OTTED. REDI is designed to coordinate and focus the efforts and resources of state and regional agencies on Florida's economically distressed rural communities (s. 288.0656, F.S.). The legislation also created a Rural Infrastructure Fund, which is designed to address infrastructure needs associated with economic development projects in rural communities (s. 288.0655, F.S.). Several of the LCIR rural policy project recommendations relating to economic development and technical assistance build on this legislation.

Examples of other rural economic development initiatives that have been established in recent years include:

Regional Rural Development Grants Program (or Rural Staffing Grants) was created to build the professional capacity of regional economic development organizations made up of rural counties, communities, and organizations. The funds are intended to be used for staffing assistance for regional economic development organizations. The maximum amount an organization may receive in any year is $35,000 ($100,000 in a rural area of critical economic concern) and must be matched each year by an equivalent amount of non-state resources (s. 288.018, F.S.).

Rural Job Tax Credit Program provides tax credits to be applied toward the state's sales or corporate taxes by businesses that create jobs in a rural area. The amount of tax credit is based upon the number of individuals employed by the business and upon the ranking of the area where the business is located (ss. 212.098 and 220.1895, F.S.).

Rural Community Development Revolving Loan Fund provides loans to rural local governments and organizations supported by local governments. Loans may enable the client to tap other federal, state, or local resources to finance development or maintenance of economic base (s. 288.065, F.S.).

Selected Relevant Existing Statutes

Local Government Comprehensive Planning: Part II of chapter 163 (ss.163.3161 through 163.3244), F.S., is known as the "Local Government Comprehensive Planning and Land Development Regulation Act" (the Act), and is commonly referred to as the growth management act. The Act requires local governments to adopt a comprehensive plan, subject to review and approval by the Department of Community Affairs. The Act outlines the required and optional elements of local government comprehensive plans, provides for public participation in the local comprehensive planning process, requires local governments to follow specified procedures for adoption of the comprehensive plan and amendments thereto, and requires local governments to update their comprehensive plans at regular intervals. Section 163.3187, F.S., authorizes a local government to adopt amendments to its comprehensive plan only two times per year. However, this section contains numerous exceptions for emergencies, substantial deviations to a proposed development of regional impact, compliance agreements, locating a correctional facility, the designation of an urban infill and redevelopment area and small scale development activities.

State Comprehensive Plan. The state comprehensive plan (SCP), ch. 187, F.S., was enacted in 1985 to provide long-range guidance for the orderly, social, economic, and physical growth of the state. Regarding rural Florida, the SCP encourages: a separation of urban and rural land uses; the maintenance of agricultural and soil resources; promotion of the economic value of land in agricultural uses; and identifies "citizens in rural areas" as a targeted group in need of affordable and available housing. However, the SCP does not reflect the state's interests in promoting economic prosperity and preserving rural heritage or the importance of asset based economic development in rural areas.

Enterprise Zones. An "enterprise zone" is a specific geographic area targeted for economic revitalization. Since July 1, 1995, the state has designated 34 enterprise zones.[1] Florida's Enterprise Zone Program was established in 1980 (ss. 290.001-290.016, F.S.; see also s. 370.28, F.S.). Since then, several major changes have been made, most notably through the Enterprise Zone Act of 1994. The program provides tax reductions, credits and other incentives for businesses that operate within designated enterprise zones. Currently, eleven enterprise zones and nine net-ban zones are located in rural counties.

Section 290.0055, F.S., provides requirements for nominating and selecting an enterprise zone. It provides size limitations depending on the community population category and stipulates that for communities having a total population of 20,000 persons or less, the selected enterprise zone area shall not exceed 3 square miles. This section also requires that the selected area suffer from pervasive poverty, unemployment, and general distress, as described and measured pursuant to s.

[1] Information from the March 1, 2000, *Florida Enterprise Zone Program Annual Report* by the Office of Tourism, Trade, and Economic Development.

290.0058, F.S. Section 290.0058(2), F.S., specifies that pervasive poverty "shall be evidenced by a showing that poverty is widespread throughout the nominated area. The poverty rate of the nominated area shall be established using the following criteria: (a) In each census geographic block group within a nominated area, the poverty rate shall be not less than 20 percent. (b) In at least 50 percent of the census geographic block groups within the nominated area, the poverty rate shall not be less than 30 percent."

The effectiveness of enterprise zone tax incentives was the topic of a 1998 report issued by the Senate Committee on Ways and Means, Subcommittee E[2]. In this report, and in testimony provided to the LCIR by Office of Tourism, Trade, and Economic Development staff, the overall success of the Enterprise Zone Program was discussed, as was whether rural and net-ban affected areas were sharing in that success. Rural and net-ban affected areas do not appear to be benefitting as much from the program as are urban areas; it was reported that rural enterprise zones claim progress on only 66 percent of goals identified in their strategic plans, compared with an 87 percent rate of progress toward goals for urban areas, and net-ban affected areas report only a 44 percent rate of progress.

In the 1998 subcommittee report, the lower progress rate for rural and net-ban affected areas was largely attributed to a lack of local resources necessary to formulate, promote and market an enterprise zone, and an increase in funding to those specific areas was recommended. Another explanation for insufficient progress in rural areas is that the Enterprise Zone Program currently provides certain tax credits to businesses only for employees who reside within the enterprise zone. In rural areas, it is less likely that employees reside in the enterprise zone, as residential patterns differ from those common to densely populated urban areas. Because the Enterprise Zone Program was originally created with urban areas in mind, the structure of some of the benefits remain more suited to urban communities. Currently, because of the unique characteristics of rural communities, they are not able to fully utilize the benefits conferred by the Enterprise Zone Program under existing law.

Tourism. Research conducted by the Florida Tourism Industry Marketing Corporation (VISIT Florida) indicates that nature and heritage-based tourism are the fastest growing sectors of tourism in the country, growing at 30 percent a year. It was also found that 64 percent of all visitors to Florida include a nature-based activity in their vacation. According to staff of the Department of Environmental Protection's Division of Recreation and Parks, Florida's state parks host almost 15 million visitors a year. It is estimated that for every dollar paid to a canoe outfitter, for example, another five dollars are spent on related expenses such as food, lodging and gas. In addition, because the tourism and recreation category represents the second largest contributor to Florida's sales tax revenues according to the General Revenue Consensus Estimating Conference, the upward trend in nature and heritage-based tourism takes on even greater importance for promoting economic prosperity in the state's rural areas.

In recognition of this growing trend, the Department of Environmental Protection's Division of Recreation and Parks has partnered with 1,900 public and private sector entities to provide tourism services in and near the state park system. This type of public-private partnership

[2] The Florida Senate Committee on Ways and Means, Subcommittee E, *The Effectiveness of Enterprise Zone Tax Incentives: Florida's Enterprise Zone Program Since 1994*, Interim Project Summary 98-63, October 1998.

approach is an important component of the development of the nature and heritage-based tourism industry.

Several entities are presently examining nature and heritage-based tourism as a means to both promote economic development and preserve natural resources and rural assets. The Ecotourism/Heritage Tourism Advisory Committee, which was created by the Florida Commission on Tourism, pursuant to s. 88.1224(11), F.S. (1996), has created a strategic plan with regard to tourism.

Microenterprises. Although not limited to rural communities, microenterprises are extremely small business enterprises which enable low and moderate income individuals to achieve self-sufficiency through self-employment. Microenterprise programs are those which provide at least one of the following: small amounts of capital; business training; and technical assistance. Subject to legislative appropriations, OTTED is authorized to contract for actions the office deems necessary to foster the development of microenterprises in Florida (s. 288.9618(1), F.S.).

In 1997, the Legislature appropriated $1,000,000 to OTTED with the instruction to contract with a not-for-profit organization or other governmental entity to "foster the development of microenterprises in the state." (s. 288.9618, F.S.) OTTED contracted with Enterprise Florida, Inc., and approximately $800,000 in grants to seventeen organizations were disbursed to set up microloan programs. Although no subsequent appropriations have been made to OTTED, loans continue to be made from revolving funds that were started by this one-time appropriation.

In light of the potential for the development of the nature and heritage-based tourism industry to improve the economic conditions of the state's rural areas, and in light of the important role played by small businesses in that industry, a need for a program to provide low interest microloans for small businesses was identified by the Division of Recreation and Parks, VISIT Florida, Enterprise Florida, Inc., and OTTED staff.

Agricultural Economic Development. In 1991, the Legislature created the Agriculture Economic Development Program within the Department of Agriculture and Consumer Services (DOACS) to promote and coordinate efficient and beneficial agricultural economic development within agriculturally depressed areas of the state (ch. 91-268, L.O.F.). DOACS has promulgated rules that establish notification procedures on the availability of assistance, written criteria for selecting projects proposals to receive assistance, procedures for the repayment of financial assistance, and funding procedures for projects eligible for assistance. An Agriculture Economic Development Project Review Committee is created within DOACS to facilitate the project selection process and to make recommendations to the Commissioner of Agriculture and Consumer Services regarding project prioritization and selection. The program is administered by the Division of Marketing and Development within the DOACS under the auspices of "AgVenture."

Agricultural scholars and farming experts report that farming operators and suppliers will remain in business only if it remains profitable to do so. There appears to be a consensus on three methods to improve the profitability of agricultural production in order to sustain rural agricultural economies. They are: alternative crops; new growing technologies; and value-added business development practices. In addition, OTTED staff reported that aquaculture, both salt and freshwater, is currently an underutilized industry in Florida with significant economic development

potential. Testimony and interviews with DOACS's Division of Marketing and Development staff indicate that legislative direction and appropriated funds for specific pilot projects to promote and demonstrate success in these objectives would enforce and strengthen the department's efforts in these areas.

Whole Farm Permitting. In 1997, the Legislature gave the Secretary of the Department of Environmental Protection (DEP) the authority to enter into voluntary ecosystem management agreements with regulated entities to better coordinate the legal requirements and time lines applicable to a regulated activity, including permit processing, project construction, operations monitoring, enforcement actions, proprietary approvals, and compliance with development orders and comprehensive plans (s. 403.0752, F.S.). Under this authority, DEP has entered into an Ecosystem Management Agreement with Sanwa Growers, Inc., of Hillsborough County to demonstrate a pilot "whole farm plan" permitting project. It is intended that the completed plan will become a binding Ecosystem Management Agreement, constituting a consolidated team permit for all activities at Sanwa.

Florida Housing Finance Corporation. Section 420.507, F.S., provides Florida's Housing Finance Corporation the powers necessary to conduct business with regard to the Florida Housing Finance Corporation Act. This section allows the corporation to study housing needs in Florida and participate in federal housing assistance programs including the Rural Housing Services of the United States Department of Agriculture.

III. Effect of Proposed Changes:

This committee substitute assists rural communities with a variety of approaches: voluntary Rural Heritage Grants for rural communities; various forms of technical and financial assistance; a micro-loan program for small, nature and heritage-based, tourism businesses; pilot programs to encourage agricultural diversification; and promotion of innovative educational technologies. This committee substitute proposes the following changes:

Rural Heritage Grant Program. Creates a voluntary Rural Heritage Grant Program to assist communities in addressing rural issues and needs through a community-based process. The program parallels LCIR's prior efforts in developing the Urban Infill and Redevelopment Assistance Grant Program, as established in s. 163.2523, F.S. Rural Heritage Grants would provide funding for planning and implementation of projects identified by local communities for locally designated Rural Heritage Areas. In addition, state agencies and the Rural Economic Development Initiative (REDI) would be required to give communities completing the Rural Heritage Grant Program process elevated priority in providing financial and technical resources.

Technical and Financial Assistance. Directs state agencies to identify resources available for promoting economic prosperity while preserving rural character in Florida's rural areas, as well as any existing barriers to accessing federal funds, and report to REDI by January 1 annually.

Directs REDI to compile and distribute a semiannual publication to all rural cities and counties (as defined in s. 288.106, F.S.), which describes resources that are available to rural local governments -- including federal resources -- and how to access them. Directs REDI to provide, or work through Regional Planning Councils, the Small County Technical Assistance program,

the Florida State Rural Development Council, and/or other relevant organizations to provide technical assistance to rural local governments to access resources as described in the publication, to the extent possible, with top priority given to local governments with adopted rural heritage areas that have successfully completed the Rural Heritage Grant Program community-based process.

Directs REDI to work with the Florida State Rural Development Council and state agencies, as appropriate, to develop a uniform grant application form for use by local government grant applicants. State agencies would be required to adopt the grant form by July 1, 2001.

Nature and Heritage-based Tourism. Directs the Eco/Heritage Tourism Sub-Committee of VISIT Florida, with Enterprise Florida, Inc., the Office of Tourism, Trade, and Economic Development, and the Department of Environmental Protection's Division of Recreation and Parks to develop a micro-loan program to finance the creation and enhancement of small businesses providing nature and/or heritage tourism experiences.

Agricultural Profitability. Directs the Department of Agriculture and Consumer Services, in consultation with the University of Florida and the Florida Agricultural & Mechanical University, to establish four pilot projects aimed at encouraging agricultural diversification throughout the state. Two of the projects would introduce alternative crops and/or alternative growing techniques. At least one of these two projects would include a tobacco farm that is being adversely impacted by reductions in tobacco quotas. A third pilot project would introduce a value-added industry or vertical development, such as produce processing or packaging, as a means of increasing profitability for local growers. The forth pilot project would focus on aquaculture, such as development of the Florida sturgeon industry or the development or expansion of coastal shellfish enterprises.

Based on results of current "whole farm permitting" pilot projects, the bill directs the Department of Environmental Protection to expand the use of "daily operational procedures" to streamline the permitting process for agricultural land uses.

Enterprise Zones. Enhances the state Enterprise Zone Program's relevance to rural communities by expanding the area of a rural enterprise zone to 15 square miles, and by allowing businesses in the rural enterprise zones to receive tax incentives for employing residents county-wide, rather than only those that live within the enterprise zone.

Housing. Enables the Florida Housing Finance Corporation (FHFC) to make rules to implement relevant elements of the Rural Heritage Act.

Education. Directs the Department of Management Services, in conjunction with the Department of Education and in consultation with regional consortium service organizations and institutions of higher education, to establish two pilot projects in rural schools that utilize wireless or other technologies to provide interactive learning opportunities and Internet access, to illustrate ways to increase access to quality educational resources in the state's rural areas.

State Comprehensive Plan. Amends the State Comprehensive Plan to recognize the importance of healthy and strong rural communities to the state, to reflect the state's interests in promoting

economic prosperity and preserving the unique character and heritage of its rural areas, and to incorporate the state rural policy.

Section by Section Analysis

Section 1 creates the Florida Rural Heritage Act and its components as follows:

- Provides the short title of the Act.
- Contains legislative findings, which delineate the state rural policy.
- Defines terms including “Rural Heritage Area” and “Rural Activity Center.”
- Authorizes local governments to designate areas within their jurisdiction as Rural Heritage Areas or Rural Activity Centers for the purpose of, among other things, targeting economic development, job creation, housing, and transportation needs.
- Sets forth the Rural Heritage Area community-based planning process, including issue areas to be addressed, conditions under which existing plans may be used, elements to be included in the plan, and the requirement that a wide range of stakeholders -- including community-based nonprofit organizations and low income residents -- participate.
- Provides that certain economic incentives and technical assistance are made available to rural local governments with adopted Rural Heritage Area plans that meet the statutory requirements.
- Directs state agencies that provide funding to rural communities to report to the Legislature by January 1, 2001, on statutory and rule changes necessary to give designated Rural Heritage Areas an elevated priority in infrastructure funding, loan, and grant programs.
- Requires state agencies to report to the Legislature by September 1, 2000, on loan programs for which payment will be forgiven and on grant programs for which cash match requirements will be waived or replaced with an in-kind match for rural local government applicants that have successfully completed the rural heritage community planning process.
- Directs the Rural Economic Development Initiative (REDI) to update, maintain, and distribute semiannually to rural governments the Rural Resource Directory, and to provide technical assistance to local governments to access these resources.
- Directs REDI to work with state agencies and the Florida State Rural Development Council to develop a simple, uniform grant application form for use by local government grant applicants.
- Creates the Rural Heritage Grant Program. The program would be administered by the Department of Community Affairs, and would provide funds to local governments for the purposes of conducting the community based planning process and implementing elements of the resulting plan. Small seed-money grants would be made available to local governments to initiate the process of designating Rural Heritage Areas and building a group of stakeholder participants in the planning process.

- Allows a local government with an adopted Rural Heritage Area plan or a plan employed in lieu thereof to issue revenue bonds under s. 163.385, F.S., and employ tax increment financing under s. 163.387, F.S., for the purpose of financing the implementation of the plan as appropriate, particularly within designated Rural Activity Centers.

- Allows a local government with an adopted Rural Heritage Area plan or a plan employed in lieu thereof to exercise the powers granted under s. 163.514, F.S., for community redevelopment neighborhood improvement districts, including the authority to levy special assessments as appropriate, particularly within designated Rural Activity Centers.

- Creates a statewide micro-loan program within Enterprise Florida, Inc., for the purpose of financing the creation and enhancement of small businesses providing nature-based and/or heritage tourism experiences.

- Directs the Department of Management Services (DMS), in consultation with the Department of Education, regional consortium service organizations, and institutions of higher education, to establish two pilot projects in rural schools that utilize wireless or other technologies. The purposes of the pilot projects are to showcase tools for providing interactive learning opportunities and Internet access and to leverage and better use federal and other funds in the state's rural areas. Criteria upon which DMS shall select project participants are enumerated. DMS is also required to develop performance standards and to evaluate the pilot projects.

- Directs the Department of Agriculture and Consumer Services, in consultation with the University of Florida and the Florida Agricultural & Mechanical University, to establish four pilot projects aimed at encouraging agricultural diversification throughout the state. Two of the projects should introduce alternative crops and/or alternative growing techniques. At least one of these two projects shall include a tobacco farm that is being adversely impacted by reductions in tobacco quotas. A third pilot project should introduce a value-added industry or vertical development, such as produce processing or packaging, as a means of increasing profitability for local growers. The forth pilot project should focus on aquaculture, such as development of the Florida sturgeon industry or the development or expansion of coastal shellfish enterprises. This item also encourages the state Department of Environmental Protection to apply lessons learned from current pilot "whole farm planning" projects and to streamline the permitting process for agricultural land uses.

- Directs the Office of Program Policy Analysis and Government Accountability (OPPAGA) to perform a review and evaluation of the grant program and financial incentives, before the 2005 Regular Session of the Legislature.

Section 2 amends s. 163.3187, F.S., to exempt local comprehensive plan amendments for the purpose of designating Rural Heritage Areas and/or Rural Activity Centers under this act from statutory limits on the frequency of amendments to the comprehensive plan.

Section 3 amends six subsections of s. 187.201, F.S., to reflect the principles and objectives of the state rural policy. The amended sections are those addressing Housing (5), Natural Systems and

Recreational Lands (10), Land Use (16), Economy (22), Agriculture (23), and Tourism (24). These changes reflect the recognition of the importance of healthy and strong rural communities to the state, reflect the state's interests in promoting economic prosperity and preserving the unique character and heritage of its rural areas, and incorporate the state rural policy.

Section 4 amends s. 212.096, F.S., to make the enterprise zone jobs credit against sales tax consistent with other provisions of the act. Allows a business located in an enterprise zone to receive 15 percent of an employees monthly wages as a credit, without requiring 20 percent of the employees to reside withing the enterprise zone, provided that the employees are residents of the county within which the rural enterprise zone is located.

Section 5 amends s. 220.181, F.S., to allow businesses that are located in an enterprise zone within the jurisdiction of a rural local government as defined in s. 288.106, F.S., to apply the enterprise zone job tax credit for each new employee, regardless of the percentage of employees of the business residing in the enterprise zone, provided the employees are residents of the county within which the rural enterprise zone is located.

Section 6 amends s. 290.0055, F.S., to extend the area of enterprise zones within the jurisdiction of rural local governments as defined in s. 288.106, F.S., to up to 15 square miles, regardless of total population. This section enhances the state Enterprise Zone Program's relevance to rural communities, and enables rural areas to garner benefits from the Enterprise Zone Program not presently available due to the geographic and demographic nuances of rural area and the urban area focus of the program.

Section 7 amends s. 420.507, F.S., to authorize the Florida Housing Finance Corporation to adopt rules necessary to carry out the purposes of the state rural policy.

Section 8 appropriates $10 million from the General Revenue Fund for implementation of the Rural Heritage Act as follows: $7.55 million to the Department of Community Affairs to fund the Rural Heritage Grant Program; $1 million to OTTED to create a revolving loan fund to finance the Nature and Heritage-Based Tourism Micro-Loan Program; $800,000 to the Department of Agriculture and Consumer Services to implement the agricultural diversification pilot projects; $600,000 to the Department of Management Services to implement the education technology pilot projects; and $50,000 to REDI to fund the update, maintenance, and regular distribution of the Rural Resource Directory and to provide technical assistance as required by the act.

Section 9 provides that the Rural Heritage Act shall take effect July 1, 2000.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

There may be some state and local costs associated with the use of the tax incentives provided under the Enterprise Zone Program as a result of the expanded enterprise zones in rural areas. It is not known to what extent increased commercial activity would offset such potential costs. The committee substitute has not been reviewed by the Revenue Estimating Conference.

In addition, where tax increment financing is utilized by a local government with an adopted Rural Heritage Plan, the local government will, in the short term, lose an indeterminate amount of ad valorem revenue. However, this short-term loss of ad valorem revenue will be offset by redevelopment that will likely increase the value of property located within the Rural Activity Center.

B. Private Sector Impact:

The committee substitute may generate positive indeterminate effects from the availability of various tax incentives to businesses as a result of the expanded enterprise zones.

The pilot programs for agricultural diversification and value added production could result in positive fiscal impacts for agricultural businesses.

Small businesses that engage in nature or heritage-based tourism enterprises would be eligible for monies under a micro-loan program created in the legislation.

Businesses within communities awarded grants under the Rural Heritage Grant Program could experience positive fiscal impacts, depending on the purposes for which the grants were awarded.

C. Government Sector Impact:

The committee substitute would appropriate a total of $10 million from the General Revenue Fund as follows: $7.55 million would be appropriated to the Department of Community Affairs to fund the Rural Heritage Grant Program; $1 million would be appropriated to OTTED to contract with Enterprise Florida, Inc., to create a revolving loan fund to finance the Nature and Heritage-based Tourism Micro-Loan Program; $800,000 would be appropriated to the Department of Agriculture and Consumer Services to administer four pilot programs in agricultural diversification; $600,000 would be appropriated to the Department of Management Services to implement two pilot programs in rural schools for

wireless technology; and $50,000 would be appropriated to REDI to update and distribute a rural resource directory and to provide technical assistance as required by the act.

Rural local governments would be eligible to receive grant funds under the Rural Heritage Grant Program to undertake a community-based process and implement projects resulting from the process.

VI. Technical Deficiencies:

None.

VII. Related Issues:

CS/SB 1934 is a result of an interim project by the Legislative Committee on Intergovernmental Relations to develop state rural policy. The project complements a previous project of the committee to develop state urban policy to revitalize urban cores. Chapter 99-378, L.O.F., included provisions establishing an urban infill and redevelopment assistance program, codified in s. 163.2523, F.S. That program established a community-based process for communities to holistically approach the revitalization of their urban centers to ensure the adequate provision of infrastructure, human services, safe neighborhoods, educational facilities, job creation and economic opportunity. Communities were eligible to receive grant funds to accomplish their goals. During the work on urban issues, many interests acknowledged that rural areas experience similar problems to urban areas.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.