

Tab 1	CS/SB 852 by TR, Brandes (CO-INTRODUCERS) Taddeo, Campbell, Gibson; (Similar to CS/CS/H 00633) Florida Smart City Challenge Grant Program						
137428	A	S	RCS	ATD, Brandes	Delete L.170:	02/21 03:57 PM	

Tab 2	CS/SB 1314 by CM, Brandes; (Similar to H 01181) Florida Capital Formation Act						
953104	A	S	RCS	ATD, Brandes	Delete L.137 - 304:	02/21 03:57 PM	

Tab 3	SB 1328 by Perry; (Similar to CS/CS/CS/H 00987) Affordable Housing						
437732	D	S	RCS	ATD, Perry	Delete everything after	02/21 04:08 PM	
869528	AA	S	RCS	ATD, Gibson	btw L.460 - 461:	02/21 04:08 PM	
715560	A	S	WD	ATD, Gibson	btw L.509 - 510:	02/21 04:08 PM	

Tab 4	CS/SB 1436 by TR, Broxson; (Compare to H 01281) Garcon Point Bridge						
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Tab 5	CS/SB 1646 by CM, Montford (CO-INTRODUCERS) Gainer; (Similar to CS/CS/H 01103) Regional Rural Development Grants						
324048	D	S	RCS	ATD, Montford	Delete everything after	02/21 04:09 PM	

The Florida Senate
COMMITTEE MEETING EXPANDED AGENDA

**APPROPRIATIONS SUBCOMMITTEE ON
TRANSPORTATION, TOURISM, AND ECONOMIC
DEVELOPMENT**

Senator Simpson, Chair
Senator Powell, Vice Chair

MEETING DATE: Wednesday, February 21, 2018
TIME: 1:30—3:30 p.m.
PLACE: *Toni Jennings Committee Room*, 110 Senate Office Building

MEMBERS: Senator Simpson, Chair; Senator Powell, Vice Chair; Senators Benacquisto, Bradley, Gainer, Galvano, Gibson, Rader, Stargel, and Thurston

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	CS/SB 852 Transportation / Brandes (Similar CS/CS/H 633)	Florida Smart City Challenge Grant Program; Creating the program within the Department of Transportation; requiring the department to issue a request for proposals by a specified date; authorizing the department to select an independent nongovernmental entity to assist in project construction, management, and evaluation for specified purposes, etc. TR 01/18/2018 Fav/CS ATD 02/21/2018 Fav/CS AP	Fav/CS Yeas 8 Nays 0
2	CS/SB 1314 Commerce and Tourism / Brandes (Similar H 1181)	Florida Capital Formation Act; Deleting the requirement that the Department of Economic Opportunity manage certain activities related to the commercialization of specified products, services, and ideas; redesignating the Institute for the Commercialization of Public Research as the Institute for Commercialization of Florida Technology; requiring that certain proceeds be returned to the Florida Technology Seed Capital Fund after the payment of certain costs and fees, etc. CM 02/06/2018 Fav/CS ATD 02/21/2018 Fav/CS AP	Fav/CS Yeas 8 Nays 0
3	SB 1328 Perry (Similar CS/CS/H 987)	Affordable Housing; Revising the criteria that counties and municipalities must use when evaluating real property as part of their inventory for disposal of lands; prohibiting local governments from charging certain impact fees for a specified period; creating the Hurricane Housing Recovery Program to provide funds for specified purposes related to affordable housing; providing a process for certain entities to dispose of surplus lands for use for the construction of affordable housing, etc. CA 01/30/2018 Favorable ATD 02/21/2018 Fav/CS AP	Fav/CS Yeas 8 Nays 0

COMMITTEE MEETING EXPANDED AGENDA

Appropriations Subcommittee on Transportation, Tourism, and Economic Development
Wednesday, February 21, 2018, 1:30—3:30 p.m.

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
4	CS/SB 1436 Transportation / Broxson (Compare H 1281)	Garcon Point Bridge; Authorizing the Department of Transportation to acquire the Garcon Point Bridge and related assets and purchase or retire specified outstanding bonds; requiring that the bridge be owned by the department and become part of the State Highway System upon acquisition, if acquired under specified provisions; authorizing the issuance of bonds to finance the department's acquisition of the bridge consistent with the department's existing bonding authority; repealing part IV of ch. 348, F.S., relating to the Santa Rosa Bay Bridge Authority, upon the department's acquisition of the bridge under specified provisions, etc. TR 01/25/2018 Fav/CS ATD 02/21/2018 Favorable AP	Favorable Yeas 8 Nays 1
5	CS/SB 1646 Commerce and Tourism / Montford (Similar CS/CS/H 1103, Compare H 1193, S 1496)	Regional Rural Development Grants; Providing that regional rural development grants may be used to hire regional economic development organization professional staff; authorizing the use of matching grant funds to provide technical assistance to certain entities; requiring that contracts or agreements involving the expenditure of grant funds be placed on a certain website for a specified time period; requiring that a plain language version of certain contracts or agreements be placed on a certain website; providing that improving access to and availability of broadband Internet service may be included in a project that is eligible for rural infrastructure grant funds, etc. CM 01/29/2018 Fav/CS ATD 02/21/2018 Fav/CS AP	Fav/CS Yeas 9 Nays 0

Other Related Meeting Documents

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 Appropriations Subcommittee on Transportation, Tourism, and Economic
Development

BILL: PCS/CS/SB 852 (859872)

INTRODUCER: Appropriations Subcommittee on Transportation, Tourism, and Economic Development;
Transportation Committee; and Senator Brandes and others

SUBJECT: Florida Smart City Challenge Grant Program

DATE: February 22, 2018 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Price</u>	<u>Miller</u>	<u>TR</u>	<u>Fav/CS</u>
2.	<u>McAuliffe</u>	<u>Hrdlicka</u>	<u>ATD</u>	<u>Recommend: Fav/CS</u>
3.	_____	_____	<u>AP</u>	_____

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

PCS/CS/SB 852 creates the Florida Smart City Challenge Grant Program to provide opportunities to cities and other regions of the state for developing smart mobility solutions to local transportation challenges. The bill authorizes certain state, county, municipal, regional, or other agencies to submit applications to the Florida Department of Transportation (FDOT) for grants to fund certain innovative transportation projects.

The bill requires the FDOT to issue a request for proposals by September 1, 2018, and sets out information and documentation requirements for inclusion in grant proposals. The FDOT must award at least three grants, and each grant is limited to \$6 million. Grant awards may be used to fund up to 50 percent of project implementation costs. A grant recipient must fund at least 10 percent of project costs. The FDOT must distribute awards by January 1, 2019.

The bill provides project selection, matching funds, and reporting requirements. The FDOT is directed to provide administrative support and to conduct expedited proposal reviews to facilitate smart city technology deployment within the state.

Related to electric vehicles, the bill requires the Florida Transportation Commission (FTC) to review all funding sources for transportation infrastructure and maintenance projects when it is determined that electric and hybrid vehicles make up two percent or more of the total number of registered vehicles in this state. The report must assess the effect of projected electric and hybrid

vehicle use on future revenues from existing fuel taxes and other fees related to nonelectric vehicles. The report must also make recommendations to: provide continued funding to maintain existing infrastructure; continue to meet projected infrastructure demand; and improve infrastructure to support emergency evacuations by users of electric vehicles.

The report must be submitted to the Governor and the Legislature by September 1 of the year immediately after the year in which the FTC determines that electric and hybrid vehicles make up two percent or more of the total number of vehicles registered in Florida. The FTC may complete the review and report before the two-percent threshold if the FTC determines it appropriate.

The bill also requires the FTC, in consultation with the Florida Division of Emergency Management (FDEM), to assess transportation infrastructure with respect to emergency evacuations and electric vehicles, including the availability of electric vehicle charging stations in this state. Lastly, the bill requires metropolitan planning organization's long-range transportation plans to include an assessment of the increased use of autonomous technology and electric vehicles.

The FTC will incur indeterminate expenses associated with the reporting requirements of this bill. The DHSMV expects the bill to have no impact on expenditures. The FDEM may incur indeterminate expenses associated with its participation in the emergency evacuation assessment.

The bill appropriates \$15 million in nonrecurring funds from the State Transportation Trust Fund to the FDOT implement the Florida Smart City Challenge Grant Program.

The bill takes effect on July 1, 2018.

II. Present Situation:

Smart City Challenge Grant Program

According to the National League of Cities, 66 percent of cities are investing in smart city technology, and 25 percent of cities with no smart city technology are investigating how to implement it.¹ A single definition of smart city technology is difficult to identify, but in the context of transportation, it relates to “using sensors to collect data about the movement of people, all forms of vehicles and bikes. A smart city is one that greatly reduces vehicle traffic and allows people and goods to be moved easily through various means.”² Examples include intelligent vehicle systems and autonomous vehicle transportation. Outcomes of smart city efforts are reduced vehicle related deaths, reduced pollution, reduced traffic times, and healthier populations.³

¹ National League of Cities, *Cities and Innovation Economy: Perceptions of Local Leaders* (October 18, 2017), available at: <http://www.nlc.org/resource/cities-and-innovation-economy-perceptions-of-local-leaders> (Last visited January 14, 2018).

² TechRepublic, *Smart Cities: 6 Essential Technologies*, available at: <https://www.techrepublic.com/article/smart-cities-6-essential-technologies/> (Last visited January 13, 2018).

³ *Id.*

The Federal Smart City Challenge

The United States Department of Transportation (USDOT) launched a Smart City Challenge in December 2015. The challenge asked mid-sized cities “to develop ideas for an integrated, first-of-its-kind smart transportation system that would use data, applications, and technology to help people and goods move more quickly, cheaply, and efficiently.”⁴ The USDOT committed up to \$40 million to one winning city.⁵ The USDOT received 78 applications from cities across America, including the following cities in Florida: Jacksonville, Miami, Orlando, St. Petersburg, Tallahassee, and Tampa.⁶ However, no Florida city received any funding.

Ultimately, Columbus, Ohio won the challenge by proposing “a comprehensive, integrated plan addressing challenges in residential, commercial, freight, and downtown districts using a number of new technologies, including connected infrastructure, an integrated data platform, autonomous vehicles, and more.”⁷ The USDOT then worked with selected finalists to further develop the ideas proposed by the cities and, in October 2016, announced an additional \$65 million in grants to support advanced technology transportation projects.⁸ Again, no city in Florida was selected for project funding.⁹

The State Smart City Challenge Grant Program

The 2017 Legislature enacted legislation¹⁰ requiring the FDOT, in consultation with the Department of Highway Safety & Motor Vehicles and *subject to appropriation*, to develop the Florida Smart City Challenge Grant Program and establish grant award requirements for municipalities or regions for the purpose of receiving grant awards. The law requires grant applications to demonstrate and document the adoption of emerging technologies and their impact on transportation systems and to address at least the following focus areas: autonomous vehicles, connected vehicles, sensor-based infrastructure, collecting and using data, electric vehicles (including charging stations), and developing strategic models and partnerships. The law also specifies a non-exclusive list of goals of the grant program.

The law requires the FDOT to develop eligibility, application, and selection criteria for the program grants and a plan for promotion of the grant program to municipalities or regions of the state as an opportunity to compete for the grant funding. Criteria must include the award of grants to a single recipient and secondary grants to specific projects of merit within other applications. The law authorizes the FDOT to contract with a third party demonstrating knowledge and expertise in the focuses and goals of the program to provide guidance in the development of the program requirements. By January 1, 2018, the FDOT was to submit the

⁴ US Department of Transportation, *Smart City Challenge (June 29, 2017)*, available at: <https://www.transportation.gov/smartcity> (Last visited January 14, 2018).

⁵ *Id.*

⁶ US Department of Transportation, *Smart City Challenge Vision Statements (September 29, 2016)*, available at: <https://www.transportation.gov/smartcity/visionstatements/index> (Last visited January 14, 2018).

⁷ US Department of Transportation, *The Winner: Columbus Ohio (January 3, 2017)*, available at: <https://www.transportation.gov/smartcity/winner> (Last visited January 14, 2018).

⁸ US Department of Transportation, *What Comes Next (April 28, 2016)*, available at: <https://www.transportation.gov/smartcity/what-comes-next> (Last visited January 12, 2018).

⁹ The USDOT advises that no further funding rounds under the federal program are currently anticipated. Telephone conversation with the USDOT staff and Senate Transportation Committee staff, January 12, 2018.

¹⁰ Chapter 2017-42, Laws of Florida. Section 316.0898, F.S.

grant program guidelines and plans for promotion of the grant program to the Governor, the Senate President, and the House Speaker.

The 2017 General Appropriations Act contained an appropriation for the Smart City Challenge Grant program, authorizing the FDOT to use up to \$325,000 from the State Transportation Trust Fund (STTF) to establish the program. However, that appropriation was vetoed.¹¹ The program, currently codified in s. 316.0898, F.S., expires on July 1, 2018.

Electric and Hybrid Vehicles

Florida law currently defines two types of vehicles powered, in whole or in part, by electricity: an electric vehicle and a hybrid vehicle. An “electric vehicle,” defined for purposes of vehicle registration under ch. 320, F.S., is “a motor vehicle that is powered by an electric motor that draws current from rechargeable storage batteries, fuel cells, or other sources of electrical current.”¹² A “hybrid vehicle,” defined for purposes of use of high-occupancy-vehicle lanes, is a motor vehicle:

- That draws propulsion energy from onboard sources of stored energy which are both an internal combustion or heat engine using combustible fuel and a rechargeable energy-storage system;
- That, in the case of a passenger automobile or light truck, has received a certificate of conformity under the Clean Air Act...and meets or exceeds the equivalent qualifying California standards for a low-emission vehicle;¹³ and
- That, in the case of a tri-vehicle,¹⁴ is an inherently low-emission vehicle.¹⁵

Florida has enacted a number of EV-related provisions that may incentivize people to purchase EVs. They include:

- Authorizing a local government to enact a program to allow property owners to apply for financing from the local government to install EV charging equipment on his or her property. The local government can collect the loan payments through ad valorem assessments.¹⁶
- Authorizing a local government to use the proceeds of a levied infrastructure surtax (discretionary sales surtax) to provide loans to property owners to install EV charging equipment.¹⁷
- Allowing hybrid electric vehicles to use high-occupancy-vehicle lanes regardless of occupancy and to use such lanes without paying a toll if one is otherwise required.¹⁸

¹¹ Specific Appropriation 1869, proviso, ch. 2017-70, Laws of Florida.

¹² Section 320.01(36), F.S.

¹³ For detailed information on California’s Low-Emission Vehicle Program, see California Air Resources Board, *Low-Emission Vehicle Program (January 25, 2017)*, available at: <https://www.arb.ca.gov/msprog/levprog/levprog.htm> (Last visited February 21, 2018).

¹⁴ Defined in s. 316.003(93), F.S.

¹⁵ Section 316.0741, F.S.

¹⁶ Section 163.08, F.S.

¹⁷ Section 212.055, F.S.

¹⁸ Generally, a high-occupancy-vehicle lane is a lane designed for use by vehicles in which there is more than one occupant. Section 316.0741, F.S.

In addition, local Florida entities offer EV incentives. The National Conference of State Legislatures reports that, through June 30 of this year or until funds were depleted,¹⁹ Duke Energy and Orlando Utilities Commission customers and employees were eligible for a \$10,000 rebate for the purchase of a new, all-electric, 2017 Nissan Leaf at participating dealerships; and the Jacksonville Electric Authority offers rebates for plug-in HEVs with a battery less than 15 kilowatt hours in capacity to receive \$500, and plug-in HEVs with larger battery capacity are eligible for \$1,000.²⁰ The federal government also allows an income tax credit of up to \$7,500 for certain EVs.²¹

Impact of Electric and Hybrid Vehicles on Transportation Funding/Prior Studies

Taxes on gas and diesel fuel are a primary source of revenue for both the federal highway fund and the State Transportation Trust Fund.²² Transportation funding has generally experienced a continuing shortfall attributed to static federal gas tax rates, more fuel efficient vehicles, and increasing transportation construction and maintenance costs.²³

Annual fuel tax revenues at both the state and federal levels are directly based on the number of gallons of gasoline and diesel fuel consumed. Because electric vehicles (EV) are not powered by gasoline or diesel, and because hybrid electric vehicles (HEV) use less gasoline or diesel fuel than a conventional vehicle with only an internal combustion engine, an increase in the number of these vehicles operating in Florida results in less revenue being raised from fuel taxes for comparable vehicle miles traveled.

There are a limited number of studies specifically focused on the impact of EVs²⁴ on fuel tax revenues. A 2015 study conducted by the University of Central Florida acknowledges the increasing national EV sales trend for the 5-year period prior to the study but concludes:

Of course, despite the increase, electric and plug-in electric vehicles still represent a small portion of the US auto market. With total vehicles sales for 2014 coming in at around 16.5 million, EVs made up less than 1 percent of total sales.²⁵

¹⁹ US Department of Energy, Alternative Fuels Data Center reports this rebate expired on July 1 of this year. See AFDC, *Expired, Repealed, and Archived Florida Incentives and Laws*, available at:

https://www.afdc.energy.gov/laws/laws_expired?jurisdiction=FL (Last visited February 22, 2018).

²⁰ See National Conference of State Legislature's website for additional details on available incentives related to EVs, *State Efforts to Promote Hybrid and Electric Vehicles (September 26, 2017)*, available at:

<http://www.ncsl.org/research/energy/state-electric-vehicle-incentives-state-chart.aspx#other> (Last visited February 22, 2018).

²¹ See Internal Revenue Service, *Plug-In Electric Drive Vehicle Credit (IRC 30D) (January 24, 2018)*, available at:

<https://www.irs.gov/credits-deductions/individuals/plug-in-electric-drive-vehicle-credit-section-30d> (Last visited February 22, 2018).

²² See Florida Department of Transportation, *Florida's Transportation Tax Sources, A Primer (January 2017)*, at p. 4, for a listing of federal and state transportation tax sources and rates for calendar year 2017, available at:

<http://www.fdot.gov/comptroller/pdf/GAO/RevManagement/Tax%20Primer.pdf> (Last visited February 21, 2018).

²³ See US Department of Energy National Renewable Energy Laboratory, *Primer on Motor Fuel Excise Taxes and the Role of Alternative Fuels and Energy Efficient Vehicles (August 2015)*, at p. 7, available at:

https://www.afdc.energy.gov/uploads/publication/motor_fuel_tax_primer.pdf (Last visited February 22, 2018).

²⁴ Unless otherwise noted, EV includes both EVs and HEVs.

²⁵ See Electric Vehicle Transportation Center, *Implications of Electric Vehicles on Gasoline Tax Revenues*, December 2015, at p. 8 available at: <http://www.fsec.ucf.edu/en/publications/pdf/FSEC-CR-2011-15.pdf> (Last visited February 22, 2018).

The study further concludes that EVs, for now and in the near future, will have only a small impact on fuel tax revenues but notes a University of Texas study on EV market share suggesting that by 2050, over 50 percent of fuel tax funds may be lost.²⁶ The authors highlight the importance of understanding that “the rate at which revenue declines depends on many factors. The relationship among these factors is complex and continued investigation is warranted to better understand vehicle fleet mix, fuel economy, and fuel tax revenue.”²⁷

According to the study, a number of states are exploring or implementing revenue generating alternatives, both to increase transportation funding in general and also to prepare for revenue reduction due to increased EV sales. These alternatives include a fee based on the number of miles a given vehicle travels,²⁸ as well as increased direct taxes and surcharges on EV purchases.²⁹

For example, in 2015, the Georgia Legislature repealed “one of the nation’s most generous state tax credits for electric cars.” The Legislature also voted to impose a \$200 annual registration fee on owners of some plug-in hybrids and all zero-emissions vehicles to make up for the lost fuel taxes. EV sales then experienced a sharp reduction, a result attributed to the repealed credit and imposed fee.³⁰

EV Registration in Florida

The license tax for EVs is the same as that for a vehicle that is not electrically powered.³¹ The exact number of EVs registered in Florida is somewhat unclear. Under the Department of Highway Safety and Motor Vehicles’ (DHSMV) current vehicle registration system programming, a “fuel type” classification is an optional field and therefore the precise number of EVs registered is unknown.³²

The DHSMV analyzed vehicle identification numbers (VINs) in its motor vehicle registration database using available software and estimated that of the 16.2 million vehicles with VINs that could be analyzed, approximately 247,131 EVs and HEVs, are registered in Florida, or about 1.53 percent.³³

²⁶ *Id.* at p. 12.

²⁷ *Id.*

²⁸ Known as VMT (vehicle miles traveled) and MBUF (mileage-based user fee). Fees are assessed based on the actual amount of road use, not on fuel consumption.

²⁹ See US Department of Energy National Renewable Energy Laboratory, *Primer on Motor Fuel Excise Taxes and the Role of Alternative Fuels and Energy Efficient Vehicles*, August 2015, at p. 29-31, available at: https://www.afdc.energy.gov/uploads/publication/motor_fuel_tax_primer.pdf (Last visited February 22, 2018).

³⁰ See Politifact Georgia, *Electric car sales hit the brakes as tax credit axed and fee added*, (November 2, 2015), available at: <http://www.politifact.com/georgia/statements/2015/nov/02/don-francis/electric-car-sales-hit-brakes-tax-credit-axed-and-/> (Last visited February 22, 2018).

³¹ Section 320.08001, F.S. Registration fees differ based on factors such as the type of vehicle, its weight, the license plate chosen, and whether the registration period is one or two years.

³² The DHSMV also advises a system change is underway to make “fuel type” a mandatory field. See email from DHSMV staff dated September 22, 2017, to staff of the Senate Transportation Committee.

³³ See DHSMV, *SB 384 Bill Analysis* (November 9, 2017), at p. 5.

Emergency Evacuation

The Florida Division of Emergency Management (FDEM) is responsible for maintaining a comprehensive statewide program of emergency management. Among the FDEM's duties is a requirement to prepare a state comprehensive emergency management plan containing provisions that will ensure the state is prepared for emergencies and minor, major, and catastrophic disasters.³⁴ As part of the plan, the FDEM must include an evacuation component including specific regional and interregional planning provisions and promoting intergovernmental coordination of evacuation activities. Among other items, this part of the plan must establish strategies for ensuring sufficient, reasonably priced fueling locations along evacuation routes.³⁵ A review of available documents and information on the FDEM's website did not identify an assessment of electric vehicle charging stations for the purpose of emergency evacuations.

Section 377.815, F.S., authorizes the Florida Department of Agriculture and Consumer Services to post information on its website relating to alternative fueling stations or EV charging stations that are available for public use in this state. The department's website provides a list of stations, however, the list is not specific to emergency evacuations.³⁶

According to the U.S Department of Energy's Alternative Fuels Data Center, 949 electric vehicle charging stations (2,130 outlets) are currently available in the State of Florida, excluding private stations.³⁷ The DHSMV notes that no EV charging stations within Florida's transportation infrastructure are specifically designated for use during emergency evacuations.³⁸

III. Effect of Proposed Changes:

The bill creates a new Florida Smart City Challenge Grant Program to provide opportunities for grants to fund certain innovative transportation projects. The FDOT must issue a request for proposals by September 1, 2018, and distribute awards by January 1, 2019. The bill establishes goals and eligibility requirements for the program; provides project selection criteria and matching funds requirements; sets out reporting requirements; provides for administrative support for the program; and provides an appropriation from the STTF to implement the program.

Section 1 creates s. 316.0899, F.S., effective July 1, 2018, to create a new Florida Smart City Challenge Grant Program within the FDOT. The bill identifies the goals of the program to include:

- Providing opportunities to municipalities and other regions of the state to develop innovative smart mobility solutions to local transportation challenges.

³⁴ Section 252.35(2)(a), F.S.

³⁵ *Id.*

³⁶ See Florida Department of Agriculture and Consumer Services, Florida Energy Clearinghouse, Transportation, available at: <http://www.freshfromflorida.com/Energy/Florida-Energy-Clearinghouse/Transportation> (Last visited February 22, 2018).

³⁷ See US Department of Energy, Alternative Fuels Data Center, Electric Vehicles Charging Station Locations, available at: https://www.afdc.energy.gov/fuels/electricity_locations.html, including a map and a download spreadsheet of locations and related information (Last visited February 22, 2018).

³⁸ See DHSMV, *SB 384 Bill Analysis* (November 9, 2017), at p. 5.

- Deploying smart city technology that has an immediate impact on the safe and efficient movement of people and goods within municipalities and other regions of the state.
- Advancing autonomous, connected, grid-integrated,³⁹ and electric vehicle readiness and deployment throughout the state.
- Providing enhanced education and workforce development opportunities by deploying emerging technologies that support the state's future workforce.
- Meeting the mobility needs of residents of this state, particularly transportation disadvantaged persons⁴⁰ by increasing access to and convenience of transportation within municipalities and other regions of the state.
- Facilitating the efficient movement of freight within the state, especially in and around airports and seaports.
- Supporting the reduction or elimination of fossil fuel consumption by relying on renewable energy sources and electric technologies.
- Creating a smart mobility demonstration community in the state that serves as a model for municipalities and other regions nationwide.

The bill authorizes the various government entities to apply to the FDOT for project funding under the program. These government entities include:

- A state, county, municipal, regional, or other agency that is responsible for the movement of persons, goods, or services within a defined geographical region, including an entity created pursuant to chs. 343,⁴¹ 348,⁴² or 349,⁴³ F.S.
- A metropolitan planning organization (MPO) or transportation planning organization (TPO), with a requirement that each entity responsible for deploying or operating a project on behalf of an MPO or TPO must submit to the FDOT a letter detailing its commitment to the implementation, operation, and maintenance of the project.
- A state university.

The bill requires an applicant to have in place a plan or framework for the implementation of the proposed project in at least one of the following categories:

- Autonomous vehicle deployment or demonstration.
- Connected vehicle technology deployment.
- Shared mobility services innovation and deployment.
- Acceleration of the use of plug-in electric vehicles and electric charging infrastructure, including the deployment of grid-integrated vehicles.

³⁹ The bill defines this term to mean “a motor vehicle that has the ability for two-way power flow between the vehicle and the electric grid and the communications hardware and software that allow for external control of battery charging and discharging.”

⁴⁰ Section 427.011(1), F.S., defines a “transportation disadvantaged person” as a person who, because of physical or mental disability, income status, or age is unable to transport himself or herself or to purchase transportation and is, therefore, dependent on others to obtain access to health care, employment, education, shopping, social activities, or other life-sustaining activities, or children who are handicapped or high-risk or at-risk as defined in s. 411.202, F.S.

⁴¹ Chapter 343, F.S., creates the Northeast Florida Regional Transportation Commission, the South Florida Regional Transportation Authority, the Central Florida Regional Transportation Authority, the Northwest Florida Transportation Corridor Authority, and the Tampa Bay Area Regional Transit Authority.

⁴² Chapter 348, F.S., creates the Miami-Dade Expressway Authority, the Tampa-Hillsborough County Expressway Authority, the Santa Rosa Bay Bridge Authority, and the Osceola County Expressway Authority.

⁴³ Chapter 349, F.S., creates the Jacksonville Transportation Authority.

The FDOT is required to issue a request for proposals for the award of program grants by September 1, 2018. Each submitted proposal must include:

- A statement by the applicant certifying that the project will be implement within 2 years after receipt of the grant.
- A plan for fulfilling documentation requirements under the FDOT’s Statewide Systems Engineering Management Plan within such 2-year period.⁴⁴
- A description of how operation and maintenance costs for the project will be funded in order to ensure that the FDOT’s investment in the project is sustained.
- A plan for evaluation of the project and the methods by which such evaluation will be shared with residents of the area served by the project.
- The procedure for integrating the project’s transportation-related data into the FDOT’s Data Integration and Video Aggregation System.⁴⁵

The FDOT must award a grant to at least three recipients, with each award limited to no more than \$6 million. The FDOT must distribute awards by January 1, 2019. An award may fund up to 50 percent of project costs. A grant recipient must fund at least 10 percent of project costs. Grant funds must be used exclusively for startup costs, including acquisition of hardware, software, and assets associated with implementing a project. Grant funds may not be used for costs associated with operation, maintenance, or evaluation of the project.

When selecting grant recipients, the FDOT must give priority to proposals that:

- Demonstrate the availability of matching funds;⁴⁶
- Include a plan for documenting the acquisition and expenditure of matching funds; and
- Include matching funds from private sector partner organizations.

Matching funds may be used for costs associated with operation, maintenance, and evaluation of the project.

Each grant recipient must submit a quarterly report to the FDOT regarding the development, implementation, and operation of the project. A grant recipient that receives matching funds must document the contribution of such funds in the quarterly report that details the manner in

⁴⁴ A Systems Engineering Management Plan (SEMP) enables an engineer “to manage a project using systems engineering principles and methods to maximize the quality of the system being implemented, while minimizing the budget and schedule required for its completion.” For extensive details, see the FDOT’s systems engineering website available at: http://www.fdot.gov/traffic/its/projects_deploy/sempt.shtm (Last visited January 12, 2018). Federal regulations require all Intelligent Transportation System projects funded with federal highway funds to be based on a systems engineering analysis on a scale commensurate with the project scope. See 23 C.F.R. s. 940.11. Required documentation in a SEMP can be extensive. See the list of document templates on the identified FDOT website.

⁴⁵ This system integrates and manages real-time information. It consists of a data integration subsystem, which collects and integrates transportation and related data from numerous sources and integrates that data for internal and external dissemination and consumption; and a video aggregation subsystem, which aggregates “live streaming video from FDOT and external agency cameras for distribution using ubiquitous, modern video streaming technologies, such that video is made available to users regardless of their specific location or device platform. See the FDOT’s *TSM&O Disseminator*, July-August 2017, at p. 9, available at: <http://www.fdot.gov/traffic/Newsletters/2017/2017-AUG.pdf> (Last visited January 12, 2018).

⁴⁶ Under the bill, “matching funds” includes in-kind services, goods, equipment, or other noncash contributions calculated at fair market value.

which the value of such contribution is calculated. The FDOT must submit a quarterly report to the Senate President and House Speaker regarding the overall status of the grant program.

After a project is implemented, each grant recipient must submit a report to the Governor, the Senate President, and the House Speaker detailing: the project's impact on the transportation system within the area served by the project; the extent to which the goals of the grant program have been met; and recommendations for project revisions or improvements to guide future deployment activities. A final report must be submitted 2 years after submission of the initial report.

The bill requires the FDOT to provide administrative support to the grant program to facilitate the deployment of smart city technology within the state, including expedited review of submitted proposals.

The FDOT may select an independent nongovernmental entity to assist in project construction, management, and evaluation; to oversee the implementation of the project; and to analyze and document lessons learned during, and benefits derived from, implementation of the project. The nongovernmental entity must have experience with the national (federal) Smart Cities Initiative, advanced transportation deployment experience in this state, extensive engineering experience, or expertise in stakeholder engagement of potential partners to create a demonstration community.

Section 2 appropriates \$15 million in nonrecurring funds from the State Transportation Trust Fund for the 2018-2019 fiscal year to the FDOT to implement the program.

Electric and Hybrid Vehicles

Section 3 requires the FTC to review all sources of revenue for transportation infrastructure and maintenance projects and prepare a report to the Governor and the Legislature when the FTC determines that electric vehicles, as defined in s. 320.01(36), F.S., and hybrid vehicles, as defined in s. 316.0741, F.S., make up two percent or more of the total number of vehicles registered in this state.

The FTC, in consultation with the DHSMV, is authorized to use commercially available data that the FTC deems reliable to support its determination and report. In consultation with the FDEM, the FTC is also required to assess transportation infrastructure with respect to emergency evacuations and EVs, including, but not limited to, the availability of EV charging stations in this state.

At a minimum, the report must assess the effect of projected electric and hybrid vehicle use in this state on future revenue from existing taxes, fees, and surcharges related to nonelectric, private-use motorcycles, mopeds, automobiles, tri-vehicles, and trucks. The report must include recommendations to the Legislature to:

- Ensure continued funding for necessary maintenance that provides for adequate levels of service on existing transportation infrastructure;
- Accomplish improvements and capacity projects on transportation infrastructure which meet the demand from projected population and economic growth; and

- Accomplish necessary improvements to transportation infrastructure that would support emergency evacuations by users of electric vehicles.

The bill requires the report to be submitted to the Governor and the Legislature by September 1 of the year immediately after the year in which the FTC determines that electric and hybrid vehicles make up two percent or more of the total number of vehicles registered in this state. The FTC is authorized to complete the review and report before the two-percent threshold is reached if the FTC determines that earlier completion is appropriate to maintain a financially stable long-term transportation work program.

Section 4 amends s. 339.175(7)(c)2., F.S., requiring each metropolitan planning organization to consider the increased use of autonomous technology and electric vehicles, and other developments, when making its capital investment assessment as part of development of its long-range transportation plan.

The bill takes effect on July 1, 2018.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The bill does not implicate the mandates provisions of the State Constitution. Counties and cities are not required to apply to the program, but those that do apply for funding from the Florida Smart City Challenge Grant Program will be required to provide matching funds.

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:

Private-sector partners who invest in innovative transportation projects may benefit to the extent that the project receives state grant funding.

C. Government Sector Impact:

The bill appropriates \$15 million in nonrecurring funds from the State Transportation Trust Fund for Fiscal Year 2018-2019 to the FDOT to implement the program. This appropriation may be used to fund the costs incurred by FDOT to implement the Florida Smart City Challenge Grant Program as noted below.

The FDOT will incur administrative expenses associated with:

- Issuing the request for proposals.
- Conducting expedited reviews of proposals and awarding grants.
- Preparing the required quarterly reports.
- Providing administrative support.

Related to the report on EVs in Florida, the FTC will incur indeterminate expenses associated with:

- Determining when EVs make up two percent of vehicle registrations;
- Assessing transportation revenue impacts of EV registrations;
- Assessing infrastructure related to emergency evacuations for EVs; and
- Preparing the report required by the bill.

The DHSMV expects the bill to have no impact on its expenditures.

The FDEM may incur indeterminate expenses associated with its participation in the emergency evacuation assessment.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill creates section 316.0899 of the Florida Statutes.

This bill creates an undesignated section of Florida Law.

This bill amends section 339.175 of the Florida Statutes.

IX. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS/CS by Appropriations Subcommittee on Transportation, Tourism, and Economic Development on February 21, 2018:

The committee substitute changes the bill to “[a]n act relating to transportation infrastructure” and adds the substance of CS/SB 384 (2017) to the bill.

The bill requires the FTC to review all revenue sources for transportation infrastructure and maintenance projects and assess the effect of projected electric and hybrid vehicle use on future revenue from existing taxes, fees, and surcharges; make an assessment with the FDEM of transportation infrastructure with respect to emergency evacuations and electric vehicles; and prepare a report containing certain recommendations at the specified time.

The bill revises planning requirements related to autonomous technology and electric vehicles to be considered as part of each metropolitan planning organization’s development of the long-range transportation plan.

CS by Transportation on January 18, 2018:

The Committee Substitute:

- Creates a “Definitions” subsection, defines “grid-integrated vehicle,” and relocates the definition of “matching funds” to this subsection.
- Revises one of the categories for which an applicant must have in place a plan or framework for project implementation to include acceleration of deployment of grid-integrated vehicles.
- Requires the FDOT to award at least three grants, rather than awarding a maximum of three.
- Requires a grant recipient to fund at least ten percent of project costs and correspondingly removes a reference to partner organizations funding “50 percent of” projects costs in the provisions relating to priority selection of proposals.
- Revises the authorized uses of grant funds to specifically include acquisition of hardware, software, and assets associated with project implementation.
- Requires each recipient’s initial report to be submitted to the Governor, in addition to the Senate President and the House Speaker.
- Authorizes the FDOT to select an independent nongovernmental entity to assist in project construction, management, and evaluation; and requires such entity to have certain prior experience.

- B. **Amendments:**

None.



137428

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
02/21/2018	.	
	.	
	.	
	.	

Appropriations Subcommittee on Transportation, Tourism, and
Economic Development (Brandes) recommended the following:

Senate Amendment (with title amendment)

Delete line 170

and insert:

for the purpose of implementing s. 316.0899, Florida Statutes.

Section 3. Florida Transportation Commission review;
electric and hybrid vehicles report.-

(1) (a) The Florida Transportation Commission shall review
all sources of revenue for transportation infrastructure and
maintenance projects and prepare a report to the Governor and



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11 the Legislature when the commission determines that electric
12 vehicles, as defined in s. 320.01(36), Florida Statutes, and
13 hybrid vehicles, as defined in s. 316.0741, Florida Statutes,
14 make up 2 percent or more of the total number of vehicles
15 registered in this state.

16 (b) The commission, in consultation with the Department of
17 Highway Safety and Motor Vehicles, may use commercially
18 available data that the commission deems reliable to support its
19 determination and report. The report must, at a minimum, assess
20 the effect of projected electric and hybrid vehicle use in this
21 state on future revenue from existing taxes, fees, and
22 surcharges related to nonelectric, private-use motorcycles,
23 mopeds, automobiles, tri-vehicles, and trucks.

24 (c) The commission, in consultation with the Division of
25 Emergency Management, shall also make an assessment of
26 transportation infrastructure with respect to emergency
27 evacuations and electric vehicles, including, but not limited
28 to, the availability of electric vehicle charging stations in
29 this state.

30 (2) The report must include recommendations to the
31 Legislature:

32 (a) To ensure continued funding for necessary maintenance
33 that provides for adequate levels of service on existing
34 transportation infrastructure;

35 (b) To accomplish improvements and capacity projects on
36 transportation infrastructure which meet the demand from
37 projected population and economic growth; and

38 (c) To accomplish necessary improvements to transportation
39 infrastructure that would support emergency evacuations by users



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40 of electric vehicles.

41 (3) The report shall be submitted to the Governor and the
42 Legislature no later than September 1 of the year immediately
43 after the year in which the commission determines that electric
44 vehicles, as defined in s. 320.01(36), Florida Statutes, and
45 hybrid vehicles, as defined in s. 316.0741, Florida Statutes,
46 make up 2 percent or more of the total number of vehicles
47 registered in this state.

48 (4) Notwithstanding any other provisions of this section,
49 the commission may undertake and complete the review and report
50 before the 2-percent threshold is reached if the commission
51 finds that earlier completion is appropriate to maintain a
52 financially stable, long-term transportation work program.

53 Section 4. Paragraph (c) of subsection (7) of section
54 339.175, Florida Statutes, is amended to read:

55 339.175 Metropolitan planning organization.—

56 (7) LONG-RANGE TRANSPORTATION PLAN.—Each M.P.O. must
57 develop a long-range transportation plan that addresses at least
58 a 20-year planning horizon. The plan must include both long-
59 range and short-range strategies and must comply with all other
60 state and federal requirements. The prevailing principles to be
61 considered in the long-range transportation plan are: preserving
62 the existing transportation infrastructure; enhancing Florida's
63 economic competitiveness; and improving travel choices to ensure
64 mobility. The long-range transportation plan must be consistent,
65 to the maximum extent feasible, with future land use elements
66 and the goals, objectives, and policies of the approved local
67 government comprehensive plans of the units of local government
68 located within the jurisdiction of the M.P.O. Each M.P.O. is



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69 encouraged to consider strategies that integrate transportation
70 and land use planning to provide for sustainable development and
71 reduce greenhouse gas emissions. The approved long-range
72 transportation plan must be considered by local governments in
73 the development of the transportation elements in local
74 government comprehensive plans and any amendments thereto. The
75 long-range transportation plan must, at a minimum:

76 (c) Assess capital investment and other measures necessary
77 to:

78 1. Ensure the preservation of the existing metropolitan
79 transportation system including requirements for the operation,
80 resurfacing, restoration, and rehabilitation of major roadways
81 and requirements for the operation, maintenance, modernization,
82 and rehabilitation of public transportation facilities; and

83 2. Make the most efficient use of existing transportation
84 facilities to relieve vehicular congestion, improve safety, and
85 maximize the mobility of people and goods. Such efforts must
86 include, but are not limited to, consideration of infrastructure
87 and technological improvements necessary to accommodate advances
88 in vehicle technology, such as the increased use of autonomous
89 technology and electric vehicles, and other developments.

90

91 In the development of its long-range transportation plan, each
92 M.P.O. must provide the public, affected public agencies,
93 representatives of transportation agency employees, freight
94 shippers, providers of freight transportation services, private
95 providers of transportation, representatives of users of public
96 transit, and other interested parties with a reasonable
97 opportunity to comment on the long-range transportation plan.



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98 The long-range transportation plan must be approved by the
99 M.P.O.

100

101 ===== T I T L E A M E N D M E N T =====

102 And the title is amended as follows:

103 Delete lines 2 - 17

104 and insert:

105 An act relating to transportation infrastructure;
106 creating s. 316.0899, F.S.; defining the terms "grid-
107 integrated vehicle" and "matching funds"; creating the
108 program within the Department of Transportation;
109 providing program goals; providing grant eligibility
110 requirements; requiring the department to issue a
111 request for proposals by a specified date; providing
112 proposal requirements; providing requirements for the
113 award of grants and the use of grant funds; providing
114 reporting requirements; requiring administrative
115 support by the department; authorizing the department
116 to select an independent nongovernmental entity to
117 assist in project construction, management, and
118 evaluation for specified purposes; providing
119 requirements for the nongovernmental entity; providing
120 an appropriation; requiring the Florida Transportation
121 Commission to review all sources of revenue for
122 transportation infrastructure and maintenance projects
123 and prepare a report to the Governor and the
124 Legislature when the commission determines that
125 electric and hybrid vehicles make up a certain
126 percentage or more of the total number of vehicles



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127 registered in this state; authorizing the commission,
128 in consultation with the Department of Highway Safety
129 and Motor Vehicles, to use certain commercially
130 available data; providing minimum reporting
131 requirements; requiring the commission, in
132 consultation with the Division of Emergency
133 Management, to make an assessment of transportation
134 infrastructure with respect to emergency evacuations
135 and electric vehicles; specifying requirements for the
136 report; requiring the report to be submitted to the
137 Governor and the Legislature no later than a certain
138 date; authorizing the commission to undertake and
139 complete the review before the specified percentage
140 threshold is reached, under certain circumstances;
141 amending s. 339.175, F.S.; requiring a long-range
142 transportation plan to consider infrastructure and
143 technological improvements necessary to accommodate
144 the increased use of autonomous technology and
145 electric vehicles;

By the Committee on Transportation; and Senators Brandes and Taddeo

596-02191-18

2018852c1

A bill to be entitled

An act relating to the Florida Smart City Challenge Grant Program; creating s. 316.0899, F.S.; defining the terms "grid-integrated vehicle" and "matching funds"; creating the program within the Department of Transportation; providing program goals; providing grant eligibility requirements; requiring the department to issue a request for proposals by a specified date; providing proposal requirements; providing requirements for the award of grants and the use of grant funds; providing reporting requirements; requiring administrative support by the department; authorizing the department to select an independent nongovernmental entity to assist in project construction, management, and evaluation for specified purposes; providing requirements for the nongovernmental entity; providing an appropriation; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 316.0899, Florida Statutes, is created to read:

316.0899 Florida Smart City Challenge Grant Program.—

(1) DEFINITIONS.—As used in this section, the term:

(a) "Grid-integrated vehicle" means a motor vehicle that has the ability for two-way power flow between the vehicle and the electric grid and the communications hardware and software that allow for external control of battery charging and

Page 1 of 6

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

596-02191-18

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discharging.

(b) "Matching funds" includes in-kind services, goods, equipment, or other noncash contributions calculated at fair market value.

(2) CREATION; GOALS.—The Florida Smart City Challenge Grant Program is created within the Department of Transportation. The goals of the grant program include, but are not limited to:

(a) Providing opportunities to municipalities and other regions of the state to develop innovative smart mobility solutions to local transportation challenges.

(b) Deploying smart city technology that has an immediate impact on the safe and efficient movement of people and goods within municipalities and other regions of the state.

(c) Advancing autonomous, connected, grid-integrated, and electric vehicle readiness and deployment throughout the state.

(d) Providing enhanced education and workforce development opportunities by deploying emerging technologies that support the state's future workforce.

(e) Meeting the mobility needs of residents of this state, particularly transportation disadvantaged persons as defined in s. 427.011, by increasing access to and convenience of transportation within municipalities and other regions of the state.

(f) Facilitating the efficient movement of freight within the state, especially in and around airports and seaports.

(g) Supporting the reduction or elimination of fossil fuel consumption by relying on renewable energy sources and electric technologies.

(h) Creating a smart mobility demonstration community in

Page 2 of 6

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

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59 the state that serves as a model for municipalities and other
60 regions nationwide.

61 (3) ELIGIBILITY REQUIREMENTS.—

62 (a) The following entities may apply to the Department of
63 Transportation for a grant to fund projects under the Florida
64 Smart City Challenge Grant Program:

65 1. A state, county, municipal, regional, or other agency
66 that is responsible for the movement of persons, goods, or
67 services within a defined geographical region, including an
68 entity created pursuant to chapter 343, chapter 348, or chapter
69 349.

70 2. A metropolitan planning organization or transportation
71 planning organization. Each entity responsible for deploying or
72 operating the project on behalf of a metropolitan planning
73 organization or transportation planning organization must submit
74 a letter to the department detailing its commitment to the
75 implementation, operation, and maintenance of the project.

76 3. A state university.

77 (b) An applicant for a Florida Smart City Challenge Grant
78 must have in place a plan or framework for the implementation of
79 the proposed project in at least one of the following
80 categories:

81 1. Autonomous vehicle deployment or demonstration.

82 2. Connected vehicle technology deployment.

83 3. Shared mobility services innovation and deployment.

84 4. Acceleration of the use of plug-in electric vehicles and
85 electric charging infrastructure, including deployment of grid-
86 integrated vehicles.

87 (4) PROPOSALS.—By September 1, 2018, the Department of

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88 Transportation shall issue a request for proposals for the award
89 of a Florida Smart City Challenge Grant. Each proposal submitted
90 to the department must include:

91 (a) A statement by the applicant certifying that the
92 project will be implemented and operational within 2 years after
93 receipt of the grant.

94 (b) A plan for fulfilling documentation requirements under
95 the department's Statewide Systems Engineering Management Plan
96 within such 2-year period.

97 (c) A description of how operation and maintenance costs
98 for the project will be funded in order to ensure that the
99 department's investment in the project is sustained.

100 (d) A plan for evaluation of the project and the methods by
101 which such evaluation will be shared with residents of the area
102 served by the project.

103 (e) The procedure for integrating the project's
104 transportation-related data into the department's Data
105 Integration and Video Aggregation System.

106 (5) AWARD OF GRANTS.—The Department of Transportation shall
107 award a Florida Smart City Challenge Grant to at least three
108 recipients. Each award may not exceed \$6 million. The department
109 shall distribute the award to each recipient by January 1, 2019.

110 (a) The grant may fund up to 50 percent of project costs.
111 At least 10 percent of project costs must be funded by the grant
112 recipient. Grant funds must be used exclusively for startup
113 costs, including, but not limited to, acquisition of hardware,
114 software, and assets associated with implementation of the
115 project, and may not be used for costs associated with operation
116 or maintenance of the project.

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117 (b) In selecting grant recipients, the department shall
 118 give priority to those proposals that demonstrate the
 119 availability of matching funds from partner organizations to
 120 fund project costs and that include a plan for documenting the
 121 acquisition and expenditure of such matching funds.

122 1. The department shall give further priority to those
 123 proposals that include matching funds from private-sector
 124 partner organizations; however, local public funds may also be
 125 used.

126 2. Matching funds may be used for costs associated with
 127 operation, maintenance, and evaluation of the project.

128 3. A grant recipient that receives matching funds must
 129 document the contribution of such funds in a quarterly report
 130 that details the manner in which the value of such contribution
 131 is calculated.

132 (6) REPORTING REQUIREMENTS.—

133 (a) Each recipient of a Florida Smart City Challenge Grant
 134 shall submit a quarterly report to the Department of
 135 Transportation regarding the development, implementation, and
 136 operation of the project. Such report must include information
 137 documented pursuant to subparagraph (5)(b)3.

138 (b) The Department of Transportation must submit a
 139 quarterly report to the President of the Senate and the Speaker
 140 of the House of Representatives regarding the overall status of
 141 the grant program.

142 (c) After implementation of the project is complete, each
 143 recipient must submit an initial report to the Governor, the
 144 President of the Senate, and the Speaker of the House of
 145 Representatives which details the project's impact on the

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146 transportation system within the area served by the project, the
 147 extent to which the goals of the grant program have been met,
 148 and recommendations for project revisions or improvements to
 149 guide future deployment activities. A final report must be
 150 submitted 2 years after submission of the initial report.

151 (7) ADMINISTRATIVE SUPPORT.—The Department of
 152 Transportation shall provide administrative support to the
 153 Florida Smart City Challenge Grant Program in order to
 154 facilitate the deployment of smart city technology within the
 155 state, including, but not limited to, expedited review of
 156 proposals submitted under subsection (4). The department may
 157 select an independent nongovernmental entity to assist in
 158 project construction, management, and evaluation; to oversee the
 159 implementation of the project; and to analyze and document
 160 lessons learned during, and benefits derived from,
 161 implementation of the project. The nongovernmental entity must
 162 have experience with the national Smart Cities Initiative,
 163 advanced transportation deployment experience in this state,
 164 extensive engineering experience, or expertise in stakeholder
 165 engagement of potential partners to create a demonstration
 166 community as described in paragraph (2)(h).

167 Section 2. For the 2018-2019 fiscal year, the sum of \$15
 168 million in nonrecurring funds is appropriated from the State
 169 Transportation Trust Fund to the Department of Transportation
 170 for the purpose of implementing this act.

171 Section 3. This act shall take effect July 1, 2018.

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date 2-21-18

Bill Number (if applicable) 852

Amendment Barcode (if applicable)

Topic Grid Integrated Vehicles

Name Rosanna Catalano

Job Title Lobbyist

Address _____

Phone _____

Street

Email ro@capitolenergy.net

City

State

Zip

Speaking: For Against Information Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing "NU-VEHICLE" CORP.

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date 2/21/18

Bill Number (if applicable) 857

Amendment Barcode (if applicable)

Topic SMART CITIES

Name JEFFREY SHARKEY

Job Title CEO, CAPITOL ADVISORS GROUP

Address 106 E. COLBY AVE

Phone 234 1660

City TEH State FL Zip 32301

Email jeff@capitoladvisors.com

Speaking: For Against Information

Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing TEH ADVISORS

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/20/2018
Meeting Date

852
Bill Number (if applicable)

Topic Smart City Challenge Grant Amendment Barcode (if applicable)

Name JEFF BRANCH

Job Title Legislative Advocate

Address Bronagh Sq. Phone 77-2655

Tallahassee FL 32302 Email jbranch@flcourts.com
City State Zip

Speaking: For Against Information Waive Speaking: In Support Against Against
(The Chair will read this information into the record.)

Representing Florida League of Cities

Appearing at request of Chair: Yes No Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting. S-001 (10/14/14)

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/21/18

Meeting Date

SB 852

Bill Number (if applicable)

Topic Smart City Challenge

Name Stephanie Smith

Job Title Senior Public Policy

Address _____
Street

Phone 813 800 4901

City _____ State _____ Zip _____

Email smiths@uber.com

Speaking: For Against Information

Waive Speaking: No Support Against
(The Chair will read this information into the record.)

Representing UBER

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/21/18

Meeting Date

852

Bill Number (if applicable)

Topic Smart Cities Challenge Grant

Amendment Barcode (if applicable)

Name Susan Harbin Alford

Job Title Sr. Associate Director, Public Policy

Address 100 S. Monroe St.

Phone 770-546-8845

Street

Tallahassee

City

FL

State

32301

Zip

Speaking: For Against

Information

Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing Florida Association of Counties

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/21/18

Meeting Date

852

Bill Number (if applicable)

Topic Smart Cities Challenge Grant

Name Jay Liles

Job Title _____

Address 168 Smolian Way

Street

Santa Rosa Beach FL

City

State

Zip

Phone 850/294-5004

Email j.liles@fortonline.org

Speaking: For Against Information

Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing Seaside Institute

Appearing at request of Chair: Yes No Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2.21.18

Meeting Date

852

Bill Number (if applicable)

Smart Cities

Topic

Sarah Busk

Name

Amendment Barcode (if applicable)

Job Title

204 S. Monroe St

Address

Street

Tallahassee FL

City

State

32301

Zip

850.222.8100

Phone

sjb@cardenaspartners.com

Email

Speaking:

For

Against

Information

Waive Speaking:

In Support

Against

(The Chair will read this information into the record.)

TechNet

Representing

Yes No

Appearing at request of Chair:

Yes No

Lobbyist registered with Legislature:

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

DNS

2/21/18
Meeting Date

CS/SB 852
Bill Number (if applicable)

Topic FLORIDA SMART CITY CHALLENGE GRANT Amendment Barcode (if applicable)

Name LENA JUAREZ

Job Title _____

Address P.O. Box 10390 Phone 850 212 8330

TAMLA HASSETT FL 32302
City State Zip

Speaking: For Against Information

Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing CHARGEPOINT

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

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 Appropriations Subcommittee on Transportation, Tourism, and Economic
Development

BILL: PCS/CS/SB 1314 (188068)

INTRODUCER: Appropriations Subcommittee on Transportation, Tourism, and Economic Development;
Commerce and Tourism Committee; and Senator Brandes

SUBJECT: Florida Capital Formation Act

DATE: February 21, 2018 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Harmsen</u>	<u>McKay</u>	<u>CM</u>	<u>Fav/CS</u>
2.	<u>Hrdlicka</u>	<u>Hrdlicka</u>	<u>ATD</u>	<u>Recommend: Fav/CS</u>
3.	_____	_____	<u>AP</u>	_____

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

PCS/CS/SB 1314 creates the Institute for Commercialization of Florida Technology (institute) to increase the availability of seed and early stage investment capital in Florida without requiring an ongoing state expenditure for such support.

The institute will replace the Institute for Commercialization of Public Research (ICPR). The institute will differ from the ICPR in several ways. Namely, the institute will:

- Be operated by a private fund manager who will be paid from fees based on the institute's investment activities, rather than a professional staff;
- No longer partner with publicly supported universities or research institutes to support their commercialization efforts; and
- Not be supported by or function under the Department of Economic Opportunity (department).

Like the ICPR, however, the institute will partner with innovation and target industry businesses to foster investment funding, especially in seed-stage, startup, and early stage companies; advise companies about successful management, operations, and development processes; and provide opportunities to attract further investment.

The bill has minimal impact on state expenditures.

The bill takes effect July 1, 2018.

II. Present Situation:

Venture Capital and Early Stage Business Investments

Venture capital is money provided by investors who choose to fund young companies that have the potential to develop into profitable businesses. Venture capital is an important source of equity for startup companies because its investment does not typically require security (such as a guarantee of repayment) from the business.¹

Venture capital investments are typically made in lieu of traditional bank loans because the start-up or expansion-oriented companies they fund have a higher level of investment risk. The investor may eventually share in the risk of a failed business or the reward of a successful one. These investments are also characterized by a higher level of equity participation in the business by the investor, including mentorship or networking to assist the company with management and other obstacles.²

Investment in a technology or idea that has not yet been developed into a fully-fledged product or business is also known as “seed investing” or “early-stage investing.”³

As of September 2017, one Florida website lists approximately 38 venture capital firms in the state.⁴ Although the venture capital industry has grown in the last 20 years, it has done so only in limited geographic regions – generally limiting the investment of capital in businesses in or near those regions.⁵

Florida Capital Formation Act

In 2007, the Florida Capital Formation Act was enacted to address the need to increase the availability of seed capital and early stage venture capital for emerging Florida companies.⁶ The act created the Florida Opportunity Fund and the Institute for the Commercialization of Public Research.

The intent of the act, in part, is to “mobilize private investment in a broad variety of venture capital partnerships in diversified industries and geographies” and “mobilize venture equity

¹ National Venture Capital Association, *Funding Innovation: How Venture Funded Startups Grow, Transform and Impact the U.S. Economy*, available at <https://nvca.org/ecosystem/funding-innovation/> (last visited Feb. 16, 2018).

² *Id.*

³ Florida Office of Economic and Demographic Research, *Return-on-Investment of the Florida Microfinance Loan and Microfinance Guarantee Programs*, p. 37, (Jan. 2018), available at

<http://edr.state.fl.us/Content/returnoninvestment/MicrofinanceLoanandGuaranteeProgams.pdf> (last visited Feb. 15, 2018).

⁴ Florida Trend, *Business FLORIDA: Business Assistance and Funding, Florida’s Venture Capital Firms*, (Sept. 22, 2017) available at <http://www.floridatrend.com/article/17615/floridas-venture-capital-firms--2015> (last visited Feb. 15, 2018).

⁵ Cromwell Schmisser, *Program Evaluation of the US Department of Treasury State Small Business Credit Initiative*, p. 61 (Oct. 2016), available at https://www.treasury.gov/resource-center/sb-programs/Documents/SSBCI_pe2016_Full_Report.pdf (last visited Feb. 16, 2018).

⁶ Chapter 2007-189, L.O.F., codified as ss. 288.9621-288.9625, F.S.

capital for investment in such a manner as to result in a significant potential to create new businesses and jobs in this state.”⁷

The Opportunity Fund was created to invest in seed and early stage venture capital funds (fund of funds), focusing on opportunities in Florida, and it can also make direct investments, including loans, in individual businesses and infrastructure projects. Enterprise Florida, Inc., facilitates the fund.

Further, the Legislature intended to create an institute “to mentor, market, and attract capital to such commercialization ventures throughout the state.” The Institute for the Commercialization of Public Research (ICPR) assists in the commercialization of products developed by research and development activities of innovation businesses, publicly supported universities and colleges, research institutes, and other publicly supported organizations within Florida.⁸

Institute for the Commercialization of Public Research

The ICPR is a private-public partnership that operates as a nonprofit corporation. It administers company support services and seed capital funding programs to help early-stage businesses or ideas for businesses grow and thrive in Florida.⁹ The ICPR operates with the support of mentors, advisors, and donors, and the Division of Strategic Business Development of the department provides support for and works closely with the ICPR.¹⁰

The ICPR has two primary locations, one at the University of Florida in Gainesville and the other at Florida Atlantic University in Boca Raton. A board of directors governs the ICPR and is responsible for managing the ICPR’s funds, presenting the ICPR’s annual report, and overseeing the ICPR’s general affairs.¹¹ The board of directors is composed of the executive director of the department (or designee); the president of the university where the ICPR is located, or when the ICPR is located at multiple universities, the presidents’ agreed upon designee; and three directors appointed by the Governor.¹²

The ICPR matches commercially viable technologies with management talent and capital. Additionally, the ICPR focuses on technologies and companies that originate from publicly supported organizations across the state and companies in Florida’s innovation businesses and target industries.¹³

⁷ Section 288.9622, F.S.

⁸ Department of Economic Opportunity, *Long Range Program Plan Fiscal Year 2018-2019 through 2022-2023*, p. 21 (September 29, 2017), available at <http://floridafiscalportal.state.fl.us/Document.aspx?ID=17087&DocType=PDF> (last visited Feb. 16, 2018).

⁹ Department of Economic Opportunity, *Long Range Program Plan* at p. 21. Institute for Commercialization of Public Research, *Who We Are*, available at <http://www.florida-institute.com/who-we-are> (last visited Feb. 16, 2018).

¹⁰ Section 20.60, F.S. Department of Economic Opportunity, *Long Range Program Plan* at pp. 19 and 42.

¹¹ Section 288.9625, F.S. Institute for Commercialization of Public Research, *Who We Are: Board of Directors*, available at <http://www.florida-institute.com/about/board-of-directors> (last visited Feb. 15, 2018).

¹² Section 288.9625(4), F.S.

¹³ Sections 288.0189 and 288.106(2)(q), F.S., sets forth the innovation businesses and target industries. Institute for the Commercialization of Public Research, *Annual Report Brochure FY 2016-2017* (Nov. 22, 2017), available at <http://www.florida-institute.com/news/florida-institutes-2016-17-brochure> (last visited Feb. 17, 2018).

Before the institute facilitates a company or organization's efforts to commercialize its products, it must be accepted by the institute through an application process. Publicly supported organizations may recommend that a company attempting to commercialize its research, technology, or patents be accepted by the institute. Upon acceptance by the institute, a company receives mentoring and other services, which includes developing marketing information on the company, using institute resources to attract capital investment into the company, and other resources that may encourage effective management, growth, capitalization technology protection, or marketing or business success.¹⁴

Current law prohibits the ICPR from charging for its services unless they are provided to a private company, as compared to a state university or its affiliated organizations.

Since 2007, the Legislature has appropriated an estimated total of \$33 million in state funds to the ICPR for operating costs, grants, loans, and seed stage funds.¹⁵ The ICPR did not receive any funding in Fiscal Year 2017-2018.

Florida Technology Seed Capital Fund¹⁶

The ICPR also administers the Florida Technology Seed Capital Fund as a corporate subsidiary. The fund was preceded by the Florida Research Commercialization Matching Grant Program, which expired in 2013, and the Seed Capital Accelerator Program (SCAP).¹⁷

The fund was established to “foster greater private-sector investment funding, to encourage seed-stage investments in start-up companies, and to advise companies about how to restructure existing management, operation, or production to attract advantageous business opportunities.”¹⁸ Proceeds from sale of equity or debt repayments are returned to the fund for reinvestment.

A company at the initial seed-stage investment is eligible to receive investment from the fund only after undergoing a peer-reviewed process undertaken by the fund's investor advisory board. The ICPR will invest in a company if:¹⁹

- The company's overall health and ability for growth is strong, including its intellectual property position, management capability, paths to market or commercialization, growth-potential, and ability to leverage additional funding;
- The company was identified by a publicly funded research institution;
- The company is a target industry business;
- The company was identified by a private-sector lead investor who has performed industry-standard due diligence; and
- The advisory board and fund manager reviewed and recommended the company's proposal.

¹⁴ See Institute for Commercialization of Public Research, *For Entrepreneurs: Frequently Asked Questions*, available at <http://www.florida-institute.com/about/faq> (last visited Feb. 17, 2018).

¹⁵ Office of Economic and Demographic Research, *Return-on-Investment of the Florida Microfinance Loan and Microfinance Guarantee Programs* (Jan. 2018), p. 43-45, available at <http://edr.state.fl.us/Content/returnoninvestment/MicrofinanceLoanandGuaranteeProgams.pdf> (last visited Feb. 18, 2018).

¹⁶ Section 288.96255, F.S. Institute for Commercialization of Public Research, *For Entrepreneurs: Company Funding*, available at <http://www.florida-institute.com/programs/company-funding> (last visited Feb. 5, 2018).

¹⁷ See s. 288.9552, F.S. (2011), and s. 39, ch. 2011-76, L.O.F.

¹⁸ Section 288.26255(1), F.S.

¹⁹ Section 288.96255(3)-(4), F.S.

Through the fund, the ICPR provides seed funding in amounts of \$50,000 up to \$300,000 to qualified companies, either as debt or equity. A cumulative investment of \$500,000 is the maximum the ICPR will invest in a single company before it requires a 2:1, private sector match of the investment. The ICPR has invested in a total of 66 companies through this program.²⁰

III. Effect of Proposed Changes:

Institute for Commercialization of Florida Technology

The bill creates the Institute for Commercialization of Florida Technology (institute) as a successor to the ICPR. The institute differs from the ICPR in several ways. Namely, the institute: (1) will be operated by a private fund manager rather than a professional staff; (2) will no longer partner with publicly supported universities or research institutes to support their commercialization efforts; and (3) will not be supported by or function under the department.

Section 3 amends s. 288.9622, F.S., to evince legislative intent to permit the use of a private asset manager familiar with the seed and early stage investment industry in Florida to reduce the operational costs of the Florida Technology Seed Capital Fund (Technology Fund) and the SCAP. It is the goal of the Legislature to operate these entities without requiring ongoing state expenditures.

Section 5 amends s. 288.9655, F.S., to replace the ICPR with the Institute for Commercialization of Florida Technology. The purpose of the institute is to assist in the commercialization of products developed by innovation businesses; advise the businesses about how to restructure existing management, operations, product development, or service development to attract further business opportunities; foster greater private sector investment funding; and encourage seed stage investments in startup and early stage companies.²¹

Creation of the Institute

Section 1 amends s. 20.60, F.S. to remove management of the ICPR and promotion of the commercialization of products, services, or ideas developed in public universities or institutions from the department's duties and purposes. The bill specifies that the institute is not a direct-support organization of the department.

Section 5 amends s. 288.9625(1), F.S., to provide that the institute is not subject to the control, supervision, or direction by the department in any manner. The section also amends s. 288.9625(3), F.S., to remove the requirement that the institute's articles of incorporation be approved by the department.

Board of Directors

Section 5 reorganizes the Board of Directors to consist of three members instead of five and provides for currently appointed directors of the ICPR to finish out their terms. Going forward,

²⁰ Institute for Commercialization of Public Research, *For Entrepreneurs: Company Funding*, available at <http://www.florida-institute.com/programs/company-funding> (last visited Feb. 5, 2018).

²¹ See lines 206-213 and 415-424 of the bill.

to replace a vacant board position the private fund manager will submit three recommendations to the board for consideration. The board and the private fund manager each have a vote to select a new board member from the recommended list or “from a new list of three nominees that were not included on the previous list.” It is unclear who nominates the new list.

The board’s duties include oversight of the private fund manager’s activities; performance of duties as outlined by the institute’s bylaws; and provision of an annual report of the institute’s activities to the Governor, President of the Senate, and Speaker of the House.

The directors must have expertise in selecting and supervising early stage investment managers or in fiduciary management of investment funds and other pertinent areas of expertise.

The directors may not receive compensation for their service but may be reimbursed for expenses as approved by the private fund manager pursuant to s. 112.061, F.S. Additionally, the directors may not have a financial interest in any investment in any of the institute’s portfolio companies and are subject to any restriction on conflicts of interest as specified in the institute’s organizational documents. The institute must indemnify its directors and the private fund manager to the broadest extent possible.

Private Fund Manager

The bill states that the “purpose of the institute’s use of a private fund manager is to alleviate the state’s burden of the continued and future operational and management costs related to the [Technology Fund] and [SCAP] program.”

Eligibility

Section 5 provides that the private fund manager (fund manager) must be a for-profit limited liability company or a for-profit corporation that was formed and is governed and operated in accordance with ch. 605 or 607, F.S. Additionally, the fund manager may not be a public corporation or instrumentality of the state; is not a state agency; cannot claim sovereign immunity; is not subject to ch. 287, F.S., regarding procurement of goods and services; and is not governed by code of ethics provisions in part III of ch. 112, F.S.

The fund manager must be experienced in the field and must specifically have:

- Expertise and experience in the management and operation of early stage companies in Florida;
- Experience with early stage business ventures investments in Florida;
- Working knowledge and understanding of the institute’s investment portfolio and relevant industries of those companies; and
- Individuals in its employ who have knowledge of the institute’s investment portfolio and its companies, as well as financial, technical, and business expertise to manage the Technology Fund activity.

Duties

Section 5 provides for the fund manager’s duties as they relate to the institute; **section 6** provides for the duties as they relate to the Technology Fund. They are substantially the same duties.

The fund manager is required to manage the investment-related affairs of the institute, including management of the assets of the institute's Technology Fund and SCAP investment portfolios; and conduct activities on the institute's behalf in accordance with law.

The fund manager must also issue an annual report to the Board of Directors by November 1 each year. The annual report is a public record, and must include:

- Information on any assistance provided to an innovation business;
- Description of the benefits that accrue to the state as a result of the institute's activity; and
- Independently audited financial statements, including information related to the receipt and calculation of the net profits of the investment portfolio.

The fund manager is authorized to:

- Negotiate terms of investment, sale, and liquidation with portfolio and nonportfolio companies;
- Execute contracts and contract amendments with portfolio and nonportfolio companies;
- Seek new qualified companies to participate in the Technology Fund;
- Receive and remit investment capital from the sale or liquidation of any part of the institute's investment portfolio, loan proceeds, or other investment returns;
- Mentor, assist with the development of marketing information or business plans, and assist with attracting capital investment and other resources to a portfolio company in order to foster its growth, marketing, or business success;
- Market the Technology Fund and accelerator program to potential investors;
- Facilitate meetings between prospective investors and the institute's portfolio companies; and
- Collaborate with publicly supported organizations that may be able to provide further resources or special knowledge to the institute's portfolio companies.

The fund manager is paid reasonable fees consistent with the standard practices of the fund management industry, consisting of:

- An operational management fee, including reimbursement of expenses that is paid from the proceeds of loans repaid to the SCAP or other capital, proceeds, and returns available in the Technology Fund;
- A portfolio fee paid from proceeds of each sale or asset liquidation from the institute's investment portfolio; and
- A closing fee paid from the investment amount paid by the Technology Fund to a company at the closing of each investment.

Florida Technology Seed Capital Fund

Section 5 outlines the institute's mission, which is to develop partnerships with, in particular, "innovation businesses" as defined in s. 288.1089, F.S., relating to the Innovation Incentive Program.

Section 6 provides that the institute must also strive to invest in target industry businesses, as defined in s. 288.106(2)(q), F.S., which represent diverse and stable markets.

Section 6 amends s. 288.96255, F.S., the Technology Fund, to revise the authorized investments and requirements for investment. The institute may select a company or organization for partnership with the institute or for funding from the Technology Fund only after the fund manager, using processes modeled on the investment industry's standard practices, has evaluated whether the company meets the statutory requirements, which are similar to current law. The fund manager must complete due diligence before approving a company for investment.

The bill repeals statutory limitations on investments from the fund – specifically the current limitation of initial investments of \$50,000-\$300,000, a cumulative maximum of \$500,000, and a required 2:1 match for additional investment.

Net profits from proceeds of sale or liquidation of assets or portions of assets of the investment portfolio will be returned to the Technology Fund for reinvestment, after payment of applicable costs, professional fees, expenses, fees paid to the private fund manager, and disbursement to private investors.

Fees paid to the private fund manager include are for performing due diligence and an investment closing fee, in addition to reasonable attorney fees, the operational management fee, the portfolio fee, the closing fee, and other costs in connection with making the investment.

The institute or the private fund manager can disburse payments to private investors if the institute or the private fund manager decides to transfer any portion of the Technology Fund into a private fund or special purpose vehicle. Such private fund or special purpose vehicle can receive additional private investment. The disbursement from such private fund or special purpose vehicle back to the Technology Fund or private investors is the respective pro rata portion of any net profits from the sale or liquidation of assets in the private fund or special purpose vehicle.

Public Records and Meetings Exemption

Section 7 amends s. 288.9627, F.S., to transfer the public records and meetings exemption that previously applied to the ICPR to the institute.

This section makes the following materials held by the institute exempt from disclosure pursuant to s. 119.07(1), F.S., and s. 24(a), Art. I of the Florida Constitution:

- Documents and materials that related to a business' methods of manufacture or production, potential trade secrets, or patentable material that is provided to the institute by a proprietor;
- Information that would identify an anonymous investor or potential investor;
- Information received from another person, state, nation, or the federal government, which is confidential or exempt pursuant to the originator's laws; and
- Proprietary confidential business information.

Additionally, the bill exempts from Florida's public meetings laws those portions of the institute's meetings wherein information that is confidential and exempt according to Florida law is discussed.

Miscellaneous

Section 2 makes conforming changes to s. 288.9621, F.S., the short title for the Florida Capital Formation Act.

Section 4 provides definitions for terms used in the Florida Capital Formation Act.

Section 8 provides an effective date of July 1, 2018.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

The bill transfers the current public records and meetings exemptions for the ICPR to the institute. The bill also expands the scope and authority of the institute to make investments in seed and early stage businesses. It is unclear if the amendments made by the bill to ss. 288.9625 and 288.96255, F.S., would be an expansion of the current public records and meetings exemptions.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

Depending on the financial performance of the Technology Fund and the institute, there may be a reduction in the funds available for investment in private businesses that seek investment capital.

C. Government Sector Impact:

The ICPR did not receive an appropriation in Fiscal Year 2017-2018. The bill attempts to reduce future appropriations to the successor institute for its investment, management, and related expenses, by permitting the institute to fund itself through its activities. According to the most recent independent audit of the ICPR completed in Fiscal Year 2016 filed with the Florida Auditor General, the total program expenses were

\$3,732,937.²² The fund manager will require expenditures pursuant to statute, but these will be made from profits of the institute, rather than state appropriation.

University and other publicly funded research institutes may see a reduction in funds available for the commercialization of their technologies because of the privatization of the institute.

The Department of Economic Opportunity may experience minimal cost savings by eliminating the contracting and related oversight responsibilities of the department over the institute.

VI. Technical Deficiencies:

It is unclear whether the duties outlined in s. 288.9625(5), F.S., apply to the Board of Directors or the fund manager.

VII. Related Issues:

The bill refers to the SCAP or “Accelerator Program.” The Accelerator Program expired in 2013, and therefore does not require any ongoing operational funding. The Accelerator Program, however, does have outstanding loans that will not be due until December 2019, and therefore may require actions by the fund manager for purposes of collection and reinvestment of the funds.²³

The bill provides that the institute must create the Fund; the Legislature could directly create the Fund.

The bill requires that a company or organization be “based in” Florida to receive assistance from the institute. This term may need to be defined to provide clarity in interpretation.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 20.60, 288.9621, 288.9622, 288.9623, 288.9625, 288.96255, and 288.9627.

²² Florida Auditor General, *Institute for Commercialization of Public Research: 2015-16 Fiscal Year*, available at https://flauditor.gov/pages/nonprofit_forprofit%20pages/institute%20for%20the%20commercialization%20of%20public%20research.htm (last visited Feb. 16, 2018).

²³ *Id.* at p. 21.

IX. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

Recommended CS/CS by Appropriations Subcommittee on Transportation, Tourism, and Economic Development on February 21, 2018:

The committee substitute:

- Restores a portion of current law legislative intent related to the Florida Opportunity Fund;
- Adds a provision that the Institute for Commercialization of Florida Technology is not subject to the control, supervision, or direction of the DEO; and
- Corrects a grammar issue.

CS by Commerce and Tourism on February 6, 2018:

The CS clarifies the terms for directors appointed before July 1, 2018, and the succession of any director appointed thereafter.

- B. **Amendments:**

None.



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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
02/21/2018	.	
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	.	

Appropriations Subcommittee on Transportation, Tourism, and
Economic Development (Brandes) recommended the following:

Senate Amendment (with title amendment)

Delete lines 137 - 304

and insert:

investment criteria focused on rate of return; allow the
Institute for Commercialization of Florida Technology to use the
services of highly qualified private fund managers experienced
in the seed and early stage development industry in this state;
outline the use, qualifications, and activities of the private
management by a private fund manager of the assets of the Seed



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11 Capital Accelerator Program and the Florida Technology Seed
12 Capital Fund investment portfolio of the Institute for
13 Commercialization of Florida Technology ~~venture capital industry~~
14 ~~regardless of location~~; facilitate the organization of the
15 Florida Opportunity Fund as an investor in seed and early stage
16 businesses, infrastructure projects, venture capital funds, and
17 angel funds; and precipitate capital investment and extensions
18 of credit to and in the Florida Opportunity Fund.

19 (3) It is the intent of the Legislature to mobilize
20 investment ~~venture equity~~ capital ~~for investment~~ in such a
21 manner as to result in a significant potential to create new
22 businesses and jobs in this state which ~~that~~ are based on high
23 growth potential technologies, products, or services and which
24 ~~that~~ will further diversify the economy of this state.

25 (4) It is the intent of the Legislature to reduce the
26 ongoing operational cost and burden of managing the Florida
27 Technology Seed Capital Fund and the Seed Capital Accelerator
28 Program to this state by engaging a private asset management
29 entity in this state which is familiar with the seed and early
30 stage investment industry in this state. This entity would be
31 responsible for the management of the assets of the Seed Capital
32 Accelerator Program and the Florida Technology Seed Capital Fund
33 investment portfolio without requiring ongoing budget
34 expenditures by this state ~~that an institute be created to~~
35 ~~mentor, market, and attract capital to such commercialization~~
36 ~~ventures throughout the state.~~

37 Section 4. Section 288.9623, Florida Statutes, is amended
38 to read:

39 288.9623 Definitions.—As used in ss. 288.9621-288.9625,



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40 the term ~~ss. 288.9621-288.9625~~:

41 (1) "Accelerator program" means the Seed Capital
42 Accelerator Program managed by the institute.

43 (2)~~(1)~~ "Board" means the board of directors of the Florida
44 Opportunity Fund.

45 (3)~~(2)~~ "Fund" means the Florida Opportunity Fund.

46 (4) "Institute" means the Institute for Commercialization
47 of Florida Technology.

48 (5) "Investment portfolio" means individual or collective
49 investment assets held under the technology fund.

50 (6) "Net profits" means the total gross proceeds received
51 from the sale or liquidation of an asset of the investment
52 portfolio less any costs, legal fees, professional fees,
53 consulting fees, government fees, brokerage fees, taxes,
54 management fees pursuant to s. 288.9625(12)(b), disbursement to
55 private investors pursuant to s. 288.96255(6), or other fees,
56 costs, and expenses incurred in the sale or liquidation of any
57 of the investment portfolio assets.

58 (7) "Portfolio companies" means the companies who are part
59 of the Florida Technology Seed Capital Fund investment
60 portfolio.

61 (8) "Private fund manager" means the private entity, or its
62 designee, selected to manage the investment portfolio on behalf
63 of the institute.

64 (9) "Technology fund" means the Florida Technology Seed
65 Capital Fund managed by the institute.

66 Section 5. Section 288.9625, Florida Statutes, is amended
67 to read:

68 288.9625 Institute for ~~the~~ Commercialization of Florida



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69 ~~Technology Public Research. There is established at a public~~
70 ~~university or research center in this state the Institute for~~
71 ~~the Commercialization of Public Research.~~

72 (1) The institute ~~is~~ shall be a nonprofit not for profit
73 corporation registered, incorporated, and operated in accordance
74 with chapter 617. The institute is not subject to control,
75 supervision, or direction by the department in any manner,
76 including, but not limited to, personnel, purchasing,
77 transactions involving real or personal property, and budgetary
78 matters.

79 (2) The purpose of the institute is to assist in the
80 commercialization of products developed by the research and
81 development activities of an innovation business, including, but
82 not limited to, those as defined in s. 288.1089; ~~a publicly~~
83 ~~supported college, university, or research institute; or any~~
84 ~~other publicly supported organization in this state.~~ The
85 institute shall fulfill its purpose in the best interests of the
86 state. The institute:

87 (a) Is a corporation primarily acting as an instrumentality
88 of the state pursuant to s. 768.28(2), for the purposes of
89 sovereign immunity;

90 (b) Is not an agency within the meaning of s. 20.03(11);

91 (c) Is subject to the open records and meetings
92 requirements of s. 24, Art. I of the State Constitution, chapter
93 119, and s. 286.011;

94 (d) Is not subject to ~~the provisions of~~ chapter 287;

95 (e) Is ~~shall be~~ governed by the code of ethics for public
96 officers and employees as set forth in part III of chapter 112;
97 and



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98 (f) May create corporate subsidiaries.†

99 ~~(g) Shall support existing commercialization efforts at~~
100 ~~state universities; and~~

101 ~~(h) May not supplant, replace, or direct existing~~
102 ~~technology transfer operations or other commercialization~~
103 ~~programs, including incubators and accelerators.~~

104 (3) The articles of incorporation of the institute must ~~be~~
105 ~~approved in a written agreement with the department. The~~
106 ~~agreement and the articles of incorporation shall:~~

107 (a) Provide that the institute shall provide equal
108 employment opportunities for all persons regardless of race,
109 color, religion, gender, national origin, age, handicap, or
110 marital status;

111 (b) Provide that the institute is subject to the public
112 records and meeting requirements of s. 24, Art. I of the State
113 Constitution;

114 (c) Provide that all officers, directors, and employees of
115 the institute are ~~shall be~~ governed by the code of ethics for
116 public officers and employees as set forth in part III of
117 chapter 112;

118 (d) Provide that members of the board of directors of the
119 institute are responsible for the prudent use of all public and
120 private funds and that they will ensure that the use of funds is
121 in accordance with all applicable laws, bylaws, and contractual
122 requirements; and

123 (e) Provide that the fiscal year of the institute is from
124 July 1 to June 30.

125 (4) The investment-related affairs of the institute shall
126 be managed by the private fund manager, and overseen by a board



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127 of directors who shall serve without compensation. Each director
128 shall have only one vote. The chair of the board of directors
129 shall be selected by a majority vote of the directors, a quorum
130 being present. ~~The board of directors shall consist of the~~
131 ~~following five members:~~

132 ~~(a) The executive director of the department, or the~~
133 ~~director's designee.~~

134 ~~(b) The president of the university where the institute is~~
135 ~~located or the president's designee unless multiple universities~~
136 ~~jointly sponsor the institute, in which case the presidents of~~
137 ~~the sponsoring universities shall agree upon a designee.~~

138 (a) (e) The board of directors shall consist of three
139 directors appointed pursuant to the procedures and requirements
140 of this section by the Governor to 3-year staggered terms, to
141 which the directors may be reappointed.

142 (b) For any director appointed before July 1, 2018, the
143 term of service for that director may continue through the end
144 of his or her current term. The vacancy created by the
145 expiration of such term must be filled pursuant to the
146 procedures and requirements of this section.

147 (c) The bylaws of the institute shall be amended
148 accordingly by the board of directors to reflect the
149 requirements of this section.

150 (d) Upon vacancy, or within 90 days before an anticipated
151 vacancy by the expiration of a term of a director, the private
152 fund manager shall submit a list of three eligible nominees,
153 which may include the incumbent director, to replace the
154 outgoing director. The board of directors, voting along with the
155 private fund manager, may appoint a director from the nominee



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156 list or may request and appoint a director from a new list of
157 three nominees that were not included on the previous list.

158 (e) The persons appointed as replacement directors must
159 include persons who have expertise in the area of the selection
160 and supervision of early stage investment managers or in the
161 fiduciary management of investment funds and other areas of
162 expertise as considered appropriate.

163 (f) Directors are subject to any restrictions on conflicts
164 of interest specified in the organizational documents and may
165 not have a financial interest in any venture capital investment
166 in any portfolio company.

167 (g) Directors may be reimbursed for all reasonable,
168 necessary, and actual expenses as determined and approved by the
169 private fund manager pursuant to s. 112.061.

170 (h) The institute shall have all powers granted under its
171 organizational documents and shall indemnify its directors and
172 the private fund manager to the broadest extent permissible
173 under the laws of this state.

174 (5) The board of directors shall oversee the private fund
175 manager to ensure consistency with the Florida Capital Formation
176 Act, perform those duties as may be delegated to it in the
177 bylaws of the institute, and provide a copy of the

178
179 ===== T I T L E A M E N D M E N T =====

180 And the title is amended as follows:

181 Delete line 16

182 and insert:

183 Technology; specifying that the institute is not
184 subject to control, supervision, or direction by the



953104

185

department; deleting provisions regarding the

By the Committee on Commerce and Tourism; and Senator Brandes

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1 A bill to be entitled
 2 An act relating to the Florida Capital Formation Act;
 3 amending s. 20.60, F.S.; deleting the requirement that
 4 the Department of Economic Opportunity manage certain
 5 activities related to the commercialization of
 6 specified products, services, and ideas; specifying
 7 that the Institute for Commercialization of Florida
 8 Technology is not an appropriate direct-support
 9 organization; amending s. 288.9621, F.S.; including s.
 10 288.96255, F.S., in the Florida Capital Formation Act;
 11 amending s. 288.9622, F.S.; revising legislative
 12 intent; amending s. 288.9623, F.S.; defining terms;
 13 amending s. 288.9625, F.S.; redesignating the
 14 Institute for the Commercialization of Public Research
 15 as the Institute for Commercialization of Florida
 16 Technology; deleting provisions regarding the
 17 institute's responsibilities; requiring that the
 18 investment-related affairs of the institute be managed
 19 by the private fund manager and overseen by the board
 20 of directors; restructuring the board of directors and
 21 the selection process for the board of directors;
 22 specifying term limits of the board members under
 23 certain circumstances; requiring the board of
 24 directors to amend the bylaws of the institute under
 25 certain circumstances; providing that a director is
 26 subject to restrictions on certain conflicts of
 27 interest; prohibiting a director from having a
 28 financial interest in certain investments; authorizing
 29 a director to be reimbursed for certain expenses;

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30 granting the institute certain powers; requiring the
 31 institute to indemnify certain persons; delegating
 32 certain duties to the board of directors; revising to
 33 whom the board must provide a copy of the annual
 34 report and who may require and receive supplemental
 35 data relative to the institute's operation; specifying
 36 that certain requirements be met before the private
 37 fund manager is authorized to make an investment in a
 38 company, on behalf of the institute; deleting
 39 provisions relating to certain duties of the
 40 institute; deleting provisions relating to certain
 41 fees charged by the institute and the prohibition on
 42 using capital in support of certain entities;
 43 specifying that the annual report is considered a
 44 public record subject to certain exemptions; revising
 45 the requirements of the institute's annual report;
 46 listing requirements and prohibitions for the private
 47 fund manager; stating the purpose of the institute's
 48 use of the private fund manager; requiring the private
 49 fund manager to assume the management of certain
 50 assets; authorizing the private fund manager to act on
 51 behalf of the institute for certain purposes;
 52 requiring that the private fund manager be paid
 53 certain fees; authorizing the private fund manager to
 54 undertake certain activities on behalf of the
 55 institute; requiring the private fund manager to issue
 56 an annual report to the board of directors by a
 57 specific date; specifying that the annual report is
 58 considered a public record subject to certain

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59 exemptions; requiring that the report contain certain
 60 information; amending s. 288.96255, F.S.; requiring
 61 that certain proceeds be returned to the Florida
 62 Technology Seed Capital Fund after the payment of
 63 certain costs and fees; requiring the institute to
 64 employ a private fund manager; requiring the private
 65 fund manager to perform specific duties; requiring
 66 that the private fund manager receive certain fees and
 67 costs at a specified time; requiring the private fund
 68 manager to use a certain process to evaluate a
 69 proposal; requiring the private fund manager to
 70 consider certain factors when approving a company for
 71 investment; deleting specific requirements for the
 72 investment of funds; authorizing the private fund
 73 manager, in addition to the institute, to perform
 74 certain tasks; amending s. 288.9627, F.S.; conforming
 75 provisions to changes made by this act; providing an
 76 effective date.

77
 78 Be It Enacted by the Legislature of the State of Florida:

79
 80 Section 1. Paragraph (e) of subsection (4) and paragraph
 81 (b) of subsection (9) of section 20.60, Florida Statutes, are
 82 amended to read:

83 20.60 Department of Economic Opportunity; creation; powers
 84 and duties.—

85 (4) The purpose of the department is to assist the Governor
 86 in working with the Legislature, state agencies, business
 87 leaders, and economic development professionals to formulate and

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88 implement coherent and consistent policies and strategies
 89 designed to promote economic opportunities for all Floridians.
 90 To accomplish such purposes, the department shall:

91 (e) Manage the activities of public-private partnerships
 92 and state agencies in order to avoid duplication and promote
 93 coordinated and consistent implementation of programs in areas
 94 including, but not limited to, tourism; international trade and
 95 investment; business recruitment, creation, retention, and
 96 expansion; minority and small business development; rural
 97 community development; ~~commercialization of products, services,~~
 98 ~~or ideas developed in public universities or other public~~
 99 ~~institutions;~~ and the development and promotion of professional
 100 and amateur sporting events.

101 (9) The executive director shall:

102 (b) Serve as the manager for the state with respect to
 103 contracts with Enterprise Florida, Inc., ~~the Institute for the~~
 104 ~~Commercialization of Public Research,~~ and all applicable direct-
 105 support organizations. To accomplish the provisions of this
 106 section and applicable provisions of chapter 288, and
 107 notwithstanding the provisions of part I of chapter 287, the
 108 director shall enter into specific contracts with Enterprise
 109 Florida, Inc., ~~the Institute for the Commercialization of Public~~
 110 ~~Research,~~ and other appropriate direct-support organizations.
 111 Such contracts may be for multiyear terms and must ~~shall~~ include
 112 specific performance measures for each year. For purposes of
 113 this section, the Florida Tourism Industry Marketing Corporation
 114 and the Institute for Commercialization of Florida Technology
 115 are not is not an appropriate direct-support organizations
 116 organization.

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117 Section 2. Section 288.9621, Florida Statutes, is amended
118 to read:

119 288.9621 Short title.—Sections 288.9621-288.9625 Sections
120 ~~288.9621-288.9625~~ may be cited as the "Florida Capital Formation
121 Act."

122 Section 3. Section 288.9622, Florida Statutes, is amended
123 to read:

124 288.9622 Findings and intent.—

125 (1) The Legislature finds and declares that there is a need
126 to increase the availability of seed capital and early stage
127 investment venture equity capital for emerging companies in the
128 state, including, without limitation, businesses enterprises in
129 life sciences, information technology, advanced manufacturing
130 processes, aviation and aerospace, and homeland security and
131 defense, as well as other industries of strategic importance to
132 this state strategic technologies.

133 (2) It is the intent of the Legislature that ss. 288.9621-
134 288.9625 ~~ss. 288.9621-288.9625~~ serve to mobilize private
135 investment in a broad variety of ~~venture capital~~ partnerships in
136 diversified industries and geographies; retain private sector
137 investment criteria focused on rate of return; allow the use the
138 services of highly qualified private fund managers experienced
139 in the seed and early stage development industry in this state;
140 and outline the use, qualifications, and activities of the
141 private management by a private fund manager of the assets of
142 the Seed Capital Accelerator Program and the Florida Technology
143 Seed Capital Fund investment portfolio of the Institute for
144 Commercialization of Florida Technology venture capital industry
145 ~~regardless of location; facilitate the organization of the~~

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146 ~~Florida Opportunity Fund as an investor in seed and early stage~~
147 ~~businesses, infrastructure projects, venture capital funds, and~~
148 ~~angel funds; and precipitate capital investment and extensions~~
149 ~~of credit to and in the Florida Opportunity Fund.~~

150 (3) It is the intent of the Legislature to mobilize
151 investment venture equity capital ~~for investment~~ in such a
152 manner as to result in a significant potential to create new
153 businesses and jobs in this state which ~~that~~ are based on high
154 growth potential technologies, products, or services and which
155 ~~that~~ will further diversify the economy of this state.

156 (4) It is the intent of the Legislature to reduce the
157 ongoing operational cost and burden of managing the Florida
158 Technology Seed Capital Fund and the Seed Capital Accelerator
159 Program to this state by engaging a private asset management
160 entity in this state which is familiar with the seed and early
161 stage investment industry in this state. This entity would be
162 responsible for the management of the assets of the Seed Capital
163 Accelerator Program and the Florida Technology Seed Capital Fund
164 investment portfolio without requiring ongoing budget
165 expenditures by this state ~~that an institute be created to~~
166 ~~mentor, market, and attract capital to such commercialization~~
167 ~~ventures throughout the state.~~

168 Section 4. Section 288.9623, Florida Statutes, is amended
169 to read:

170 288.9623 Definitions.—As used in ss. 288.9621-288.9625,
171 the term ~~ss. 288.9621-288.9625:~~

172 (1) "Accelerator program" means the Seed Capital
173 Accelerator Program managed by the institute.

174 (2) ~~(1)~~ "Board" means the board of directors of the Florida

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175 Opportunity Fund.

176 ~~(3)(2)~~ "Fund" means the Florida Opportunity Fund.177 (4) "Institute" means the Institute for Commercialization
178 of Florida Technology.179 (5) "Investment portfolio" means individual or collective
180 investment assets held under the technology fund.181 (6) "Net profits" means the total gross proceeds received
182 from the sale or liquidation of an asset of the investment
183 portfolio less any costs, legal fees, professional fees,
184 consulting fees, government fees, brokerage fees, taxes,
185 management fees pursuant to s. 288.9625(12)(b), disbursement to
186 private investors pursuant to s. 288.96255(6), or other fees,
187 costs, and expenses incurred in the sale or liquidation of any
188 of the investment portfolio assets.189 (7) "Portfolio companies" means the companies who are part
190 of the Florida Technology Seed Capital Fund investment
191 portfolio.192 (8) "Private fund manager" means the private entity, or its
193 designee, selected to manage the investment portfolio on behalf
194 of the institute.195 (9) "Technology fund" means the Florida Technology Seed
196 Capital Fund managed by the institute.197 Section 5. Section 288.9625, Florida Statutes, is amended
198 to read:199 288.9625 Institute for ~~the~~ Commercialization of Florida
200 Technology Public Research.—There is established at a ~~public~~
201 ~~university or research center~~ in this state the Institute for
202 ~~the~~ Commercialization of Florida Technology Public Research.203 (1) The institute shall be a nonprofit ~~not-for-profit~~

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204 corporation registered, incorporated, and operated in accordance
205 with chapter 617.206 (2) The purpose of the institute is to assist in the
207 commercialization of products developed by the research and
208 development activities of an innovation business, including, but
209 not limited to, those ~~as defined in s. 288.1089, a publicly~~
210 ~~supported college, university, or research institute, or any~~
211 ~~other publicly supported organization in this state.~~ The
212 institute shall fulfill its purpose in the best interests of the
213 state. The institute:214 (a) Is a corporation primarily acting as an instrumentality
215 of the state pursuant to s. 768.28(2), for the purposes of
216 sovereign immunity;

217 (b) Is not an agency within the meaning of s. 20.03(11);

218 (c) Is subject to the open records and meetings
219 requirements of s. 24, Art. I of the State Constitution, chapter
220 119, and s. 286.011;221 (d) Is not subject to ~~the provisions of~~ chapter 287;222 (e) ~~Is~~ shall be governed by the code of ethics for public
223 officers and employees as set forth in part III of chapter 112;
224 and225 (f) May create corporate subsidiaries. ~~+~~226 ~~(g) Shall support existing commercialization efforts at~~
227 ~~state universities; and~~228 ~~(h) May not supplant, replace, or direct existing~~
229 ~~technology transfer operations or other commercialization~~
230 ~~programs, including incubators and accelerators.~~231 (3) The articles of incorporation of the institute must be
232 approved in a written agreement with the department. The

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233 ~~agreement and the articles of incorporation shall:~~

234 (a) Provide that the institute shall provide equal
235 employment opportunities for all persons regardless of race,
236 color, religion, gender, national origin, age, handicap, or
237 marital status;

238 (b) Provide that the institute is subject to the public
239 records and meeting requirements of s. 24, Art. I of the State
240 Constitution;

241 (c) Provide that all officers, directors, and employees of
242 the institute are ~~shall be~~ governed by the code of ethics for
243 public officers and employees as set forth in part III of
244 chapter 112;

245 (d) Provide that members of the board of directors of the
246 institute are responsible for the prudent use of all public and
247 private funds and that they will ensure that the use of funds is
248 in accordance with all applicable laws, bylaws, and contractual
249 requirements; and

250 (e) Provide that the fiscal year of the institute is from
251 July 1 to June 30.

252 (4) The investment-related affairs of the institute shall
253 be managed by the private fund manager, and overseen by a board
254 of directors who shall serve without compensation. Each director
255 shall have only one vote. The chair of the board of directors
256 shall be selected by a majority vote of the directors, a quorum
257 being present. ~~The board of directors shall consist of the~~
258 ~~following five members:~~

259 ~~(a) The executive director of the department, or the~~
260 ~~director's designee.~~

261 ~~(b) The president of the university where the institute is~~

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262 ~~located or the president's designee unless multiple universities~~
263 ~~jointly sponsor the institute, in which case the presidents of~~
264 ~~the sponsoring universities shall agree upon a designee.~~

265 (a)(e) The board of directors shall consist of three
266 directors appointed pursuant to the procedures and requirements
267 of this section by the Governor to 3-year staggered terms, to
268 which the directors may be reappointed.

269 (b) For any director appointed before July 1, 2018, the
270 term of service for that director may continue through the end
271 of his or her current term. The vacancy created by the
272 expiration of such term must be filled pursuant to the
273 procedures and requirements of this section.

274 (c) The bylaws of the institute shall be amended
275 accordingly by the board of directors to reflect the
276 requirements of this section.

277 (d) Upon vacancy, or within 90 days before an anticipated
278 vacancy by the expiration of a term of a director, the private
279 fund manager shall submit a list of three eligible nominees,
280 which may include the incumbent director, to replace the
281 outgoing director. The board of directors, voting along with the
282 private fund manager, may appoint a director from the nominee
283 list or may request and appoint a director from a new list of
284 three nominees that were not included on the previous list.

285 (e) The persons appointed as replacement directors must
286 include persons who have expertise in the area of the selection
287 and supervision of early stage investment managers or in the
288 fiduciary management of investment funds and other areas of
289 expertise as considered appropriate.

290 (f) Directors are subject to any restrictions on conflicts

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291 of interest specified in the organizational documents and may
 292 not have a financial interest in any venture capital investment
 293 in any portfolio company.

294 (g) Directors may be reimbursed for all reasonable,
 295 necessary, and actual expenses as determined and approved by the
 296 private fund manager pursuant to s. 112.061.

297 (h) The institute shall have all powers granted under its
 298 organizational documents and shall indemnify its directors and
 299 the private fund manager to the broadest extent permissible
 300 under the laws of this state.

301 (5) The board of directors shall oversee the private fund
 302 manager to ensure consistency with the Florida Capital Formation
 303 Act, to perform those duties as may be delegated to it in the
 304 bylaws of the institute, and to provide a copy of the
 305 institute's annual report to the Governor, the President of the
 306 Senate, and the Speaker of the House of Representatives, and the
 307 president of the university at which the institute is located.

308 (6) The department, the president and the board of trustees
 309 of the university where the institute is located, the Auditor
 310 General, and the Office of Program Policy Analysis and
 311 Government Accountability may require and receive from the
 312 institute or its independent auditor any detail or supplemental
 313 data relative to the operation of the institute.

314 (7) To the extent funds for investment are available in the
 315 technology fund, the private fund manager, on behalf of the
 316 institute, may make an investment in a company or organization
 317 if all of the following requirements are met:

318 (a) Before providing assistance, the institute accepted To
 319 be eligible for assistance, the company or organization

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320 attempting to commercialize its product based on the guidelines
 321 under s. 288.96255(4) must be accepted by the institute before
 322 receiving the institute's assistance.

323 (b) The company or organization is based in this state
 324 institute shall receive recommendations from any publicly
 325 supported organization that a company that is commercializing
 326 the research, technology, or patents from a qualifying publicly
 327 supported organization should be accepted into the institute.

328 ~~(c) The institute shall thereafter review the business~~
 329 ~~plans and technology information of each such recommended~~
 330 ~~company. If accepted, the institute shall mentor the company,~~
 331 ~~develop marketing information on the company, and use its~~
 332 ~~resources to attract capital investment into the company, as~~
 333 ~~well as bring other resources to the company which may foster~~
 334 ~~its effective management, growth, capitalization, technology~~
 335 ~~protection, or marketing or business success.~~

336 ~~(8) The institute shall:~~

337 ~~(a) Maintain a centralized location to showcase companies~~
 338 ~~and their technologies and products;~~

339 ~~(b) Develop an efficient process to inventory and publicize~~
 340 ~~companies and products that have been accepted by the institute~~
 341 ~~for commercialization;~~

342 ~~(c) Routinely communicate with private investors and~~
 343 ~~venture capital organizations regarding the investment~~
 344 ~~opportunities in its showcased companies;~~

345 ~~(d) Facilitate meetings between prospective investors and~~
 346 ~~eligible organizations in the institute;~~

347 ~~(e) Hire full time staff who understand relevant~~
 348 ~~technologies needed to market companies to the angel investors~~

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349 and venture capital investment community; and

350 ~~(f) Develop cooperative relationships with publicly~~
 351 ~~supported organizations all of which work together to provide~~
 352 ~~resources or special knowledge that is likely to be helpful to~~
 353 ~~institute companies.~~

354 ~~(8)(9)~~ Except as provided under s. 288.96255, the institute
 355 may not develop or accrue any ownership, royalty, patent, or
 356 other such rights over or interest in companies or products in
 357 the institute except in connection with financing provided
 358 directly to client companies and shall maintain the
 359 confidentiality of proprietary information.

360 ~~(10) The institute may not charge for services provided to~~
 361 ~~state universities and affiliated organizations, community~~
 362 ~~colleges, or state agencies; however, the institute may deliver~~
 363 ~~and charge for services to private companies and affiliated~~
 364 ~~organizations if providing a service does not interfere with the~~
 365 ~~core mission of the institute. The institute may not use its~~
 366 ~~capital in support of private companies or affiliated~~
 367 ~~organizations whose products were not developed by research and~~
 368 ~~development activities of a publicly supported college,~~
 369 ~~university, or research institute, or any other organization.~~

370 ~~(9)(11)~~ By December 1 of each year, the institute shall
 371 issue an annual report concerning its activities to the
 372 Governor, the President of the Senate, and the Speaker of the
 373 House of Representatives. The annual report shall be considered
 374 a public record, as provided in paragraph (3)(b), subject to any
 375 appropriate exemptions under s. 288.9627. The annual report must
 376 ~~shall~~ include the following:

377 (a) Information on any assistance provided by the institute

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378 to an innovation business, as defined in s. 288.1089, ~~a publicly~~
 379 ~~supported college, university, or research institute, or any~~
 380 ~~other publicly supported organization in the state.~~

381 (b) A description of the benefits to this state resulting
 382 from the institute, including the number of businesses created,
 383 associated industries started, the number of jobs created, and
 384 the growth of related projects.

385 (c) Independently audited financial statements, including
 386 statements that show receipts and expenditures during the
 387 preceding fiscal year for personnel, management fees,
 388 administration, and operational costs of the institute.

389 (10) The private fund manager:

390 (a) Must be a for-profit limited liability company or a
 391 for-profit corporation formed, governed, and operated in
 392 accordance with chapter 605 or chapter 607, respectively.

393 (b) Shall conduct activities on behalf of the institute
 394 which are consistent with the purposes set forth in this
 395 section.

396 (c) Must have expertise and experience in the management
 397 and operation of early stage companies in this state.

398 (d) Must have experience with investment in early stage
 399 ventures in this state and have a working knowledge and
 400 understanding of the investment portfolio and the relevant
 401 industries of the portfolio companies in this state.

402 (e) Shall employ personnel and professionals who have
 403 knowledge of the investment portfolio and portfolio companies of
 404 the institute, as well as financial, technical, and business
 405 expertise to manage the technology fund activity.

406 (f) May not be a public corporation or instrumentality of

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407 the state.

408 (g) Is not a corporation primarily acting as an
 409 instrumentality of the state pursuant to s. 768.28(2), for the
 410 purposes of sovereign immunity.

411 (h) Is not an agency within the meaning of s. 20.03(11).

412 (i) Is not subject to chapter 287.

413 (j) May not be governed by the code of ethics for public
 414 officers and employees as set forth in part III of chapter 112.

415 (11) The purpose of the institute's use of a private fund
 416 manager is to alleviate the state's burden of the continued and
 417 future operational and management costs related to the
 418 technology fund and accelerator program, while allowing the
 419 institute, through the activities of the private fund manager,
 420 to continue to foster greater private-sector investment funding,
 421 to encourage seed-stage investments in startup and early stage
 422 companies, and to advise companies about how to restructure
 423 existing management, operations, product development, or service
 424 development to attract advantageous business opportunities.

425 (12) The private fund manager shall assume the management
 426 of the assets of the accelerator program and the technology fund
 427 investment portfolios associated with the institute.

428 (a) The private fund manager has the authority on behalf of
 429 the institute to:

430 1. Negotiate investment, sale, and liquidation terms with
 431 portfolio and nonportfolio companies;

432 2. Develop and execute contracts, or amendments thereto,
 433 with portfolio and nonportfolio companies;

434 3. Seek new qualified companies for the investment of funds
 435 from the technology fund;

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436 4. Receive, on behalf of the institute, investment capital
 437 from the sale or liquidation of any portion of the investment
 438 portfolio, loan proceeds, or other investment returns, and remit
 439 such capital, proceeds, and returns to the technology fund
 440 pursuant to s. 288.96255, except as otherwise provided in this
 441 section and s. 288.96255; and

442 5. Perform additional duties set forth in s. 288.96255.

443 (b) The private fund manager shall be paid reasonable fees
 444 consistent with industry fund management practices and
 445 consisting of:

446 1. An operational management fee, including the
 447 reimbursement of expenses, paid from the proceeds of the
 448 repayment of loans from the accelerator program or other
 449 capital, proceeds, and returns available in the technology fund;

450 2. A portfolio fee paid from the proceeds of each sale or
 451 liquidation of assets or portions of the assets of the
 452 investment portfolio; and

453 3. A closing fee paid from the investment amount paid by
 454 the technology fund to a company at the closing of each
 455 investment.

456 (13) The private fund manager may undertake the following
 457 activities on behalf of the institute:

458 (a) Mentor, assist with the development of marketing
 459 information, and assist with attracting capital investment, as
 460 well as bring other resources to the company which may foster
 461 its effective management, growth, capitalization, technology
 462 protection, or marketing or business success;

463 (b) Communicate with private investors and venture capital
 464 organizations regarding investment opportunities in the

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465 portfolio companies of the technology fund and accelerator
466 program;

467 (c) Facilitate meetings between prospective investors and
468 the companies; and

469 (d) Develop cooperative relationships with publicly
470 supported organizations that work together to provide resources
471 or special knowledge likely to be helpful to portfolio
472 companies.

473 (14) By November 1 of each year, the private fund manager
474 shall issue an annual report to the board of directors of the
475 institute concerning the activities the private fund manager
476 conducted which relate to existing accelerator program and
477 technology fund investments in order for the board to be in
478 compliance with its report obligations under subsection (9). The
479 annual report provided by the private fund manager shall be
480 considered a public record, as provided in paragraph (3) (b),
481 subject to any appropriate exemptions under s. 288.9627. The
482 annual report, at a minimum, must include:

483 (a) A description of the benefits to this state resulting
484 from the assets of the accelerator program and technology fund,
485 including the number of jobs created, the amount of capital the
486 companies raised, and other benefits relating to increased
487 research expenditures and company growth.

488 (b) Independently audited financial statements related to
489 the receipt and calculation of the net profits of the investment
490 portfolio.

491 Section 6. Subsection (1) and subsections (3) through (7)
492 of section 288.96255, Florida Statutes, are amended to read:

493 288.96255 Florida Technology Seed Capital Fund; creation;

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494 duties.-

495 (1) The Institute for ~~the~~ Commercialization of Florida
496 Technology Public Research shall create the Florida Technology
497 Seed Capital Fund as a corporate subsidiary. The purpose of the
498 technology fund is to foster greater private-sector investment
499 funding, to encourage seed-stage investments in start-up
500 companies, and to advise companies about how to restructure
501 existing management, operation, or production to attract
502 advantageous business opportunities. The net profits of the
503 proceeds of each sale or liquidation of assets or portions of
504 the assets of the investment portfolio must a sale of the equity
505 held by the fund shall be returned to the technology fund for
506 reinvestment after payment of the applicable costs, professional
507 fees, expenses, fees pursuant to s. 288.9625(12) (b), and
508 disbursement to private investors pursuant to paragraph (6) (e).

509 (3) The institute shall employ a private fund manager
510 pursuant to s. 288.9625 professionals who have both technical
511 and business expertise to manage the investment portfolio and
512 technology fund activity. The private fund manager institute
513 shall establish an investor advisory board comprised of venture
514 capital professionals and early stage investors from this and
515 other states who shall advise the institute and guide the fund
516 management of the technology fund and make funding
517 recommendations, provided that capital for investment is
518 available in the technology fund. The private fund manager shall
519 receive reasonable fees consistent with industry practices for
520 performing due diligence and an investment closing fee paid out
521 of the technology fund at the closing of each investment in
522 addition to reasonable attorney fees, other fees prescribed in

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523 s. 288.9625(12)(b), and other costs in connection with making an
 524 investment. Administrative costs paid out of the fund shall be
 525 determined by the investor advisory board.

526 (4) The private fund manager institute shall use a thorough
 527 and detailed process that is modeled after investment industry
 528 practices the best practices of the investment industry to
 529 evaluate a proposal. In order to approve a company for
 530 investment, the private fund manager, on behalf of the
 531 institute, must consider if:

532 (a) The company has a strong intellectual property
 533 position, a capable management team, readily identifiable paths
 534 to market or commercialization, significant job-growth
 535 potential, the ability to provide other sources of capital to
 536 leverage the state's investment, and the potential to attract
 537 additional funding;

538 (b) The private fund manager has had an opportunity to
 539 complete due diligence to its satisfaction ~~company has been~~
 540 ~~identified by a publicly funded research institution;~~

541 (c) The ~~start-up~~ company is a target industry business as
 542 defined in s. 288.106(2); and

543 (d) ~~The company has been identified by~~ An approved private-
 544 sector lead investor who has demonstrated due diligence typical
 545 of start-up investments in evaluating the potential of the
 546 company has identified the company. ~~and~~

547 ~~(e) The advisory board and fund manager have reviewed the~~
 548 ~~company's proposal and recommended it.~~

549 (5) ~~(a) Seed Funds~~ from the technology fund may be invested
 550 if the institute approves a company and the initial seed-stage
 551 investment. ~~The initial seed-stage investment must be at least~~

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552 ~~\$50,000, but no more than \$300,000. The initial seed-stage~~
 553 ~~investment requires a one-to-one, private-sector match of~~
 554 ~~investment.~~

555 ~~(b) Additional seed funds may be invested in a company if~~
 556 ~~approved by the institute. The cumulative total of investment in~~
 557 ~~a single company may not exceed \$500,000. Any additional~~
 558 ~~investment amount requires a two-to-one, private-sector match of~~
 559 ~~investment.~~

560 (6) The institute or private fund manager may:

561 (a) Provide a company with value-added support services in
 562 the areas of business plan development and strategy, the
 563 preparation of investor presentations, and other critical areas
 564 identified by the private fund manager institute to increase its
 565 chances for long-term viability and success;

566 (b) Encourage appropriate investment funds to become
 567 preapproved to match investment funds;

568 (c) Market the attractiveness of the state as an early-
 569 stage investment location; ~~and~~

570 (d) Collaborate with state economic-development
 571 organizations, national associations of seed and angel funds,
 572 and other innovation-based associations to create an enhanced
 573 state entrepreneurial ecosystem; ~~and-~~

574 (e) Transfer any portion of the assets of the investment
 575 portfolio, on behalf of the institute, into a private fund or
 576 special purpose vehicle, receive additional private investment
 577 in the private fund or special purpose vehicle, manage the
 578 private fund or special purpose vehicle, and distribute to the
 579 technology fund and the private investors the respective pro
 580 rata portion of any net profits from the sale or liquidation of

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581 the assets of such private fund or special purpose vehicle.
 582 ~~(7) The institute shall annually evaluate the activities~~
 583 ~~and results of the funding, taking into consideration that seed~~
 584 ~~investment horizons span from 3 to 7 years.~~
 585 Section 7. Section 288.9627, Florida Statutes, is amended
 586 to read:
 587 288.9627 Exemptions from public records and public meetings
 588 requirements for the Institute for ~~the~~ Commercialization of
 589 Florida Technology Public Research.—
 590 (1) DEFINITIONS.—As used in this section, the term:
 591 (a) "Institute for ~~the~~ Commercialization of Florida
 592 Technology Public Research" or "institute" means the institute
 593 established by s. 288.9625.
 594 (b)1. "Proprietary confidential business information" means
 595 information that has been designated by the proprietor when
 596 provided to the institute as information that is owned or
 597 controlled by a proprietor; that is intended to be and is
 598 treated by the proprietor as private, the disclosure of which
 599 would harm the business operations of the proprietor and has not
 600 been intentionally disclosed by the proprietor unless pursuant
 601 to a private agreement that provides that the information will
 602 not be released to the public except as required by law or legal
 603 process, or pursuant to law or an order of a court or
 604 administrative body; and that concerns:
 605 a. Trade secrets as defined in s. 688.002.
 606 b. Financial statements and internal or external auditor
 607 reports of a proprietor corporation, partnership, or person
 608 requesting confidentiality under this statute, unless publicly
 609 released by the proprietor.

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CODING: Words ~~stricken~~ are deletions; words underlined are additions.

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610 c. Meeting materials related to financial, operating,
 611 investment, or marketing information of the proprietor
 612 corporation, partnership, or person.
 613 d. Information concerning private investors in the
 614 proprietor corporation, partnership, or person.
 615 2. "Proprietary confidential business information" does not
 616 include:
 617 a. The identity and primary address of the proprietor's
 618 principals.
 619 b. The dollar amount and date of the financial commitment
 620 or contribution made by the institute.
 621 c. The dollar amount, on a fiscal-year-end basis, of cash
 622 repayments or other fungible distributions received by the
 623 institute from each proprietor.
 624 d. The dollar amount, if any, of the total management fees
 625 and costs paid on an annual fiscal-year-end basis by the
 626 institute.
 627 (c) "Proprietor" means a corporation, partnership, or
 628 person that has applied for or received assistance, financial or
 629 otherwise, from the institute and that controls or owns the
 630 proprietary confidential business information.
 631 (2) PUBLIC RECORDS EXEMPTION.—
 632 (a) The following records held by the institute are
 633 confidential and exempt from s. 119.07(1) and s. 24(a), Art. I
 634 of the State Constitution:
 635 1. Materials that relate to methods of manufacture or
 636 production, potential trade secrets, or patentable material
 637 received, generated, ascertained, or discovered during the
 638 course of research or through research projects conducted by

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639 universities and other publicly supported organizations in this
640 state and that are provided to the institute by a proprietor.

641 2. Information that would identify an investor or potential
642 investor who desires to remain anonymous in projects reviewed by
643 the institute for assistance.

644 3. Any information received from a person from another
645 state or nation or the Federal Government which is otherwise
646 confidential or exempt pursuant to the laws of that state or
647 nation or pursuant to federal law.

648 4. Proprietary confidential business information for 7
649 years after the termination of the institute's financial
650 commitment to the company.

651 (b) At the time any record made confidential and exempt by
652 this subsection, or portion thereof, is legally available or
653 subject to public disclosure for any other reason, that record,
654 or portion thereof, shall no longer be confidential and exempt
655 and shall be made available for inspection and copying.

656 (3) PUBLIC MEETINGS EXEMPTION.—

657 (a) That portion of a meeting of the institute's board of
658 directors at which information is discussed which is
659 confidential and exempt under subsection (2) is exempt from s.
660 286.011 and s. 24(b), Art. I of the State Constitution.

661 (b) Any exempt portion of a meeting shall be recorded and
662 transcribed. The board of directors shall record the times of
663 commencement and termination of the meeting, all discussion and
664 proceedings, the names of all persons present at any time, and
665 the names of all persons speaking. An exempt portion of any
666 meeting may not be off the record.

667 (c) A transcript and minutes of exempt portions of meetings

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668 are confidential and exempt from s. 119.07(1) and s. 24(a), Art.
669 I of the State Constitution.

670 (4) REQUEST TO INSPECT OR COPY A RECORD.—

671 (a) Records made confidential and exempt by this section
672 may be released, upon written request, to a governmental entity
673 in the performance of its official duties and responsibilities.

674 (b) Notwithstanding the provisions of paragraph (2)(a), a
675 request to inspect or copy a public record that contains
676 proprietary confidential business information shall be granted
677 if the proprietor of the information fails, within a reasonable
678 period of time after the request is received by the institute,
679 to verify the following to the institute through a written
680 declaration in the manner provided by s. 92.525:

681 1. That the requested record contains proprietary
682 confidential business information and the specific location of
683 such information within the record;

684 2. If the proprietary confidential business information is
685 a trade secret, a verification that it is a trade secret as
686 defined in s. 688.002;

687 3. That the proprietary confidential business information
688 is intended to be and is treated by the proprietor as private,
689 is the subject of efforts of the proprietor to maintain its
690 privacy, and is not readily ascertainable or publicly available
691 from any other source; and

692 4. That the disclosure of the proprietary confidential
693 business information to the public would harm the business
694 operations of the proprietor.

695 (c)1. Any person may petition a court of competent
696 jurisdiction for an order for the public release of those

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697 portions of any record made confidential and exempt by
698 subsection (2).

699 2. Any action under this subsection must be brought in Palm
700 Beach County or Alachua County, and the petition or other
701 initial pleading shall be served on the institute and, if
702 determinable upon diligent inquiry, on the proprietor of the
703 information sought to be released.

704 3. In any order for the public release of a record under
705 this subsection, the court shall make a finding that:

706 a. The record or portion thereof is not a trade secret as
707 defined in s. 688.002;

708 b. A compelling public interest is served by the release of
709 the record or portions thereof which exceed the public necessity
710 for maintaining the confidentiality of such record; and

711 c. The release of the record will not cause damage to or
712 adversely affect the interests of the proprietor of the released
713 information, other private persons or business entities, or the
714 institute.

715 (5) PENALTIES.—Any person who willfully and knowingly
716 violates this section commits a misdemeanor of the first degree,
717 punishable as provided in s. 775.082 or s. 775.083.

718 Section 8. This act shall take effect July 1, 2018.

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/21/18

Meeting Date

1314

Bill Number (if applicable)

Topic ~~THE~~ Capitol Formation Act

Amendment Barcode (if applicable)

Name JACKSON STREETER MD

Job Title LEO Florida Inst. of Commercialization of Public Research

Address 2714 SW 166th ST

Phone 919 813 6018

Street

Gainesville FL

City

State

32608

Zip

Email Jackson, STACEY@FloridaInst. of

Speaking: For Against Information

Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing Florida Institute Commercialization Public Research

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/22/18
Meeting Date

SP 1314
Bill Number (if applicable)

Amendment Barcode (if applicable)

Topic CAPITAL FORMATION ACT
Name Lawrence Tinker

Job Title ELR
Address 4910 N. MONROE ST. F202
Street

TAMMΗΣSEE FL 32303
City State Zip

Phone 770 598 2740

Email lawrence.tinker@florida-institute.com

Speaking: For Against Information

Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing FLORIDA INSTITUTE FOR THE COMMERCIALIZATION OF

Appearing at request of Chair: Yes No

Public Research
Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

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 Appropriations Subcommittee on Transportation, Tourism, and Economic Development

BILL: PCS/SB 1328 (443072)

INTRODUCER: Appropriations Subcommittee on Transportation, Tourism, and Economic Development and Senator Perry

SUBJECT: Affordable Housing

DATE: February 22, 2018 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Present</u>	<u>Yeatman</u>	<u>CA</u>	Favorable
2.	<u>Hrdlicka</u>	<u>Hrdlicka</u>	<u>ATD</u>	Recommend: Fav/CS
3.	<u> </u>	<u> </u>	<u>AP</u>	<u> </u>

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

PCS/SB 1328 creates the Hurricane Housing Recovery Program (HHRP) and the Rental Recovery Loan Program (RRLP) to expedite the creation of additional affordable housing in response to the needs created by the recent hurricanes. The Florida Housing Finance Corporation will fund the HHRP and RRLP as provided in the General Appropriations Act.

The bill requires the Department of Environmental Protection, the Department of Transportation, and the water management districts, in conjunction with the Florida Housing Finance Corporation, to evaluate all nonconservation surplus lands for suitability for residential use and the development of permanent affordable housing and to offer such parcels to the county or municipality where the land is located. The bill provides for additional evaluation criteria intended to address specific needs and characteristics for the development of affordable housing.

The bill exempts housing authorities from “user fees” and nonprofit housing corporations created by housing authorities from taxes, user fees, and assessments. The Revenue Estimating Conference has not yet estimated the fiscal impact of this provision. The term “user fees” is not defined in the bill but could be interpreted broadly to include fees for services such as garbage, electricity, storm water, etc.

The bill also provides for an expedited local permit approval process for affordable housing by reducing the time a local government entity has to approve or deny permit applications from 120 days to 60 days.

The bill authorizes the Florida Housing Finance Corporation to take certain administrative actions against an applicant or its affiliate for good cause, including a determination that the applicant or its affiliate made a material misrepresentation or engaged in fraudulent actions in connection with any application for an affordable housing program.

The bill limits the terms of agreements for multifamily rental projects to 30 years, unless the Florida Housing Finance Corporation finds that the project will be “economically feasible” beyond that time.

The HHRP and RRLP will be funded as provided in the General Appropriations Act. The Revenue Estimating Conference has not yet estimated the fiscal impact of the provision exempting housing authorities from “user fees” and nonprofit housing corporations created by housing authorities from taxes, user fees, and assessments

The bill takes effect July 1, 2018.

II. Present Situation:

The present situation is included in the effect of proposed changes.

III. Effect of Proposed Changes:

Affordable Housing

Present Situation

Affordable housing is defined in terms of household income. Housing is considered affordable when monthly rent or mortgage payments including taxes and insurance do not exceed 30 percent of the household income.¹ Resident eligibility for Florida’s state and federally funded housing programs is typically governed by area median income (AMI) levels, published annually by the U.S. Department of Housing and Urban Development (HUD) for every county and metropolitan area. The following are standard household income level definitions and their relationship to the 2017 Florida state median of \$59,000 for a family of four (as family size increases or decreases, the income range also increases or decreases):²

- Extremely low income – earning up to 30 percent AMI (at or below \$17,700);³
- Very low income – earning from 30.01 to 50 percent AMI (\$17,701 to \$29,500);⁴

¹ Section 420.9071(2), F.S. Public housing, commonly referred to as Section 8 Housing, is provided by local housing agencies (HAs) for low-income residents. Funding for HAs is provided directly from HUD.

² U.S. Department of Housing and Urban Development, Office of Policy Research and Development, *FY 2017 HUD Income Limits Briefing Material*, March 21, 2017, p. 41, available at <https://www.huduser.gov/portal/datasets/il/il17/IncomeLimitsBriefingMaterial-FY17.pdf>.

³ Section 420.0004(9), F.S.

⁴ Section 420.9071(28), F.S.

- Low income – earning from 50.01 to 80 percent AMI (\$29,501 to \$47,200);⁵ and
- Moderate income – earning from 80.01 to 120 percent of AMI (\$47,201 to \$70,800).⁶

The two primary state housing assistance programs are the State Housing Initiatives Partnership (SHIP)⁷ and the State Apartment Incentive Loan (SAIL)⁸ programs. The SHIP program provides funds to eligible local governments, allocated using a population-based formula, to address local housing needs as adopted in the Local Housing Assistance Plan. Eligible local government entities must develop and adopt local housing assistance plans that include, but are not limited to, strategies and incentives for the construction, rehabilitation, repair, or financing of affordable housing production.⁹ The SAIL program provides low interest loans on a competitive basis as gap financing for the construction or substantial rehabilitation of multifamily affordable housing developments.¹⁰

Local Government Surplus Land (Sections 1 and 2)

Present Situation

Since July 1, 2007, all counties and municipalities have been required to prepare, every 3 years, an inventory list of all real property held in fee simple by the respective government entity that is appropriate for use as affordable housing. The list must be reviewed at a public hearing of the appropriate local governing body and may be revised at the conclusion of the public hearing. The governing body must adopt a resolution that includes the inventory following the meeting.¹¹

Properties identified as appropriate for affordable housing may be:

- Offered for sale by the local government and the proceeds used to purchase land for the development of affordable housing or to increase the local government fund earmarked for affordable housing.
- Sold with a restriction that requires the development of the property as permanent affordable housing.
- Offered for donation to a nonprofit housing organization for the construction of permanent affordable housing.
- Otherwise made available for use for the production and preservation of permanent affordable housing.¹²

⁵ Section 420.9071(19), F.S.

⁶ Section 420.9071(20), F.S.

⁷ Sections 420.907-9079, F.S.

⁸ Section 420.5087, F.S.

⁹ Section 420.9071(14), (15), & (16), F.S. These local housing plans must also align with the requirements for housing under the Local Government Comprehensive Planning and Land Development Regulation Act of 1985. Chapter 163, Part II, F.S.

¹⁰ Section 420.5087, F.S.

¹¹ Sections 125.379 and 166.0451, F.S.

¹² *Id.*

Effect of the Bill

Sections 1 and 2 amend ss. 125.379 and 166.0451, F.S., respectively, to require each county and municipality to include the following criteria when preparing the inventory list of real property and evaluating for use as affordable housing:

- Environmental suitability for construction;
- Site characteristics;
- Current land use designation;
- Current or anticipated zoning;
- Whether the property is included in at least one special district;
- Existing infrastructure; and
- Proximity to employment opportunities, public transportation, and existing services.

Using Surplus State Lands for Affordable Housing (Sections 8, 3, 4, and 5)

Present Situation

The Board of Trustees of the Internal Improvement Trust Fund (Board of Trustees),¹³ the five water management districts (WMDs), and the Department of Transportation (DOT) may each acquire and hold real property for various public purposes.¹⁴ Each agency must follow certain procedures to dispose of property that is no longer needed (surplus).

Board of Trustees

The Board of Trustees may determine which state lands may be surplus. To dispose of conservation lands, the Board of Trustees must determine whether the land is no longer needed for conservation purposes and may dispose of such lands by an affirmative vote of at least three members. To dispose of nonconservation lands, the Board of Trustees must determine whether the land is no longer needed and may dispose of such lands by an affirmative vote of at least three members.¹⁵

“Conservation lands” are lands managed for conservation, outdoor resource-based recreation, or archaeological or historic preservation, except those lands acquired solely to facilitate the acquisition of other conservation lands. Lands acquired for uses other than conservation, outdoor resource-based recreation, or archaeological or historic preservation are “nonconservation lands.” Nonconservation lands include the following: correction and detention facilities, military installations and facilities, state office buildings, maintenance yards, State University or Florida College System institution campuses, agricultural field stations or offices, tower sites, law enforcement and license facilities, laboratories, hospitals, clinics, and other sites that possess no significant natural or historical resources.¹⁶

¹³ The Board of Trustees consists of the Governor, Attorney General, Chief Financial Officer, and Commissioner of Agriculture. Art. IV, s. 4(f), Fla. Const., and s. 253.02(1), F.S. The Department of Environmental Protection, through its Division of State Lands, performs all staff duties and functions related to the acquisition, administration, and disposition of state lands. Section 253.002(1), F.S.

¹⁴ Sections 253.001, 253.02, 337.25(1), and 373.089, F.S.

¹⁵ Section 253.0341(1), F.S.

¹⁶ Section 253.034(2)(c), F.S.

Any public or private entity or person may ask the Board of Trustees to surplus lands. The lead managing agency must review the request and make a recommendation to Acquisition and Restoration Council within 90 days. The council must immediately schedule a hearing to review the request at the next regularly scheduled hearing for any surplus requests that have not been acted upon within 90 days.¹⁷

Before a building or parcel of land is offered for lease or sale, the Division of State Lands within the Department of Environmental Protection (DEP) must first offer the land for lease to state agencies, state universities, and Florida College System institutions.¹⁸

The division must determine the sale price of the land by considering an appraisal. If the value of the land is estimated at \$500,000 or less, division may use a comparable sales analysis or broker's opinion.¹⁹ The division must offer parcels valued at more than \$500,000 by competitive bid first. If the parcel is not successfully sold by competitive bid, or the parcel is valued at \$500,000 or less, then division may sell the property by any reasonable means.²⁰

Water Management Districts

A WMD may sell lands its governing board determines to be surplus at any time. These lands must be sold at the highest price obtainable, but not less than the appraised value of the land determined by a certified appraiser 360 days before the sale.²¹ Such sales must be in cash and on the terms set by the governing board of the WMD.²² The WMD must publish notice of its intent to sell the land in a newspaper in the county where the land is located. The notice of intent must be published three times for three successive weeks at least 30 days, and not more than 360 days, before any sale. The notice of intent must describe the land or the interest or rights to be sold.²³

Public and private entities may request that a WMD make its lands available for purchase when those lands are not essential or necessary to meet conservation. If so requested and the lands are determined to be surplus, the WMD must give priority consideration to public or private buyers who are willing to return the property to productive use so long as the property can reenter the county ad valorem tax roll.²⁴

When deciding whether to sell lands designated as acquired for conservation purposes, the governing board of the WMD must determine by a two-thirds vote that the land is no longer needed for conservation purposes.²⁵ For all other lands, the governing board of the WMD must determine by a majority vote that the land is no longer needed.²⁶

¹⁷ Section 253.0341(11), F.S. The Acquisition and Restoration Council assists the Board of Trustees in reviewing the recommendations and plans for state-owned conservation lands. Section 259.035, F.S.

¹⁸ Section 253.0341(7), F.S.

¹⁹ Section 253.0341(8), F.S.

²⁰ Section 253.0341(9), F.S.

²¹ Section 373.089(1), F.S.

²² Section 373.089(2), F.S.

²³ Section 373.089(3), F.S.

²⁴ Section 373.089(5), F.S.

²⁵ Section 373.089(6)(a), F.S.

²⁶ Section 373.089(6)(b), F.S.

Prior to selling land, a WMD must generally first offer title to lands acquired in whole or in part with Florida Forever funds²⁷ to the Board of Trustees.²⁸ If the Board of Trustees declines to accept title to the land, the WMD may dispose of the land.²⁹

Department of Transportation

The DOT may convey any land, building, or other property, real or personal, when it determines the property is not needed for the construction, operation, and maintenance of a transportation facility. The DOT may dispose of its surplus property through negotiations, sealed competitive bids, auctions, or any other means it deems to be in its best interest. The DOT must advertise the sale of property valued by the DOT at greater than \$10,000.³⁰ The DOT may generally not sell property for less than the DOT's current estimate of value.³¹

DOT may afford a right of first refusal to the local government or other political subdivision in the jurisdiction where the parcel is situated in certain circumstances.³²

Effect of the Bill

Section 8 creates s. 420.56, F.S., to make all surplus lands designated as nonconservation available for affordable housing before making the parcels available for purchase by other governmental entities or the public. As nonconservation land becomes available for surplus, the DEP (acting on behalf of the Board of Trustees), WMDs, and DOT must notify the Florida Housing Finance Corporation (FHFC) that the land is available for surplus before making the parcel available for any other use, including for purchase by other governmental entities or the public. The WMDs must only identify nonconservation surplus lands originally acquired using state funds.

The bill requires the FHFC to evaluate, in consultation with the DEP, WMDs, and DOT, whether the surplus lands identified by the DEP, WMDs, and DOT are suitable for affordable housing based on the following characteristics of the property:

- Environmental suitability for construction;
- Current and anticipated land use and zoning;
- Inclusion in one or more special districts;
- Existing infrastructure on the land such as roads, water, sewer, and electricity;
- Access to grocery stores within walking distance or by public transportation;
- Access to employment opportunities within walking distance or by public transportation;
- Access to public transportation within one-half mile; and
- Access to community services such as public libraries, food kitchens, and employment centers.

If the FHFC determines that the nonconservation surplus land is suitable for affordable housing, the bill requires the Board of Trustees, the WMDs, and DOT to first offer the land to the county

²⁷ See ss. 259.105 and 259.1051, F.S.

²⁸ Section 373.089(7), F.S.

²⁹ Section 373.089, F.S.

³⁰ Section 337.25(4), F.S.

³¹ Exceptions provided in Section 337.25(4)(a)-(d), F.S.

³² Exceptions provided in Section 337.25(4)(a), (c), and (e), F.S.

and municipality where the land is located to be used for affordable housing before the entity offers the land to other governmental entities or the public. If the county and municipality where the parcel is located do not wish to use the parcel for affordable housing, the Board of Trustees, WMDs, or DOT may dispose of the parcel using the procedures in existing law.

The bill authorizes the Board of Trustees, WMDs, and DOT to sell the parcels identified as suitable for affordable housing for less than the appraised value to any party. If the agency sells the parcels for less than appraised value, the agency must place an encumbrance on the parcels to ensure the purchaser uses the land for affordable housing for a period of not less than 99 years.

The bill exempts the Board of Trustees, WMDs, and DOT from certain disposal procedures to expedite the sales of surplus land for affordable housing, specifically:

- The Board of Trustees does not need to follow appraisal and competitive bidding procedures;
- The WMDs do not need to follow their appraisal and advertising requirements and the procedures for selling land valued at \$25,000 or less; and
- The DOT does not need to follow its disposal procedures.

The bill authorizes the Board of Trustees, WMDs, and DOT to determine the sale price of the parcels. The bill requires Board of Trustees, WMDs, and DOT to consider at least one appraisal, or if the estimated value of the land is \$500,000 or less, a comparable sales analysis or a broker's opinion of value.

Section 3 amends s. 253.0341, F.S., to require the land manager of Board of Trustees owned land to evaluate and indicate whether state lands it manages are still being used for the purpose for which they were originally leased from the Board of Trustees every 3 years instead of every 10 years.

Section 3 also requires the Board of Trustees to offer nonconservation surplus lands to the county and municipality where the land is located for use for the construction of affordable housing as identified by the FHFC before offering it to other potential buyers. This allows those counties and municipalities the opportunity to purchase nonconservation lands for affordable housing prior to state agencies, state universities, and Florida College System institutions, who currently have the first opportunity to either lease or buy surplus lands. All lands not needed for affordable housing will still be offered first to state agencies, state universities, and Florida College System institutions before other being offered to other entities. If the surplus land is not used for affordable housing and not leased by a state agency, state university, or Florida College System institution, the Board of Trustees shall offer the parcel for lease or sale to a local or federal unit of government or a private party.

Section 4 amends s. 337.25, F.S., to require the DOT to evaluate all of its land not within a transportation corridor or within the right-of-way of a transportation facility at least every 10 years on a rotating basis to determine whether the DOT should retain the property. This change is consistent with the Board of Trustee's current duty to review the management of its lands every 10 years in s. 253.0341(4), F.S., to determine if the lands should be kept.

Section 4 also requires the DOT to offer nonconservation surplus lands to the county and municipality where the land is located for use as affordable housing as identified by the FHFC before offering it to other potential buyers except when:

- The property was donated to the state for transportation purposes and a transportation facility has not been constructed for at least 5 years, plans have not been prepared for the construction of such facility, and the property is not located in a transportation corridor (then the donated property is returned to the donor or his or her heirs, successors, assigns, or representatives);
- The DOT originally acquired the property specifically to provide replacement housing for persons displaced by transportation projects (then the DOT may negotiate for the sale of such property as replacement housing); or
- The DOT determines a sale to a person other than an abutting owner would be inequitable (then the property may be sold to the abutting owner for DOT's current estimate of value).

Section 13 amends s. 373.089, F.S., to require the WMDs to review all lands and interests or rights in lands every 10 years on a rotating basis to determine whether the lands are still needed for the purpose for which they were acquired. This change is consistent with the Board of Trustee's current duty to review the management of its lands every 10 years in s. 253.0341(4), F.S., to determine if the lands should be kept.

Section 13 also requires WMDs to offer nonconservation surplus lands to the county and municipality where the land is located for use as affordable housing as identified by the FHFC before offering it to other potential buyers. This requirement only applies to nonconservation surplus lands originally acquired using state funds.

Ineligible Applicants for Programs (Section 6)

Present Situation

Section 420.507, F.S., sets forth the powers of the FHFC to carry out the statutory requirements for affordable housing. These include typical corporation powers and duties as well as housing-specific powers, including the ability to preclude any applicant or its affiliate from participating in FHFC programs if the applicant or affiliate has made any material misrepresentations or engaged in fraudulent actions in connection with any application for a FHFC program.

An applicant is ineligible for funding under FHFC programs if the FHFC determines that an applicant or its affiliate has made material misrepresentations or engaged in fraudulent actions in connection with an FHFC application. Before the FHFC makes such a determination, it serves an administrative complaint on the applicant or its affiliate that "affords reasonable notice to the Applicant of the facts or conduct that warrant the intended action, specifies the proposed duration of ineligibility,³³ and advises the Applicant of the opportunity to request a hearing." An applicant is presumed to have engaged in fraudulent actions if the applicant or its affiliate has been convicted of fraud, theft, or misappropriation of funds or a felony in connection with any FHFC program; excluded from any federal or Florida procurement programs for any reason; or

³³ When establishing the period of ineligibility, the FHFC considers the applicant's compliance history, type of misrepresentation or fraud, and the degree of harm to the program that has been or may have been done.

offered or given consideration with respect to a local contribution. Any business between the applicant or its affiliate and the FHFC is suspended pending issuance of a final order on the complaint or if the complaint is dismissed.³⁴

The 2017-2018 General Appropriation Act prohibits the FHFC from distributing or allocating funds to any applicant or its affiliate that has been served an administrative complaint based on making a material misrepresentation or engaging in fraudulent actions in connection with any application for a FHFC program, until the period of ineligibility has expired. “Any preliminary funding or allocation award made to an applicant or affiliate subject to such administrative complaint is rescinded unless the developer, applicant or affiliate has completed credit underwriting or has commenced construction at the time the administrative complaint is served.”³⁵

Effect of Proposed Changes

Section 6 amends s. 420.507, F.S., to add to the powers of the FHFC, the power to take certain actions against any applicant or its affiliate upon a determination of good cause by the FHFC and after the service of an administrative complaint and adequate notice. The FHFC may take one or more of the following actions:

- Preclude the applicant or affiliate from applying for funding from any FHFC program for a specified period.
- Revoke any previously awarded funding for any development for which construction or rehabilitation has not started.
- Suspend any funding, credit underwriting procedures, or application review for any development for which construction or rehabilitation has not started. The suspension may run from the date of filing of the administrative complaint until a final order is issued in regard to the complaint.

The bill defines “good cause” as meaning that the applicant or its affiliate has:

- Made a material misrepresentation or engaged in fraudulent actions in connection with any application for a corporation program;
- Been convicted or found guilty of, or entered a plea of guilty or nolo contendere to, regardless of adjudication, a crime in any jurisdiction that directly relates to the financing, construction, or management of affordable housing or the fraudulent procurement of state or federal funds.³⁶
- Been excluded from federal or state procurement programs for any reason; or
- Offered or given consideration with respect to a local contribution in violation of rules of the FHFC.

The bill repeals the current authority of the FHFC to preclude any applicant or its affiliate from participating in FHFC programs if the applicant or affiliate has made any material misrepresentations or engaged in fraudulent actions in connection with any application for a FHFC program.

³⁴ See Rules 67-21.003 and 67-48.004, F.A.C.

³⁵ Section 2225, proviso, ch. 2017-70, L.O.F.

³⁶ The bill states that the “record of a conviction certified or authenticated in such form as to be admissible in evidence under the laws of this state shall be admissible as prima facie evidence of such guilt.”

Terms of Multifamily Rental Projects (Section 6)

Present Situation

Section 420.507, F.S., grants the FHFC the authority to require, as a condition of financing a multifamily rental project, that an agreement be recorded in the official records of the county where the real property is located, which requires that the project be used for affordable housing.

The federal government grants federal tax credits for the acquisition, rehabilitation, or construction of rental housing targeted to low-income households (the low-income housing tax credit).³⁷ In order to qualify for the tax credit, the developer must agree to rent the housing to people with low incomes and to charge rents that are no more than a certain amount. The developer must agree to preserve this “affordability” for the first 15 years of the program, called the initial compliance period, and then for an additional 15 years during the extended use period (also referred to as the “extended low-income housing commitment”). There is a process by which the developer can convert the property to market-rate units during the extended use period.

About 32 states require extended use periods greater than 30 years, some states provide incentives for projects that voluntarily agree to longer commitments, and some developments agree to local financing that comes with longer use restrictions.³⁸ The FHFC has stated that generally developers agree to enter into agreements with the FHFC for terms of 30 years, except for large-scale multifamily or elderly housing developments, which are generally for terms of 50 years.

Effect of Proposed Changes

Section 6 amends s. 420.507, F.S., related to the FHFC’s authority to make certain requirements for financing multifamily rental projects. The FHFC may require an agreement to be recorded in the official records of the county where the property is located as a condition of financing the project, *including allocating competitive low-income housing tax credits*.

The bill limits the term of any for agreement for a multifamily rental project to the period of time required in federal law for the “extended low-income housing commitment” or extended use period. This effectively limits any agreement entered into by the FHFC for a multifamily rental project to 30 years. However, if the FHFC affirms at the time of the initial credit underwriting that the project will remain “economically feasible” beyond 30 years, then the agreement may be longer. The term “economically feasible” is not defined.

³⁷ 26 U.S.C. 42. U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Low-Income Housing Tax Credits*, July 10, 2017, available at <https://www.huduser.gov/portal/datasets/lihtc.html> (last visited February 21, 2018).

³⁸ U.S. Department of Housing and Urban Development, HUD USER, *What Happens to LIHTC Properties After Affordability Requirements Expire?*, August 17, 2012, available at https://www.huduser.gov/portal/pdredge/pdr_edge_research_081712.html (last visited February 21, 2018). National Low Income Housing Coalition, *Low Income Housing Tax Credit Program*, 2014, available at <http://nlihc.org/sites/default/files/2014AG-254.pdf> (last visited February 21, 2018).

State Apartment Incentive Loan Program Local Government Contribution (Section 7)

Present Situation

The SAIL program provides low-interest loans on a competitive basis to affordable housing developers each year. This money often serves to bridge the gap between the primary financing and the total cost of the development. SAIL dollars are available to individuals, public entities, nonprofit organizations, or for-profit organizations that propose the construction or substantial rehabilitation of multifamily units affordable to very low income individuals and families.³⁹

The Florida Housing Finance Corporation administers the SAIL program and is required to establish a review committee for the competitive evaluation and selection of applications submitted. The evaluation criteria include local government contributions and local government comprehensive planning and activities that promote affordable housing.⁴⁰

Effect of the Bill

Section 7 amends s. 420.5087, F.S., to require the evaluation of additional components related to local government contributions, including policies that promote access to public transportation, reduce the need for on-site parking, and expedite permits for affordable housing projects.

Hurricane Recovery Programs (Sections 9 and 10)

Present Situation

Following the 2004 hurricane season, a statewide Hurricane Housing Work Group was created to recommend how best to leverage funding recommended by the Governor for hurricane housing recovery needs. The work group recommended, and the Legislature subsequently funded, the Hurricane Housing Recovery Program (HHRP) and the Rental Recovery Loan Program (RRLP). As a result of the work group's recommendation, the 2005 Legislature appropriated \$250 million for housing recovery: \$208 million for the HHRP and another \$42 million for the RRLP.⁴¹ With those resources, and an additional \$93 million appropriation in 2006 for hurricane rental funding, the FHFC states that it assisted over 10,000 families with the HHRP and created over 1,600 units with the RRLP.

Hurricane Housing Recovery Program

The Hurricane Housing Recovery Program was created as a local housing recovery program and modeled after the existing State Housing Incentive Program (SHIP) aimed at assisting homeowners with post-hurricane recovery efforts. The HHRP funds were distributed to local governments using a need-based formula to allow local communities to evaluate and address needs as appropriate.⁴²

³⁹ Florida Housing Finance Corporation, *State Apartment Incentive Loan, Background*, available at <http://www.floridahousing.org/programs/developers-multifamily-programs/state-apartment-incentive-loan> (last visited February 17, 2018).

⁴⁰ Section 420.5087(6)(c), F.S.

⁴¹ Florida Housing Finance Corporation, *Bill Analysis for SB 1328*, p. 3, January 10, 2018. Chapter 2006-69, L.O.F.

⁴² Florida Housing Finance Corporation, *Hurricane Housing Recovery Program*, available at <http://floridahousing.org/webdocs/disasterrelief/HHRP/HHRPPage.PDF> (last visited February 17, 2018).

Rental Recovery Loan Program

The Rental Recovery Loan Program was created to provide affordable rental units needed to promote the housing recovery needs of local communities. Modeled in part after the State Apartment Incentive Loan (SAIL) Program, the RRLP program allowed the state to leverage existing federal rental financing programs to provide units that served a range of incomes, including extremely low income households, throughout the areas impacted by the hurricanes.

Effects of the Bill

Section 9 creates s. 420.57, F.S., to establish the Hurricane Housing Recovery Program (HHRP) and the Rental Recovery Loan Program (RRLP) to provide funds to local governments for affordable housing recovery efforts.

The HHRP will provide resources to local governments according to a need-based formula that reflects affordable housing damage estimates and population impacts resulting from hurricanes. Eligible local governments must submit a strategy outlining proposed recovery actions, income levels and number of units to be served, and funding requests. Program funds must be used as follows:

- To serve households with incomes up to 120 percent of the AMI, except that at least 30 percent of program funds should be reserved for households with incomes up to 50 percent AMI and an additional 30 percent of program funds reserved for households with incomes up to 80 percent AMI.
- At least 65 percent of the funds *must* be used for homeownership.
- Up to 15 percent *may* be used for administrative expenses.
- Up to 0.25 percent *may* be used for compliance monitoring.

The RRLP will provide resources to build additional rental housing and allow the state to leverage federal rental financing similar to the SAIL program.

Both programs operate subject to specific appropriation in the General Appropriations Act.

Each participating local entity will be required submit a report of its use of HHRP funding. The FHFC is required to compile and submit the reports to the Senate President and Speaker of the House of Representatives.

The FHFC is granted rulemaking authority to administer the programs. **Section 10** provides the FHFC the authority to adopt emergency rules pursuant to s. 120.54, F.S., for the purpose of implementing these programs. The emergency rules remain in effect for 6 months and may be renewed until final rules are adopted for the programs.

Local Permit Approval Process (Section 11 and 13)

Present Situation

Local governments may enforce requirements to obtain building or development permits, including the processing applications and granting building permits.⁴³

⁴³ Sections 553.79 and 553.792, F.S.

Counties, municipalities, and most special districts are not required to comply with the notice and procedural requirements of ch. 120, F.S., the Administrative Procedure Act.⁴⁴ For certain types of building permit applications,⁴⁵ the local government must meet certain deadlines:

- Within 10 days of the application being submitted, the local government must inform the applicant in writing of what information is needed to complete the application, if any.
- If no written notice of deficiency is provided, the application is deemed properly completed and accepted.
- Within 45 days of receiving a completed application, the local government must notify the applicant if additional information is needed to determine whether the application is sufficient.
- Within 120 days after receiving a completed application, the local government must approve, approve with conditions, or deny the application.⁴⁶

Effect of the Bill

Section 13 creates s. 553.7923, F.S., to establish a new process for local government permit approval for affordable housing. A local government has 15 days after receiving an application for a development permit, construction permit, or certificate of occupancy for affordable housing to examine the application, notify the applicant of any apparent errors or omissions, and request any additional information the local government is authorized by law to require.

The local government may require any additional required information to be submitted within 10 days after the date it gives notice to the applicant. The local government must grant a request for an extension of time for submitting the additional information for good cause.

If a local government does not timely request addition information, it may not deny the development permit, construction permit, or certificate of occupancy for affordable housing if the applicant fails to correct an error or omission or to supply additional information.

An application is complete when the local government has received all of the requested information and the correction of any error or omission as necessary or when the time for notification has expired.

The local government must approve or deny an application for a development permit, construction permit, or certificate of occupancy for affordable housing within 60 days after receipt of a completed application, unless a shorter period of time for local government is provided by law. If the local government does not approve or deny within the time period, the application is considered approved, and the local government must issue the development permit, construction permit, or certificate of occupancy.

⁴⁴ See s. 120.52(1), F.S.

⁴⁵ The list includes permits for the following types of construction: accessory structure, alarm, nonresidential buildings less than 25,000 square feet, electric, irrigation, landscaping, mechanical, plumbing, residential units other than a single family unit, multifamily residential not exceeding 50 units, roofing, signs, site-plan approvals and subdivision plats not requiring public hearings or public notice, and lot grading and site alteration associated with the application. See s. 553.792(2), F.S.

⁴⁶ Section 553.792(1), F.S.

An applicant for a development permit, construction permit, or certificate of occupancy seeking to receive a permit by default must notify the local government in writing of its intent to rely upon the default approval. However, the applicant may not take any action based upon the default development permit, construction permit, or certificate of occupancy until the applicant receives notification or a receipt acknowledging that the local government received the notice. The applicant must retain the notification or receipt.

Section 11 amends s. 420.9071, F.S., to revise the definition of “local housing incentive strategies” to include expediting permits for affordable housing projects provided in s. 553.7923, F.S. Local housing incentive strategies are included in local housing assistance plans and must be included in various reports as required in the SHIP program provisions in part VII, ch. 420, F.S.

Housing Projects Exemptions (Section 12)

Present Situation

Section 423.02, F.S., exempts housing authorities from payment of taxes and special assessments for housing projects, including all property of the authority used for or in connection with the project. The authority may agree to make payments to the local government in lieu of taxes for services, improvements, or facilities furnished by the local government for the benefit of the project. Such payments are not allowed to exceed the estimated cost to the local government for the services, improvements, or facilities.

Public housing authorities have the power to create a for-profit or nonprofit corporation, limited liability company, or other similar business entity to develop, acquire, lease, construct, rehabilitate, manage, or operate multifamily or single family residential projects. The housing authority may hold an ownership interest or participate in the governance of the business entity.

Effect of Proposed Changes

Section 12 amends s. 423.02, F.S., to exempt housing authorities from “user fees” and to exempt nonprofit housing corporations created by housing authorities from taxes, user fees, and assessments. The authorities or their instrumentalities may still agree to make payments of to the local government in lieu of payment of such taxes, user fees, or assessments. The bill does not define the term “user fees.” The term could be interpreted broadly to include fees for services such as garbage, electricity, etc. The term likely includes storm water fees.⁴⁷

Effective Date (Section 14)

The bill takes effect July 1, 2018.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The county/municipality mandates provision of Art. VII, s. 18 of the Florida Constitution may apply because this bill reduces the revenue raising authority of municipalities and

⁴⁷ See *City of Gainesville v. State*, 863 So. 2d 138 (Fla. 2003).

counties by exempting housing authorities from paying user fees and their nonprofit housing corporations from paying taxes, user fees, and assessments.

However, there are several exemptions and exceptions to the mandate requirements. The mandate requirements do not apply to laws having an insignificant impact, which for Fiscal Year 2017-2018 was approximately \$2.05 million or less.^{48,49,50}

This bill does not appear to qualify under any exemption or exception. If the bill does qualify as a mandate, final passage must be approved by two-thirds of the membership of each house of the Legislature.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The Revenue Estimating Conference has not yet estimated the fiscal impact of section 12 exempting housing authorities from paying user fees and their nonprofit housing corporations from paying taxes, user fees, and assessments. The term “user fees” is not defined in the bill but could be interpreted broadly to include fees for services such as garbage, electricity, storm water, etc.

B. Private Sector Impact:

Developers of large-scale affordable housing developments will benefit from the limitation on the duration of the agreements with the FHFC.

Nonprofit business entities created by local housing authorities will benefit from the exemption from taxes, user fees, and assessments.

C. Government Sector Impact:

Local governments may need to replace the funds that would normally be derived from taxes, user fees, and assessments with other sources of revenue. The Revenue Estimating

⁴⁸ FLA. CONST. art. VII, s. 18(d).

⁴⁹ An insignificant fiscal impact is the amount not greater than the average statewide population for the applicable fiscal year times \$0.10. See Florida Senate Committee on Community Affairs, *Interim Report 2012-115: Insignificant Impact*, (Sept. 2011), available at <http://www.flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-115ca.pdf> (last visited February 21, 2018).

⁵⁰ Based on the Demographic Estimating Conference’s population adopted on April 1, 2017. The executive summary is available at <http://edr.state.fl.us/Content/conferences/population/demographicsummary.pdf> (last visited February 21, 2018).

Conference has not yet estimated the fiscal impact of section 12 exempting housing authorities from paying user fees and their nonprofit housing corporations from paying taxes, user fees, and assessments. The term “user fees” is not defined in the bill but could be interpreted broadly to include fees for services such as garbage, electricity, storm water, etc.

The hurricane recovery programs will be funded as provided in the General Appropriations Act. The bill allows the FHFC to use 15 percent of any appropriated funds for administrative costs and 0.25 percent for compliance monitoring.

The bill requires the FHFC to evaluate nonconservation surplus lands for suitable for the construction of affordable housing. Currently, the FHFC requires anyone proposing to develop affordable housing to demonstrate that the property is suitable for such purpose. This bill would require the FHFC to develop a new program and develop or contract for expertise to evaluate surplus lands. The cost for such activity is unknown at this time.

VI. Technical Deficiencies:

None.

VII. Related Issues:

Section 3 amends s. 253.0341(4), F.S., to require the land manager of land owned by the Board of Trustees of the Internal Improvement Trust Fund to evaluate and indicate whether state lands it manages are still being used for the purpose for which they were originally leased every 3 years instead of every 10 years. This change appears to be inconsistent with the Board of Trustee’s duty to review the management of its lands at least every 10 years in s. 253.034(5), F.S., and the changes in this bill to require the WMDs and DOT to review their lands every 10 years to determine if the lands are still needed.

Section 1 adds as a new criterion in s. 125.379, F.S., for evaluating land for affordable housing purposes whether the land is located within a special district. Section 9 creates a similar criterion to evaluate land but refers to lands located in “special districts meant to revitalize the community.” It is unclear whether the language in the two sections should be the same. Additionally, in its bill analysis, the FHFC noted that the corporation promotes new housing opportunities in economically vibrant areas not in need of revitalization and that the criterion may be more inclusive if it was expanded to properties suitable for residential use.⁵¹

Related to section 8, the FHFC notes that local governments, developers, and others may still conduct their own analysis and evaluations of the property for suitability for affordable housing, instead of only relying upon the evaluation by the state. Local governments would likely still rely upon their own local zoning and land use compatibility analysis and developers would still continue their own “due diligence” reviews to determine if a property was right for their purposes. The FHFC recommended that it might be more efficient for the local governments to evaluate the property to make the determination if the land is suitable for affordable housing and decide to purchase the land from the Board of Trustees, WMD, or DOT.

⁵¹ Florida Housing Finance Corporation, *Bill Analysis for SB 1328*, p. 6, January 10, 2018.

The bill provides the FHFC the authority to adopt emergency rules pursuant to s. 120.54, F.S., for the purpose of implementing the hurricane recovery programs.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 125.379, 163.3180, 163.31801, 166.0451, 420.5087, 420.9071, 253.0341, 337.25, and 373.089.

This bill creates the following sections of the Florida Statutes: 420.0007, 420.54, and 420.56.

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 Subcommittee on Transportation, Tourism, and Economic Development on February 21, 2018:

The committee substitute:

- Removes the portions of the bill that amended ss. 163.3180 and 163.31801, F.S., which created a 5-year prohibition on local governments to charge concurrency and impact fees.
- Removes the amendment to s. 163.31801, F.S., which required local governments to provide reports on impact fees charged.
- Creates the local expedited permit statute in ch. 553, F.S., related to the building code instead of ch. 420, F.S., related to affordable housing.
- Clarifies that “local housing incentive strategies” include expedited development permits, construction permits, and certificates of occupancy.
- Allows the FHFC to take certain administrative action against a developer or an affiliate of the developer for good cause.
- Limit contracts for financing multi-family rental housing projects to 30 years, unless at the time of initial credit writing the FHFC finds that the project will remain “economically feasible” beyond 30 years.
- Revises the hurricane recovery programs by:
 - Making the programs generally applicable to hurricanes, instead of specifically applicable to the impacts of Hurricanes Irma and Maria.
 - Removing the appropriation from the housing trust funds, and instead stating that the programs are funded as provided in the General Appropriations Act.
 - Directing the FHFC to allocate funds to local governments based on affordable housing damage estimates and *population impacts resulting from hurricanes*.
 - Allowing the FHFC to use 0.25 percent of the appropriation for compliance monitoring.
 - Clarifying that local governments annual reports are on their participation in the HHRP, removing the required dates for such annual reports, and requiring such reports to be made to the legislature.
 - Granting the FHFC emergency rulemaking authority to implement the programs.
- Exempts housing projects from “user fees.”

- Exempts from all taxes, user fees, and special assessments the nonprofit instrumentalities of housing authorities (for nonprofit corporations, LLCs, etc., created by housing authorities to manage certain housing projects).

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.



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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
02/21/2018	.	
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	.	

Appropriations Subcommittee on Transportation, Tourism, and Economic Development (Perry) recommended the following:

Senate Amendment (with title amendment)

Delete everything after the enacting clause and insert:

Section 1. Subsection (1) of section 125.379, Florida Statutes, is amended to read:

125.379 Disposition of county property for affordable housing.—

(1) Beginning July 1, 2018 ~~By July 1, 2007,~~ and every 3 years thereafter, each county shall prepare an inventory list of



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11 all real property within its jurisdiction to which the county
12 holds fee simple title that is appropriate for use as affordable
13 housing. The real property must be evaluated on criteria that
14 include environmental suitability for construction, site
15 characteristics, current land use designation, current or
16 anticipated zoning, inclusion in at least one special district,
17 existing infrastructure, proximity to employment opportunities,
18 proximity to public transportation, and proximity to existing
19 services. The inventory list must include the address and legal
20 description of each such real property and specify whether the
21 property is vacant or improved. The governing body of the county
22 must review the inventory list at a public hearing and may
23 revise it at the conclusion of the public hearing. The governing
24 body of the county shall adopt a resolution that includes an
25 inventory list of such property following the public hearing.

26 Section 2. Subsection (1) of section 166.0451, Florida
27 Statutes, is amended to read:

28 166.0451 Disposition of municipal property for affordable
29 housing.—

30 (1) Beginning July 1, 2018 ~~By July 1, 2007,~~ and every 3
31 years thereafter, each municipality shall prepare an inventory
32 list of all real property within its jurisdiction to which the
33 municipality holds fee simple title that is appropriate for use
34 as affordable housing. Such real property shall be evaluated on
35 criteria that include the environmental suitability for
36 construction, site characteristics, currently designated land
37 use, current or anticipated zoning, inclusion in one or more
38 special districts, existing infrastructure, proximity to
39 employment opportunities, proximity to public transportation,



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40 and proximity to existing services. The inventory list must
41 include the address and legal description of each such property
42 and specify whether the property is vacant or improved. The
43 governing body of the municipality must review the inventory
44 list at a public hearing and may revise it at the conclusion of
45 the public hearing. Following the public hearing, the governing
46 body of the municipality shall adopt a resolution that includes
47 an inventory list of such property.

48 Section 3. Subsections (4) and (7) of section 253.0341,
49 Florida Statutes, are amended to read:

50 253.0341 Surplus of state-owned lands.-

51 (4) Beginning July 1, 2018, and continuing every 3 years
52 thereafter ~~At least every 10 years,~~ as a component of each land
53 management plan or land use plan and in a form and manner
54 adopted by rule of the board of trustees, each manager shall
55 evaluate and indicate to the board of trustees those lands that
56 are not being used for the purpose for which they were
57 originally leased. For conservation lands, the Acquisition and
58 Restoration Council shall review and recommend to the board of
59 trustees whether such lands should be retained in public
60 ownership or disposed of by the board of trustees. For
61 nonconservation lands, the Division of State Lands shall review
62 and recommend to the board of trustees whether such lands should
63 be retained in public ownership or disposed of by the board of
64 trustees.

65 (7) (a) The board of trustees must first offer
66 nonconservation surplus lands to the county and municipality
67 where the land is located for use as affordable housing as
68 identified by the Florida Housing Finance Corporation pursuant



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69 to s. 420.56. All surplus buildings or land not needed for
70 affordable housing ~~Before a building or parcel of land is~~
71 ~~offered for lease or sale to a local or federal unit of~~
72 ~~government or a private party, it~~ shall first be offered for
73 lease to state agencies, state universities, and Florida College
74 System institutions, with priority consideration given to state
75 universities and Florida College System institutions. If the
76 surplus building or land is not used for affordable housing or
77 leased by a state agency, state university, or Florida College
78 System institution, then the board of trustees shall offer the
79 building or parcel for lease or sale to a local or federal unit
80 of government or a private party.

81 (b) Within 60 days after the offer for lease of a surplus
82 building or parcel, a state university or Florida College System
83 institution that requests the lease must submit a plan for
84 review and approval by the Board of Trustees of the Internal
85 Improvement Trust Fund regarding the intended use, including
86 future use, of the building or parcel of land before approval of
87 a lease. Within 60 days after the offer for lease of a surplus
88 building or parcel, a state agency that requests the lease of
89 such facility or parcel must submit a plan for review and
90 approval by the board of trustees regarding the intended use.
91 The state agency plan must, at a minimum, include the proposed
92 use of the facility or parcel, the estimated cost of renovation,
93 a capital improvement plan for the building, evidence that the
94 building or parcel meets an existing need that cannot otherwise
95 be met, and other criteria developed by rule by the board of
96 trustees. The board or its designee shall compare the estimated
97 value of the building or parcel to any submitted business plan



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98 to determine if the lease or sale is in the best interest of the
99 state. The board of trustees shall adopt rules pursuant to
100 chapter 120 for the implementation of this section.

101 Section 4. Subsection (3) is amended, and subsection (12)
102 is added to section 337.25, Florida Statutes, to read:

103 337.25 Acquisition, lease, and disposal of real and
104 personal property.-

105 (3) Beginning July 1, 2018, the department shall evaluate
106 all of its land not within a transportation corridor or within
107 the right-of-way of a transportation facility at least every 10
108 years on a rotating basis to determine whether the property
109 should be retained. ~~The inventory of real property that was~~
110 acquired by the state after December 31, 1988, that has been
111 owned by the state for 10 or more years, and that is not within
112 a transportation corridor or within the right-of-way of a
113 transportation facility shall be evaluated to determine the
114 necessity for retaining the property. If the property is not
115 needed for the construction, operation, and maintenance of a
116 transportation facility or is not located within a
117 transportation corridor, the department may dispose of the
118 property pursuant to subsection (4).

119 (12) Except in a conveyance transacted under paragraphs
120 (4) (a), (c), and (e), the department must first offer parcels of
121 nonconservation surplus land to the county and municipality
122 where the land is located for use as affordable housing as
123 identified by the Florida Housing Finance Corporation pursuant
124 to s. 420.56.

125 Section 5. Subsection (1) is amended, and subsection (9) is
126 added to section 373.089, Florida Statutes, to read:



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127 373.089 Sale or exchange of lands, or interests or rights
128 in lands.—The governing board of the district may sell lands, or
129 interests or rights in lands, to which the district has acquired
130 title or to which it may hereafter acquire title in the
131 following manner:

132 (1) Beginning on July 1, 2018, the district shall review
133 all lands and interests or rights in lands every 10 years on a
134 rotating basis to determine whether the lands are still needed
135 for the purpose for which they were acquired. Any lands, or
136 interests or rights in lands, determined by the governing board
137 to be surplus may be sold by the district, at any time, for the
138 highest price obtainable; however, in no case shall the selling
139 price be less than the appraised value of the lands, or
140 interests or rights in lands, as determined by a certified
141 appraisal obtained within 360 days before the effective date of
142 a contract for sale.

143 (9) The governing board must first offer nonconservation
144 surplus lands to the county and municipality where the land is
145 located for use as affordable housing as identified by the
146 Florida Housing Finance Corporation pursuant to s. 420.56.
147 Districts must only offer nonconservation surplus lands
148 originally acquired using state funds.

149
150 If the Board of Trustees of the Internal Improvement Trust Fund
151 declines to accept title to the lands offered under this
152 section, the land may be disposed of by the district under the
153 provisions of this section.

154 Section 6. Subsections (35) and (46) of section 420.507,
155 Florida Statutes, are amended to read:



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156 420.507 Powers of the corporation.—The corporation shall
157 have all the powers necessary or convenient to carry out and
158 effectuate the purposes and provisions of this part, including
159 the following powers which are in addition to all other powers
160 granted by other provisions of this part:

161 (35) (a) Upon a determination of good cause and after
162 service of an administrative complaint and adequate notice, to
163 take one or more of the following actions against any applicant
164 or affiliate of an applicant:

165 1. Preclude such applicant or affiliate from applying for
166 funding from any corporation program for a specified period;

167 2. Revoke any funding previously awarded by the corporation
168 for any development for which construction or rehabilitation has
169 not commenced; and

170 3. Suspend any funding, credit underwriting procedures, or
171 application review for any development for which construction or
172 rehabilitation has not commenced from the time an administrative
173 complaint is filed until a final order is issued in regard to
174 that complaint.

175 (b) For purposes of this subsection, the term “good cause”
176 means that the applicant or affiliate of an applicant:

177 1. Has made a material misrepresentation or engaged in
178 fraudulent actions in connection with any application for a
179 corporation program;

180 2. Has been convicted or found guilty of, or entered a plea
181 of guilty or nolo contendere to, regardless of adjudication, a
182 crime in any jurisdiction which directly relates to the
183 financing, construction, or management of affordable housing or
184 the fraudulent procurement of state or federal funds. The record



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185 of a conviction certified or authenticated in such form as to be
186 admissible in evidence under the laws of the state shall be
187 admissible as prima facie evidence of such guilt;

188 3. Has been excluded from federal or state procurement
189 programs for any reason; or

190 4. Has offered or given consideration with respect to a
191 local contribution in violation of corporation rules ~~To preclude~~
192 ~~from further participation in any of the corporation's programs,~~
193 ~~any applicant or affiliate of an applicant which has made a~~
194 ~~material misrepresentation or engaged in fraudulent actions in~~
195 ~~connection with any application for a corporation program.~~

196 (46) To require, as a condition of financing a multifamily
197 rental project, including allocating competitive low-income
198 housing tax credits, that an agreement be recorded in the
199 official records of the county where the real property is
200 located, which requires that the project be used for housing
201 defined as affordable in s. 420.0004(3) by persons defined in s.
202 420.0004(9), (11), (12), and (17). The term of such agreement
203 does not extend beyond that period of time required by 26 U.S.C.
204 42(h)(6)(D)(ii)(II), unless the corporation affirms at the time
205 of the initial credit underwriting that the project will remain
206 economically feasible beyond such period. Such an agreement is a
207 state land use regulation that limits the highest and best use
208 of the property within the meaning of s. 193.011(2).

209 Section 7. Paragraph (c) of subsection (6) of section
210 420.5087, Florida Statutes, is amended to read:

211 420.5087 State Apartment Incentive Loan Program.—There is
212 hereby created the State Apartment Incentive Loan Program for
213 the purpose of providing first, second, or other subordinated



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214 mortgage loans or loan guarantees to sponsors, including for-
215 profit, nonprofit, and public entities, to provide housing
216 affordable to very-low-income persons.

217 (6) On all state apartment incentive loans, except loans
218 made to housing communities for the elderly to provide for
219 lifesafety, building preservation, health, sanitation, or
220 security-related repairs or improvements, the following
221 provisions shall apply:

222 (c) The corporation shall provide by rule for the
223 establishment of a review committee for the competitive
224 evaluation and selection of applications submitted in this
225 program, including, but not limited to, the following criteria:

226 1. Tenant income and demographic targeting objectives of
227 the corporation.

228 2. Targeting objectives of the corporation which will
229 ensure an equitable distribution of loans between rural and
230 urban areas.

231 3. Sponsor's agreement to reserve the units for persons or
232 families who have incomes below 50 percent of the state or local
233 median income, whichever is higher, for a time period that
234 exceeds the minimum required by federal law or this part.

235 4. Sponsor's agreement to reserve more than:

236 a. Twenty percent of the units in the project for persons
237 or families who have incomes that do not exceed 50 percent of
238 the state or local median income, whichever is higher; or

239 b. Forty percent of the units in the project for persons or
240 families who have incomes that do not exceed 60 percent of the
241 state or local median income, whichever is higher, without
242 requiring a greater amount of the loans as provided in this



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243 section.
244 5. Provision for tenant counseling.
245 6. Sponsor's agreement to accept rental assistance
246 certificates or vouchers as payment for rent.
247 7. Projects requiring the least amount of a state apartment
248 incentive loan compared to overall project cost, except that the
249 share of the loan attributable to units serving extremely-low-
250 income persons must be excluded from this requirement.
251 8. Local government contributions and local government
252 comprehensive planning and activities that promote affordable
253 housing, policies that promote access to public transportation,
254 reduce the need for onsite parking, and expedite permits for
255 affordable housing projects as provided in s. 553.7923.
256 9. Project feasibility.
257 10. Economic viability of the project.
258 11. Commitment of first mortgage financing.
259 12. Sponsor's prior experience.
260 13. Sponsor's ability to proceed with construction.
261 14. Projects that directly implement or assist welfare-to-
262 work transitioning.
263 15. Projects that reserve units for extremely-low-income
264 persons.
265 16. Projects that include green building principles, storm-
266 resistant construction, or other elements that reduce long-term
267 costs relating to maintenance, utilities, or insurance.
268 17. Job-creation rate of the developer and general
269 contractor, as provided in s. 420.507(47).
270 Section 8. Section 420.56, Florida Statutes, is created to
271 read:



272 420.56 Disposal of surplus lands for use as affordable
273 housing.-

274 (1) It is intent of the Legislature to make all surplus
275 lands designated as nonconservation available for affordable
276 housing before making the parcels available for purchase by
277 other governmental entities or the public.

278 (2) The Department of Environmental Protection acting on
279 the behalf of the Board of Trustees of the Internal Improvement
280 Trust Fund, the Department of Transportation, and each water
281 management district shall notify the corporation when
282 nonconservation land becomes available for surplus as part of
283 the entity's regular review of lands under the provisions of s.
284 253.0341, s. 337.25, or s. 373.089 before making the parcel
285 available for any other use, including for purchase by other
286 governmental entities or the public. Water management districts
287 must only identify nonconservation surplus lands originally
288 acquired using state funds.

289 (3) In consultation with the Department of Environmental
290 Protection, the Department of Transportation, and the water
291 management districts, the corporation must evaluate whether
292 these surplus lands are suitable for affordable housing based on
293 the property's environmental suitability for construction;
294 current and anticipated land use and zoning; inclusion in one or
295 more special districts; existing infrastructure on the land,
296 such as roads, water, sewer, and electricity; access to grocery
297 stores within walking distance or by public transportation;
298 access to employment opportunities within walking distance or by
299 public transportation; access to public transportation within
300 one half mile; and access to community services, such as public



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301 libraries, food kitchens, and employment centers.

302 (4) If the corporation determines that the nonconservation
303 surplus land is suitable for affordable housing, the entity
304 seeking to dispose of the parcel must first offer the land to
305 the county and municipality where the land is located, to be
306 used for affordable housing, before the entity offers the land
307 to other governmental entities or the public. If the county and
308 municipality where the parcel is located do not wish to use the
309 parcel for affordable housing, the entity may dispose of the
310 parcel as otherwise provided by law or herein.

311 (5) The Board of Trustees of the Internal Improvement Trust
312 Fund, the Department of Transportation, and the water management
313 districts may sell the parcels identified by the corporation for
314 affordable housing for less than the appraised value to any
315 party so long as the agency places an encumbrance on the parcels
316 to ensure the purchaser uses the land for affordable housing for
317 a period of not less than 99 years.

318 (6) (a) The Board of Trustees of the Internal Improvement
319 Trust Fund, the Department of Transportation, and the water
320 management districts are exempt from the disposal procedures of
321 ss. 253.0341(8) and (9), 337.25(4) and (7), 373.089(1), (2),
322 (3), and (8) when disposing of nonconservation surplus lands
323 under this section.

324 (b) The sale price of land parcels disposed of pursuant to
325 this section shall be determined by the entity disposing of the
326 parcels. The Department of Transportation, the Board of Trustees
327 of the Internal Improvement Trust Fund, and the water management
328 districts must consider at least one appraisal of the property
329 or, if the estimated value of the land is \$500,000 or less, a



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330 comparable sales analysis or a broker's opinion of value.
331 Section 9. Section 420.57, Florida Statutes, is created to
332 read:
333 420.57 Hurricane recovery programs.—
334 (1) The Hurricane Housing Recovery Program is created to
335 provide funds to local governments for affordable housing
336 recovery efforts, similar to the State Housing Initiatives
337 Partnership Program as set forth in ss. 420.907-420.9079.
338 Subject to a specific appropriation as authorized by the General
339 Appropriations Act, the Florida Housing Finance Corporation
340 shall administer the program. Notwithstanding ss. 420.9072 and
341 420.9073, the Florida Housing Finance Corporation shall allocate
342 resources to local governments according to a need-based formula
343 that reflects housing damage estimates and population impacts
344 resulting from hurricanes. Eligible local governments must
345 submit a strategy outlining proposed recovery actions, household
346 income levels and number of residential units to be served, and
347 funding requests. Program funds shall be used to serve
348 households with incomes up to 120 percent of area median income,
349 except that at least 30 percent of program funds should be
350 reserved for households with incomes up to 50 percent of area
351 median income and an additional 30 percent of program funds
352 should be reserved for households with incomes up to 80 percent
353 of area median income. Program funds shall be used as follows:
354 (a) At least 65 percent of funds shall be used for
355 homeownership.
356 (b) Up to 15 percent of the funds may be used for
357 administrative expenses to ensure expeditious use of funds.
358 (c) Up to one-quarter of 1 percent may be used by the



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359 Florida Housing Finance Corporation for compliance monitoring.

360 (2) Each participating local government shall submit to the
361 Florida Housing Finance Corporation an annual report of its use
362 of funds from the Hurricane Housing Recovery Program. The
363 corporation shall compile the reports and submit them to the
364 President of the Senate and the Speaker of the House of
365 Representatives.

366 (3) The Rental Recovery Loan Program is created to provide
367 funds to build additional rental housing due to impacts to the
368 affordable housing stock and changes to the population resulting
369 from hurricanes. The program is intended to allow the state to
370 leverage additional federal rental financing similar to the
371 State Apartment Incentive Loan Program as described in s.
372 420.5087 and is subject to a specific appropriation in the
373 General Appropriations Act.

374 (4) The Florida Housing Finance Corporation may adopt rules
375 to administer this section.

376 Section 10. The Florida Housing Finance Corporation may
377 adopt emergency rules pursuant to s. 120.54, Florida Statutes,
378 to implement s. 420.57, Florida Statutes. The Legislature finds
379 that emergency rules adopted to implement this section meet the
380 health, safety, and welfare requirements of s. 120.54(4),
381 Florida Statutes. The Legislature also finds that such emergency
382 rulemaking is necessary to preserve the rights and welfare of
383 the people and to provide additional funds to assist those areas
384 of the state that sustained impacts to available affordable
385 housing stock due to recent hurricanes. Therefore, in adopting
386 such emergency rules, the corporation is not required to make
387 the findings required by s. 120.54(4)(a), Florida Statutes.



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388 Emergency rules adopted under this section are exempt from s.
389 120.54(4)(c), Florida Statutes. The emergency rules shall remain
390 in effect for 6 months after adoption and may be renewed during
391 the pendency of procedures to adopt rules addressing the subject
392 of the emergency rules.

393 Section 11. Subsection (16) of section 420.9071, Florida
394 Statutes, is amended to read:

395 420.9071 Definitions.—As used in ss. 420.907-420.9079, the
396 term:

397 (16) "Local housing incentive strategies" means local
398 regulatory reform or incentive programs to encourage or
399 facilitate affordable housing production, which include, at a
400 minimum, expediting development permits as defined in s.
401 163.3164(16), construction permits, and certificates of
402 occupancy for affordable housing projects as provided in s.
403 ~~553.7923 assurance that permits for affordable housing projects~~
404 ~~are expedited to a greater degree than other projects, as~~
405 ~~provided in s. 163.3177(6)(f)3.~~; an ongoing process for review
406 of local policies, ordinances, regulations, and plan provisions
407 that increase the cost of housing prior to their adoption; and a
408 schedule for implementing the incentive strategies. Local
409 housing incentive strategies may also include other regulatory
410 reforms, such as those enumerated in s. 420.9076 or those
411 recommended by the affordable housing advisory committee in its
412 triennial evaluation of the implementation of affordable housing
413 incentives, and adopted by the local governing body.

414 Section 12. Section 553.7923, Florida Statutes, is created
415 to read:

416 553.7923 Local Permit Approval Process for Affordable



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417 Housing.—

418 (1) A local government has 15 days after the date it
419 receives an application for a development permit, construction
420 permit, or certificate of occupancy for affordable housing to
421 examine the application and notify the applicant of any apparent
422 errors or omissions and request any additional information the
423 local government is permitted by law to require.

424 (2) If a local government does not request additional
425 information within the required time, the local government may
426 not deny a development permit, construction permit, or
427 certificate of occupancy for affordable housing if the applicant
428 has failed to correct an error or omission or to supply
429 additional information.

430 (3) The local government may require any additional
431 requested information to be submitted no later than 10 days
432 after the date of the notice specified in subsection (1).

433 (4) For good cause shown, the local government shall grant
434 a request for an extension of time for submitting the additional
435 information.

436 (5) An application is complete upon receipt of all
437 requested information and the correction of any error or
438 omission for which the applicant was timely notified or when the
439 time for notification has expired.

440 (6) The local government must approve or deny an
441 application for a development permit, construction permit, or
442 certificate of occupancy for affordable housing within 60 days
443 after receipt of a completed application unless a shorter period
444 of time for local government action is provided by law.

445 (7) If the local government does not approve or deny an



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446 application for a development permit, construction permit, or
447 certificate of occupancy for affordable housing within the 60-
448 day or shorter period, the permit is considered approved and the
449 local government must issue the development permit, construction
450 permit, or certificate of occupancy and may include such
451 reasonable conditions as authorized by law.

452 (8) An applicant for a development permit, construction
453 permit, or certificate of occupancy seeking to receive a permit
454 by default under this section must notify the local government
455 in writing of the intent to rely upon the default approval
456 provision of this section but may not take any action based upon
457 the default development permit, construction permit, or
458 certificate of occupancy until the applicant receives
459 notification or a receipt that the local government received the
460 notice. The applicant must retain the notification or receipt.

461 Section 13. This act shall take effect July 1, 2018.

462
463 ===== T I T L E A M E N D M E N T =====

464 And the title is amended as follows:

465 Delete everything before the enacting clause
466 and insert:

467 A bill to be entitled
468 An act relating to affordable housing; amending ss.
469 125.379 and 166.0451, F.S.; revising the criteria that
470 counties and municipalities must use when evaluating
471 real property as part of their inventory for disposal
472 of lands; amending ss. 253.0341, 337.25, and 373.089,
473 F.S.; revising the procedures under which the Board of
474 Trustees of the Internal Improvement Trust Fund, the



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475 Department of Transportation, and the water management
476 districts must dispose of nonconservation surplus
477 lands; amending s. 420.507, F.S.; authorizing the
478 Florida Housing Finance Corporation to take one or
479 more specified actions against any applicant or
480 affiliate of an applicant upon a determination of good
481 cause and after service of an administrative complaint
482 and adequate notice; defining the term "good cause";
483 authorizing the corporation to require, as a condition
484 of financing a multifamily rental project, including
485 allocating competitive low-income housing tax credits,
486 that a certain agreement be recorded in the official
487 records of the county where the real property is
488 located; providing requirements for the term of such
489 agreement; amending s. 420.5087, F.S.; revising the
490 criteria used by a review committee when evaluating
491 and selecting specified applications for the state
492 apartment incentive loans; creating s. 420.56, F.S.;
493 providing legislative intent; providing a process for
494 certain entities to dispose of surplus lands for use
495 as affordable housing; creating s. 420.57, F.S.;
496 creating the Hurricane Housing Recovery Program to
497 provide funds for certain affordable housing recovery
498 efforts; requiring the corporation to administer the
499 program and allocate resources to local governments
500 that meet certain criteria; specifying requirements
501 for receiving and using funds; requiring participating
502 local governments to submit a report; requiring the
503 corporation to compile the reports and submit them to



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504 the Legislature; creating the Rental Recovery Loan
505 Program to provide funds for additional rental housing
506 due to specified impacts; providing a rationale for
507 the program; authorizing the corporation to adopt
508 rules to administer specified provisions; authorizing
509 the corporation to adopt emergency rules; providing
510 legislative findings; providing that the corporation
511 is not required to make specified findings; providing
512 an exemption; requiring the emergency rules to remain
513 in effect for a specified period after adoption;
514 authorizing the emergency rules to be renewed during
515 the pendency of procedures to adopt rules addressing
516 the subject of the emergency rules; amending s.
517 420.9071, F.S.; revising the definition of the term
518 "local housing incentive strategies"; creating s.
519 553.7923, F.S.; providing a local permit approval
520 process for affordable housing; providing an effective
521 date.



869528

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
02/21/2018	.	
	.	
	.	
	.	

Appropriations Subcommittee on Transportation, Tourism, and Economic Development (Gibson) recommended the following:

1 **Senate Amendment to Amendment (437732) (with title**
2 **amendment)**

3
4 Between lines 460 and 461
5 insert:

6 Section 13. Section 423.02, Florida Statutes, is amended to
7 read:

8 423.02 Housing projects exempted from taxes, user fees, and
9 assessments; payments in lieu thereof.—The housing projects,



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10 including all property of housing authorities used for or in
11 connection therewith or appurtenant thereto, of housing
12 authorities, or their nonprofit instrumentalities as authorized
13 by s. 421.08(8), shall be exempt from all taxes, user fees, and
14 special assessments of the state or any city, town, county, or
15 political subdivision of the state, provided, however, that in
16 lieu of such taxes, user fees, or special assessments, a housing
17 authority or its nonprofit instrumentality may agree to make
18 payments to any city, town, county, or political subdivision of
19 the state for services, improvements, or facilities furnished by
20 such city, town, county, or political subdivision for the
21 benefit of a housing project owned by the housing authority or
22 its nonprofit instrumentality, but in no event shall such
23 payments exceed the estimated cost to such city, town, county,
24 or political subdivision of the services, improvements, or
25 facilities to be so furnished.

26
27 ===== T I T L E A M E N D M E N T =====

28 And the title is amended as follows:

29 Delete line 520

30 and insert:

31 process for affordable housing; amending s. 423.02,
32 F.S.; exempting housing projects, including certain
33 property, of housing authorities or their nonprofit
34 instrumentalities from all taxes, user fees, and
35 special assessments of the state or any city, town,
36 county, or political subdivision of the state;
37 providing that, in lieu of such taxes, user fees, or
38 special assessments, a housing authority or its



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39 nonprofit instrumentality may agree to make payments
40 to any city, town, county, or political subdivision of
41 the state for services, improvements, or facilities
42 furnished by such city, town, county, or political
43 subdivision for the benefit of a housing project owned
44 by the housing authority or its nonprofit
45 instrumentality; providing an effective



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LEGISLATIVE ACTION

Senate	.	House
Comm: WD	.	
02/21/2018	.	
	.	
	.	
	.	

Appropriations Subcommittee on Transportation, Tourism, and
Economic Development (Gibson) recommended the following:

Senate Amendment (with title amendment)

Between lines 509 and 510

insert:

Section 14. Section 423.02, Florida Statutes, is amended to
read:

423.02 Housing projects exempted from taxes, user fees, and
assessments; payments in lieu thereof.—The housing projects,
including all property of housing authorities used for or in
connection therewith or appurtenant thereto, of housing



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11 authorities, or their nonprofit instrumentalities as authorized
12 by s. 421.08(8), shall be exempt from all taxes, user fees, and
13 special assessments of the state or any city, town, county, or
14 political subdivision of the state, provided, however, that in
15 lieu of such taxes, user fees, or special assessments, a housing
16 authority or its nonprofit instrumentality may agree to make
17 payments to any city, town, county, or political subdivision of
18 the state for services, improvements, or facilities furnished by
19 such city, town, county, or political subdivision for the
20 benefit of a housing project owned by the housing authority or
21 its nonprofit instrumentality, but in no event shall such
22 payments exceed the estimated cost to such city, town, county,
23 or political subdivision of the services, improvements, or
24 facilities to be so furnished.

25

26 ===== T I T L E A M E N D M E N T =====

27 And the title is amended as follows:

28 Between lines 43 and 44

29 insert:

30 amending s. 423.02, F.S.; exempting housing projects,
31 including certain property, of housing authorities or
32 their nonprofit instrumentalities from all taxes, user
33 fees, and special assessments of the state or any
34 city, town, county, or political subdivision of the
35 state; providing that, in lieu of such taxes, user
36 fees, or special assessments, a housing authority or
37 its nonprofit instrumentality may agree to make
38 payments to any city, town, county, or political
39 subdivision of the state for services, improvements,



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40 or facilities furnished by such city, town, county, or
41 political subdivision for the benefit of a housing
42 project owned by the housing authority or its
43 nonprofit instrumentality;

By Senator Perry

8-01486-18

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1 A bill to be entitled
 2 An act relating to affordable housing; amending ss.
 3 125.379 and 166.0451, F.S.; revising the criteria that
 4 counties and municipalities must use when evaluating
 5 real property as part of their inventory for disposal
 6 of lands; amending s. 163.3180, F.S.; prohibiting
 7 local governments from charging certain mobility fees
 8 for a specified period; preempting to the state the
 9 right to impose such fees; amending s. 163.31801,
 10 F.S.; prohibiting local governments from charging
 11 certain impact fees for a specified period; preempting
 12 to the state the right to impose such fees; specifying
 13 additional information that must be submitted by
 14 specified entities when submitting their annual
 15 financial reports; creating s. 420.0007, F.S.;
 16 providing a local permit approval process for
 17 affordable housing; amending s. 420.5087, F.S.;
 18 revising the criteria used by a review committee when
 19 evaluating and selecting specified applications for
 20 state apartment incentive loans; creating s. 420.54,
 21 F.S.; creating the Hurricane Housing Recovery Program
 22 to provide funds for specified purposes related to
 23 affordable housing; requiring that the Florida Housing
 24 Finance Corporation administer the program according
 25 to specified procedures; specifying how program funds
 26 are to be used; creating the Recovery Rental Loan
 27 Program to provide funds for specified purposes
 28 related to rental housing; providing legislative
 29 intent; requiring an annual report regarding the

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CODING: Words ~~stricken~~ are deletions; words underlined are additions.

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30 housing recovery program; authorizing the corporation
 31 to adopt emergency rules to implement the programs;
 32 providing legislative findings regarding such
 33 emergency rulemaking; exempting the emergency rules
 34 from specified requirements; providing appropriations;
 35 creating s. 420.56, F.S.; providing a process for
 36 certain entities to dispose of surplus lands for use
 37 for the construction of affordable housing; amending
 38 s. 420.9071, F.S.; revising the definition of "local
 39 housing incentive strategies"; amending ss. 253.0341,
 40 337.25, and 373.089, F.S.; revising the procedures
 41 under which the board of trustees, the Department of
 42 Transportation, and the water management districts
 43 must dispose of nonconservation surplus lands;
 44 providing an effective date.
 45

46 Be It Enacted by the Legislature of the State of Florida:
 47

48 Section 1. Subsection (1) of section 125.379, Florida
 49 Statutes, is amended to read:

50 125.379 Disposition of county property for affordable
 51 housing.—

52 (1) Beginning July 1, 2018 ~~By July 1, 2007~~, and every 3
 53 years thereafter, each county shall prepare an inventory list of
 54 all real property within its jurisdiction to which the county
 55 holds fee simple title ~~which that~~ is appropriate for use as
 56 affordable housing. The real property must be evaluated on
 57 criteria including environmental suitability for construction,
 58 site characteristics, current land use designation, current or

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CODING: Words ~~stricken~~ are deletions; words underlined are additions.

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59 anticipated zoning, whether the property is included in at least
 60 one special district, existing infrastructure, proximity to
 61 employment opportunities, proximity to public transportation,
 62 and proximity to existing services. The inventory list must
 63 include the address and legal description of each such real
 64 property and specify whether the property is vacant or improved.
 65 The governing body of the county must review the inventory list
 66 at a public hearing and may revise it at the conclusion of the
 67 public hearing. The governing body of the county shall adopt a
 68 resolution that includes an inventory list of such property
 69 following the public hearing.

70 Section 2. Paragraph (i) of subsection (5) of section
 71 163.3180, Florida Statutes, is amended to read:

72 163.3180 Concurrency.—

73 (5)

74 (i) 1. If a local government elects to repeal transportation
 75 concurrency, it is encouraged to adopt an alternative mobility
 76 funding system that uses one or more of the tools and techniques
 77 identified in paragraph (f). Any alternative mobility funding
 78 system adopted may not be used to deny, time, or phase an
 79 application for site plan approval, plat approval, final
 80 subdivision approval, building permits, or the functional
 81 equivalent of such approvals provided that the developer agrees
 82 to pay for the development's identified transportation impacts
 83 via the funding mechanism implemented by the local government.
 84 The revenue from the funding mechanism used in the alternative
 85 system must be used to implement the needs of the local
 86 government's plan which serves as the basis for the fee imposed.
 87 A mobility fee-based funding system must comply with the dual

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88 rational nexus test applicable to impact fees. An alternative
 89 system that is not mobility fee-based shall not be applied in a
 90 manner that imposes upon new development any responsibility for
 91 funding an existing transportation deficiency as defined in
 92 paragraph (h).

93 2. Beginning July 1, 2018, and ending June 20, 2023, a
 94 local government may not charge a mobility fee for the
 95 development or construction of housing that is affordable, as
 96 defined in s. 420.9071.

97 Section 3. Subsection (6) is added to section 163.31801,
 98 Florida Statutes, to read:

99 163.31801 Impact fees; short title; intent; definitions;
 100 ordinances levying impact fees.—

101 (6) (a) Beginning July 1, 2018, and ending June 20, 2023, a
 102 local government may not charge an impact fee for the
 103 development or construction of housing that is affordable, as
 104 defined in s. 420.9071.

105 (b) In addition to the items that must be reported in the
 106 annual financial reports required under s. 218.32, counties and
 107 municipalities shall report the following data on all impact
 108 fees charged:

109 1. The specific purpose of the impact fee, including the
 110 specific infrastructure need to be met, such as transportation,
 111 parks, water, sewer, and schools;

112 2. The impact fee schedule policy, describing the method of
 113 calculating impact fees, such as a flat fee, a tiered scale
 114 based on number of bedrooms, and a tiered scale based on square
 115 footage;

116 3. The amount assessed for each purpose and type of

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117 dwelling;

118 4. The total amount of impact fees charged by type of
119 dwelling; and

120 5. Each exception and waiver provided for affordable
121 housing developments.

122 Section 4. Subsection (1) of section 166.0451, Florida
123 Statutes, is amended to read:

124 166.0451 Disposition of municipal property for affordable
125 housing.—

126 (1) Beginning July 1, 2018 ~~By July 1, 2007~~, and every 3
127 years thereafter, each municipality shall prepare an inventory
128 list of all real property within its jurisdiction to which the
129 municipality holds fee simple title which ~~that~~ is appropriate
130 for use as affordable housing. Such real property shall be
131 evaluated on criteria that include the environmental suitability
132 for construction, site characteristics, currently designated
133 land use, current or anticipated zoning, whether the property is
134 included in one or more special districts, existing
135 infrastructure, proximity to employment opportunities, proximity
136 to public transportation, and proximity to services. The
137 inventory list must include the address and legal description of
138 each such property and specify whether the property is vacant or
139 improved. The governing body of the municipality must review the
140 inventory list at a public hearing and may revise it at the
141 conclusion of the public hearing. Following the public hearing,
142 the governing body of the municipality shall adopt a resolution
143 that includes an inventory list of such property.

144 Section 5. Section 420.0007, Florida Statutes, is created
145 to read:

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146 420.0007 Local permit approval process for affordable
147 housing.—

148 (1) A local government has 15 days from the date it
149 receives an application for a development permit, construction
150 permit, or certificate of occupancy for affordable housing to
151 examine the application, notify the applicant of any apparent
152 errors or omissions, and request any additional information the
153 local government is authorized by law to require.

154 (2) If a local government does not timely request
155 additional information, it may not deny a development permit,
156 construction permit, or certificate of occupancy for affordable
157 housing if the applicant fails to correct an error or omission
158 or to supply additional information.

159 (3) The local government may require any additional
160 requested information to be submitted no later than 10 days
161 after the date that it gives notice to the applicant, as
162 specified in subsection (1).

163 (4) For good cause shown, the local government must grant a
164 request for an extension of time for submitting the additional
165 information.

166 (5) An application is complete upon receipt of all
167 requested information and the correction of any error or
168 omission of which the applicant was timely notified or when the
169 time for notification has expired.

170 (6) The local government must approve or deny an
171 application for a development permit, construction permit, or
172 certificate of occupancy for affordable housing within 60 days
173 after receipt of a completed application, unless a shorter
174 period of time for local government action is provided by law.

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175 (7) If the local government does not approve or deny within
 176 the 60-day or shorter time period, as appropriate, an
 177 application for a development permit, construction permit, or
 178 certificate of occupancy for affordable housing, the permit is
 179 considered approved and the local government must issue the
 180 development permit, construction permit, or certificate of
 181 occupancy, which may include such reasonable conditions as
 182 authorized by law.

183 (8) An applicant for a development permit, construction
 184 permit, or certificate of occupancy seeking to receive a permit
 185 by default under this section shall notify the local government,
 186 in writing, of its intent to rely upon the default approval
 187 under this section but may not take any action based upon the
 188 default development permit, construction permit, or certificate
 189 of occupancy until the applicant receives notification or a
 190 receipt acknowledging that the local government received the
 191 notice. The applicant must retain the notification or receipt.

192 Section 6. Paragraph (c) of subsection (6) of section
 193 420.5087, Florida Statutes, is amended to read:

194 420.5087 State Apartment Incentive Loan Program.—There is
 195 hereby created the State Apartment Incentive Loan Program for
 196 the purpose of providing first, second, or other subordinated
 197 mortgage loans or loan guarantees to sponsors, including for-
 198 profit, nonprofit, and public entities, to provide housing
 199 affordable to very-low-income persons.

200 (6) On all state apartment incentive loans, except loans
 201 made to housing communities for the elderly to provide for
 202 lifesafety, building preservation, health, sanitation, or
 203 security-related repairs or improvements, the following

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204 provisions shall apply:

205 (c) The corporation shall provide by rule for the
 206 establishment of a review committee for the competitive
 207 evaluation and selection of applications submitted in this
 208 program, including, but not limited to, the following criteria:

209 1. Tenant income and demographic targeting objectives of
 210 the corporation.

211 2. Targeting objectives of the corporation which will
 212 ensure an equitable distribution of loans between rural and
 213 urban areas.

214 3. Sponsor's agreement to reserve the units for persons or
 215 families who have incomes below 50 percent of the state or local
 216 median income, whichever is higher, for a time period that
 217 exceeds the minimum required by federal law or this part.

218 4. Sponsor's agreement to reserve more than:

219 a. Twenty percent of the units in the project for persons
 220 or families who have incomes that do not exceed 50 percent of
 221 the state or local median income, whichever is higher; or

222 b. Forty percent of the units in the project for persons or
 223 families who have incomes that do not exceed 60 percent of the
 224 state or local median income, whichever is higher, without
 225 requiring a greater amount of the loans as provided in this
 226 section.

227 5. Provision for tenant counseling.

228 6. Sponsor's agreement to accept rental assistance
 229 certificates or vouchers as payment for rent.

230 7. Projects requiring the least amount of a state apartment
 231 incentive loan compared to overall project cost, except that the
 232 share of the loan attributable to units serving extremely-low-

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233 income persons must be excluded from this requirement.

234 8. Local government contributions and local government

235 comprehensive planning and activities that promote affordable

236 housing, and policies that promote access to public

237 transportation, reduce the need for onsite parking, and expedite

238 permits for affordable housing projects as provided in s.

239 420.0007.

240 9. Project feasibility.

241 10. Economic viability of the project.

242 11. Commitment of first mortgage financing.

243 12. Sponsor's prior experience.

244 13. Sponsor's ability to proceed with construction.

245 14. Projects that directly implement or assist welfare-to-

246 work transitioning.

247 15. Projects that reserve units for extremely-low-income

248 persons.

249 16. Projects that include green building principles, storm-

250 resistant construction, or other elements that reduce long-term

251 costs relating to maintenance, utilities, or insurance.

252 17. Job-creation rate of the developer and general

253 contractor, as provided in s. 420.507(47).

254 Section 7. Section 420.54, Florida Statutes, is created to

255 read:

256 420.54 Hurricane recovery programs.-

257 (1) The Hurricane Housing Recovery Program is created to

258 provide funding to local governments for recovery efforts

259 related to the impact of Hurricanes Irma and Maria during the

260 2017 Atlantic hurricane season on the affordable housing

261 inventory. The corporation shall administer the program,

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262 allocating resources to local governments according to a need-

263 based formula that reflects affordable housing damage estimates.

264 Eligible local governments must submit a strategy outlining

265 proposed recovery actions, income levels, number of units to be

266 served, and funding requests. Program funds must be used as

267 follows:

268 (a) To serve households with incomes of up to 120 percent

269 of area median income; however, at least 30 percent of program

270 funds must be reserved for households with incomes of up to 50

271 percent of area median income, and an additional 30 percent of

272 program funds must be reserved for households with incomes of up

273 to 80 percent of area median income.

274 (b) At least 65 percent of funds allocated must be used for

275 homeownership and distributed as provided in paragraph (a).

276 (c) Up to 15 percent of the allocation may be used for

277 administrative expenses to ensure expeditious use of funds.

278 (2) The Recovery Rental Loan Program is created to provide

279 funds to build additional rental housing in light of the impact

280 of Hurricanes Irma and Maria during the 2017 Atlantic hurricane

281 season on the rental housing inventory. The program is intended

282 to allow the state to leverage federal funds as it does in the

283 State Apartment Incentive Loan Program described in s. 420.5087.

284 (3) By September 15, 2019, and each year thereafter, each

285 participating local entity shall submit a report of its housing

286 recovery program and accomplishments through June 30 of that

287 year, as specified by the corporation.

288 (4) The corporation may adopt emergency rules pursuant to

289 s. 120.54 to implement this section. The Legislature finds that

290 emergency rules adopted pursuant to this section meet the

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 291 immediate danger to the public health, safety, and welfare
 292 standard established in s. 120.54(4). The Legislature finds that
 293 such emergency rulemaking is necessary to preserve the rights
 294 and welfare of the people and to provide additional funds to
 295 assist those areas of the state which sustained impacts to
 296 available affordable housing inventory due to Hurricanes Irma
 297 and Maria. Therefore, in adopting such emergency rules, the
 298 corporation need not establish that the standard established in
 299 s. 120.54(4) (a) has been met. Emergency rules adopted under this
 300 section are exempt from s. 120.54(4) (c).

Section 8. For the 2018-2019 fiscal year, 20 percent of the
 302 most recent revenue estimate from the Revenue Estimating
 303 Conference for the 2018-2019 fiscal year for both the Local
 304 Government Housing Trust Fund and the State Housing Trust Fund
 305 is appropriated to the Florida Housing Finance Corporation for
 306 the purpose of affordable housing hurricane recovery efforts.
 307 Funds from the Local Government Housing Trust Fund must be used
 308 for the Hurricane Housing Recovery Program created in s. 420.54,
 309 Florida Statutes, and must be allocated based on the review of
 310 Federal Emergency Management Agency damage assessment data by
 311 the Florida Housing Finance Corporation. Funds from the State
 312 Housing Trust Fund must be used for the Recovery Rental Loan
 313 Program created in s. 420.54, Florida Statutes, to assist with
 314 building and rehabilitating affordable rental housing to help
 315 communities respond to hurricane recovery needs. The Florida
 316 Housing Finance Corporation shall use \$100,000 from the funds
 317 appropriated from the State Housing Trust Fund to provide
 318 technical and training assistance.

319 Section 9. Section 420.56, Florida Statutes, is created to

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 320 read:
 321 420.56 Disposal of surplus lands for use as affordable
 322 housing.—
 323 (1) It is the intent of the Legislature to make all surplus
 324 lands designated as nonconservation available for affordable
 325 housing before making the parcels available for purchase by
 326 other governmental entities or the public.
 327 (2) The Department of Environmental Protection, acting on
 328 the behalf of the Board of Trustees of the Internal Improvement
 329 Trust Fund; the Department of Transportation; and each water
 330 management district shall notify the corporation when
 331 nonconservation land becomes available for surplus as part of
 332 the entity's regular review of lands under s. 253.0341, s.
 333 337.25, or s. 373.089 before making the parcel available for any
 334 other use, including for purchase by other governmental entities
 335 or the public. Water management districts must identify only
 336 nonconservation surplus lands originally acquired using state
 337 funds.
 338 (3) In consultation with the Department of Environmental
 339 Protection, the Department of Transportation, and the water
 340 management districts, the corporation must evaluate whether
 341 these surplus lands are suitable for the construction of
 342 affordable housing based on the property's environmental
 343 suitability for such construction; current and anticipated land
 344 use and zoning; inclusion in one or more special districts
 345 intended to revitalize the community; existing infrastructure on
 346 the land such as roads, water, sewer, and electricity; access to
 347 grocery stores within walking distance or by public
 348 transportation; access to employment opportunities within

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349 walking distance or by public transportation; access to public
 350 transportation within one-half mile; and access to community
 351 services such as public libraries, food kitchens, and employment
 352 centers.

353 (4) If the corporation determines that the nonconservation
 354 surplus land is suitable for the construction of affordable
 355 housing, the entity seeking to dispose of the parcel must first
 356 offer the land to the county and any municipality in which the
 357 land is located to be used for the construction of affordable
 358 housing before the entity offers the land to other governmental
 359 entities or the public. If the county and any municipality where
 360 the parcel is located do not wish to use the parcel for
 361 affordable housing, the entity may dispose of the parcel as
 362 otherwise provided by law or this section.

363 (5) The Board of Trustees of the Internal Improvement Trust
 364 Fund, the Department of Transportation, and the water management
 365 districts may sell the parcels identified by the corporation as
 366 suitable for affordable housing for less than the appraised
 367 value to any party so long as the agency places an encumbrance
 368 on the parcels to ensure that the purchaser uses the land for
 369 the construction and maintenance of affordable housing for a
 370 period of at least 99 years.

371 (6) (a) The Board of Trustees of the Internal Improvement
 372 Trust Fund, the Department of Transportation, and the water
 373 management districts are exempt from the disposal procedures
 374 provided in ss. 253.0341(8) and (9), 337.25(4) and (7), and
 375 373.089(1), (2), (3), and (8) when disposing of nonconservation
 376 surplus lands under this section.

377 (b) The sale price of land parcels disposed of pursuant to

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378 this section shall be determined by the entity disposing of the
 379 parcel. The Department of Transportation, the Board of Trustees
 380 of the Internal Improvement Trust Fund, and the water management
 381 districts must consider at least one appraisal of the property
 382 or, if the estimated value of the land is \$500,000 or less, a
 383 comparable sales analysis or a broker's opinion of value.

384 Section 10. Subsection (16) of section 420.9071, Florida
 385 Statutes, is amended to read:

386 420.9071 Definitions.—As used in ss. 420.907-420.9079, the
 387 term:

388 (16) "Local housing incentive strategies" means local
 389 regulatory reform or incentive programs to encourage or
 390 facilitate affordable housing production, which include at a
 391 minimum, expediting permits for affordable housing projects as
 392 provided in s. 420.0007 ~~assurance that permits for affordable~~
 393 ~~housing projects are expedited to a greater degree than other~~
 394 ~~projects, as provided in s. 163.3177(6)(f)3-~~; an ongoing process
 395 for review of local policies, ordinances, regulations, and plan
 396 provisions that increase the cost of housing prior to their
 397 adoption; and a schedule for implementing the incentive
 398 strategies. Local housing incentive strategies may also include
 399 other regulatory reforms, such as those enumerated in s.
 400 420.9076 or those recommended by the affordable housing advisory
 401 committee in its triennial evaluation of the implementation of
 402 affordable housing incentives, and adopted by the local
 403 governing body.

404 Section 11. Subsections (4) and (7) of section 253.0341,
 405 Florida Statutes, are amended to read:

406 253.0341 Surplus of state-owned lands.—

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407 (4) Beginning July 1, 2018, and continuing every 3 years
 408 thereafter, At least every 10 years, as a component of each land
 409 management plan or land use plan and in a form and manner
 410 adopted by rule of the board of trustees, each manager shall
 411 evaluate and indicate to the board of trustees those lands that
 412 are not being used for the purpose for which they were
 413 originally leased. For conservation lands, the Acquisition and
 414 Restoration Council shall review and recommend to the board of
 415 trustees whether such lands should be retained in public
 416 ownership or disposed of by the board of trustees. For
 417 nonconservation lands, the Division of State Lands shall review
 418 and recommend to the board of trustees whether such lands should
 419 be retained in public ownership or disposed of by the board of
 420 trustees.

421 (7) (a) The board of trustees must first offer
 422 nonconservation surplus lands to the county and any municipality
 423 in which the land is located for use for the construction of
 424 affordable housing as identified by the Florida Housing Finance
 425 Corporation pursuant to s. 420.56. All surplus buildings or land
 426 not needed for affordable housing ~~Before a building or parcel of~~
 427 ~~land is offered for lease or sale to a local or federal unit of~~
 428 ~~government or a private party, it~~ shall first be offered for
 429 lease to state agencies, state universities, and Florida College
 430 System institutions, with priority consideration given to state
 431 universities and Florida College System institutions. If the
 432 surplus building or land is not used for the construction of
 433 affordable housing or leased by a state agency, state
 434 university, or Florida College System institution, the board of
 435 trustees shall offer the building or parcel for lease or sale to

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436 a local or federal unit of government or a private party.

437 (b) Within 60 days after the offer for lease of a surplus
 438 building or parcel, a state university or Florida College System
 439 institution that requests the lease must submit a plan for
 440 review and approval by the Board of Trustees of the Internal
 441 Improvement Trust Fund regarding the intended use, including
 442 future use, of the building or parcel of land before approval of
 443 a lease. Within 60 days after the offer for lease of a surplus
 444 building or parcel, a state agency that requests the lease of
 445 such facility or parcel must submit a plan for review and
 446 approval by the board of trustees regarding the intended use.
 447 The state agency plan must, at a minimum, include the proposed
 448 use of the facility or parcel, the estimated cost of renovation,
 449 a capital improvement plan for the building, evidence that the
 450 building or parcel meets an existing need that cannot otherwise
 451 be met, and other criteria developed by rule by the board of
 452 trustees. The board or its designee shall compare the estimated
 453 value of the building or parcel to any submitted business plan
 454 to determine if the lease or sale is in the best interest of the
 455 state. The board of trustees shall adopt rules pursuant to
 456 chapter 120 for the implementation of this section.

457 Section 12. Subsection (3) is amended and subsection (12)
 458 is added to section 337.25, Florida Statutes, to read:

459 337.25 Acquisition, lease, and disposal of real and
 460 personal property.—

461 (3) Beginning July 1, 2018, the department shall evaluate
 462 all of its land not within a transportation corridor or within
 463 the right-of-way of a transportation facility at least every 10
 464 years on a rotating basis to determine whether the property

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465 ~~should be retained. The inventory of real property that was~~
 466 ~~acquired by the state after December 31, 1988, that has been~~
 467 ~~owned by the state for 10 or more years, and that is not within~~
 468 ~~a transportation corridor or within the right-of-way of a~~
 469 ~~transportation facility shall be evaluated to determine the~~
 470 ~~necessity for retaining the property.~~ If the property is not
 471 needed for the construction, operation, and maintenance of a
 472 transportation facility or is not located within a
 473 transportation corridor, the department may dispose of the
 474 property pursuant to subsection (4).

475 (12) Except in a conveyance transacted under paragraphs
 476 (4) (a), (c), and (e), the department must first offer
 477 nonconservation surplus lands to the county and any municipality
 478 in which the lands are located for use as affordable housing as
 479 identified by the Florida Housing Finance Corporation pursuant
 480 to s. 420.56.

481 Section 13. Subsection (1) is amended and subsection (9) is
 482 added to section 373.089, Florida Statutes, to read:

483 373.089 Sale or exchange of lands, or interests or rights
 484 in lands.—The governing board of the district may sell lands, or
 485 interests or rights in lands, to which the district has acquired
 486 title or to which it may hereafter acquire title in the
 487 following manner:

488 (1) Beginning on July 1, 2018, the district shall review
 489 all lands and interests or rights in lands every 10 years on a
 490 rotating basis to determine whether the lands are still needed
 491 for the purpose for which they were acquired. Any lands, or
 492 interests or rights in lands, determined by the governing board
 493 to be surplus may be sold by the district, at any time, for the

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494 highest price obtainable; however, in no case shall the selling
 495 price be less than the appraised value of the lands, or
 496 interests or rights in lands, as determined by a certified
 497 appraisal obtained within 360 days before the effective date of
 498 a contract for sale.

499 (9) The governing board must first offer nonconservation
 500 surplus lands to the county and any municipality in which the
 501 land is located for use for the construction of affordable
 502 housing as identified by the Florida Housing Finance Corporation
 503 pursuant to s. 420.56. Districts must only offer nonconservation
 504 surplus lands originally acquired using state funds.

505
 506 If the Board of Trustees of the Internal Improvement Trust Fund
 507 declines to accept title to the lands offered under this
 508 section, the land may be disposed of by the district under the
 509 provisions of this section.

510 Section 14. This act shall take effect July 1, 2018.

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/21/18
Meeting Date

SB 1329

Bill Number (if applicable)

RC9528AA
Amendment Barcode (if applicable)

Topic AFFORDABLE HOUSING

Name COREY MATHEWS

Job Title EXECUTIVE DIRECTOR

Address 1390 TIMBERLANE RD

TiTi City FL State 32342 Zip

Phone 850/222-6000

Email COREY@FAHLO.ORG

Speaking: For Against Information

Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing FL ASSOCIATION OF HOUSING & REDEVELOPMENT OFFICIALS

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2-21-18

Meeting Date

1328

Bill Number (if applicable)

Topic Senate TED Appropriations

Name Jacqueline Peters

Job Title Director of External affairs

Address 227 N Bronough St, Suite 5000

Phone 850-488-4197

City Tallahassee

Zip 32301

State

Email Jacqueline.peters@floridahousing.org

Speaking: For Against Information

In Support

Against
(The Chair will read this information into the record.)

Representing Florida Housing Finance Corporation

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/21/2018
Meeting Date

1328

Bill Number (if applicable)

Topic Affordable housing

Name Thomas Hawkins

Job Title Policy & Planning Director

Address 308 N Monroe St

Tallahassee FL 32301
City State Zip

Phone (352) 377-3141

Email thawkins@1000ff.org

Speaking: For Against Information

Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing 1000 Friends of Florida

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

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 Appropriations Subcommittee on Transportation, Tourism, and Economic Development

BILL: CS/SB 1436

INTRODUCER: Transportation Committee and Senator Broxson

SUBJECT: Garcon Point Bridge

DATE: February 21, 2018 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Price	Miller	TR	Fav/CS
2.	McAuliffe	Hrdlicka	ATD	Recommend: Favorable
3.			AP	

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 1436 grants the Florida Department of Transportation (FDOT) authority to acquire the Garcon Point Bridge located in Santa Rosa County as a non-Turnpike project or as a Turnpike project. The bill authorizes, but does not require, the FDOT to implement the bridge acquisition, with preference given to implementation in the manner which is in the public's best interest. The FDOT may purchase or retire outstanding Santa Rosa Bay Bridge Authority (SRBBA) bonds, enter into any agreements necessary to implement the acquisition, and specify the terms and conditions of such agreements. The bill expressly approves the issuance of certain bonds to finance the acquisition.

The bill requires the acquisition price paid by the FDOT to be used first to settle all claims of bondholders of certain SRBBA bonds and prohibits the SRBBA, the FDOT, or the trustee for the bondholders from imposing a toll rate increase in connection with the bridge acquisition. After acquisition, the bill prohibits any increase in tolls for use of the bridge except as required by law or as required to comply with any bond covenants. In addition, the bill prohibits the total acquisition price from exceeding the present value of the gross revenues anticipated to be collected from operation of the bridge between the date of any purchase agreement and the end of the anticipated remaining useful life of the bridge.

Upon the FDOT's acquisition of the bridge:

- The bridge becomes a part of the State Highway System or a part of the turnpike system, depending upon the selected method of implementation;

- The lease-purchase agreement between the FDOT and the SRBBA is terminated; and
- Part IV of ch. 348, F.S., creating the SRBBA, is repealed.

The bill takes effect upon becoming law.

The fiscal impact of the bill is indeterminate because it is dependent upon the timing, terms, and conditions of any authorized agreement.

II. Present Situation:

In 2017, the Legislature required the FDOT to undertake an economic feasibility study relating to the acquisition of the Garcon Point Bridge and to submit the completed study to the Governor, Senate President, and House Speaker by January 1, 2018.¹ The FDOT, in consultation with the Division of Bond Finance (DBF), recently completed the study, detailing the history of the bridge and its debt and exploring potential avenues for its acquisition.²

History of the Santa Rosa Bay Bridge Authority/Garcon Point Bridge

The SRBBA is an agency of the state and an independent district, created in 1984 under part IV of ch. 348, F.S.³ The SRBBA has the right to acquire, hold, construct, improve, maintain, operate, own, and lease all or any part of the Santa Rosa Bay Bridge System.⁴ The “system” is comprised of the bridge, which is 3.5-miles spanning Pensacola/East Bay between Garcon Point and Redfish Point in southwest Santa Rosa County, and its related infrastructure, such as toll booths and access roads.⁵ The SRBBA may also fix, alter, charge, establish, and collect tolls, rates, fees, rentals, and other charges for the service and facilities of the system,⁶ and may borrow money and make and issue bonds.⁷ The SRBBA governing body consists of seven members,⁸ but has not held a meeting since June of 2014.⁹

Financing and Construction

The SRBBA began initial preparations for the bridge with funds loaned by the FDOT (from 1989 through 1994) totaling \$8.5 million from the Toll Facility Revolving Trust Fund (TFRTF) loan program. The funds were used for preliminary expenditures relating to planning, engineering, permitting, acquisition of right-of-way, and bridge design. The loans are non-interest bearing. Repayment of the principal is subordinate to the SRRBA’s debt service and administrative costs. The SRBBA was to repay fully the balance of the loans in 2006 but has made no payment since August of 1999. The majority of the payments the SRBBA did make were made with

¹Chapter 2017-42, s. 7, Laws of Fla.

² The FDOT’s *Economic Feasibility Study: State Acquisition of the Garcon Point Bridge*, December 2017, available at: <https://assets.sourcemediacom/0e/5e/3afb7ef5421c88b5eef18031a557/feasibility-study-fl-garcon-point-bridge-acquisition-unlocked.pdf>. (Last visited January 21, 2018).

³ Specifically, s. 348.967, F.S.

⁴ Section 348.968(1)(a), F.S.

⁵ *Feasibility Study* at p. 11.

⁶ Section 348.968(2)(f), F.S.

⁷ Section 348.968(2)(g), F.S.

⁸ Section 348.967(2)(a), F.S.

⁹ See the *Feasibility Study* at p. 17 and B-4 for details on board member resignations.

unexpended funds from the loans or from bond proceeds that funded construction, rather than paying with toll revenues generated by the bridge.¹⁰

In 1996, the SRBBA financed construction of the bridge by issuing \$95 million of revenue bonds, structured with a final maturity date of 2028 and secured by the gross toll revenues¹¹ generated by the bridge, as well as a debt service reserve funded with \$9.2 million in cash from proceeds of the bonds.

According to the study, the bridge faced almost immediate financial difficulty because the original traffic and revenue projections used to structure the 1996 bond issue were not achieved, and toll collection revenues continue to fall short of required debt service payments.¹² The outstanding balance on the TFRTF loans as of June 30, 2017, is \$7.9 million.¹³ The outstanding amount owed to bondholders as of July 1, 2017, is \$135.2 million.

The Lease-Purchase Agreement

Simultaneously with the bond issuance, the SRBBA and the FDOT entered into a lease purchase agreement (LPA), granting the FDOT exclusive possession and use of the bridge and requiring the FDOT to pay the costs of operating, maintaining, repairing, and insuring (O&M) the bridge. The LPA requires the FDOT to collect tolls on the bridge and remit them to the bond trustee as lease payments. The LPA term extends through the date on which all of the bonds and all amounts due to the FDOT (including the TFRTF loans and all O&M costs paid by the FDOT) have been repaid. The final payoff of the bonds is currently anticipated to extend well beyond 2028.¹⁴

The LPA requires the SRBBA to reimburse the FDOT for all O&M costs it incurs from available excess toll revenues. Under the LPA, the SRBBA's obligation to reimburse the FDOT for O&M costs is subordinate to all debt service, administrative costs, and repayment of the TFRTF loans. According to the study, the SRBBA has not reimbursed any of the FDOT's incurred O&M costs.¹⁵ The outstanding balance of the O&M costs as of June 30, 2017, is \$25.3 million.

In addition, if the bridge wears out before the bonds are fully paid, the state is obligated to cover the cost of a substantial renovation or rebuilding of the bridge. The DBF estimates that, if toll revenues remain at Fiscal Year 2017 levels, the SRBBA will be unable to pay off all amounts due to bondholders until Fiscal Year 2064, which is beyond the expected useful life of the bridge.¹⁶

The FDOT projects incurring an additional \$16.2 million of O&M costs over the next 11 years, "resulting in a total long-term liability of \$41.5 million in 2028 (the original termination date of

¹⁰ *Feasibility Study* at p. 6.

¹¹ According to the study, toll roads and other revenue bonds are typically secured by *net* revenues, which are those remaining after paying the cost of operations and maintenance. For more details, see the *Feasibility Study* at p. 15.

¹² *Feasibility Study* at p. 1.

¹³ *Id.* at p. 11.

¹⁴ *Id.* at p. 14

¹⁵ *Id.*

¹⁶ *Feasibility Study*, Question and Answer 7, at p. 6.

the LPA).”¹⁷ However, because the FDOT is committed to pay O&M expenses through the final payoff of the bonds, currently anticipated to extend well beyond 2028, the FDOT will likely be responsible for covering additional O&M costs.¹⁸

Default

Tolls from the bridge continued to be insufficient to cover the debt service, requiring the SRBBA to draw from the debt service reserve fund to make interest payments. Draws on the debt service reserve fund and insufficient surplus revenues with which to replenish it resulted in technical default in February of 2002.¹⁹ The bondholders, through their trustee, provided notice that toll revenues on hand and the remaining amount in the debt service reserve fund would be insufficient to make the debt service payments. On July 1, 2011, payment default occurred because the trustee was unable to make the full debt service payment.²⁰ The outstanding principal of the bonds was declared immediately due and payable in 2013 and, since then, the trustee has used all available gross toll revenues for partial payments on each debt service payment.²¹

Toll Increase Demand

After some initial toll rate increases scheduled between 1999 and 2011 in an attempt to address the bridge’s financial status, no further toll rate increases have been implemented.²² A planned toll rate increase to \$4.00 in 2014 contained in the SRBBA’s original toll rate plan has never been implemented. Because no functioning SRBBA board is in place to authorize a toll increase, the trustee in March of 2015, demanded that the FDOT immediately increase the toll for use of the bridge in amounts recommended by the trustee’s consultant. The FDOT disputes its legal obligation to increase the tolls.^{23, 24}

Study Conclusions

The feasibility study reviews options and alternative methods for potential acquisition of the bridge. Among other conclusions, the feasibility study recommends authorizing the Florida Turnpike Enterprise (Turnpike) to issue revenue bonds in order to purchase the bridge directly from the bondholders at a negotiated price limited to an amount that could be supported by the current bridge revenues. This would protect against negative impacts to the Turnpike’s credit rating. Precautions to insulate the Turnpike and the state from financial liability could include structuring the bonds so that current, rather than projected, toll revenues would represent at least 130-150% of the annual debt service requirements.

¹⁷ *Id.* at p. 14. An amendment to the original agreement also requires the FDOT to pay certain SRBBA administrative expenses, for which the FDOT is to be reimbursed “in the same manner that [the SRBBA] is required to reimburse the accrued O&M expenses.”

¹⁸ *Id.*

¹⁹ *Feasibility Study* at p. 17-18.

²⁰ *Id.* at p. 18.

²¹ *Id.* at p. 19.

²² *Id.* at p. 16-17.

²³ *Id.*

²⁴ Section 348.968(2)(f), F.S., requires tolls, rates, fees, rentals, and other charges to always be sufficient to comply with any covenants made with the bondholders. That right may be assigned or delegated by the SRBBA to the FDOT.

The DBF also recommends:

- Any Turnpike bonds used to fund the bridge acquisition should be issued in accordance with the State’s Debt Management Policies, as closely as possible, particularly requiring a level annual debt service structure, as opposed to the ascending structure of the SRBBA bonds.²⁵
- Issuing the Turnpike bonds with a traditional 10-year par call provision, which enables the Turnpike to prepay the bonds and refinance at lower interest rates when market rates are lower.²⁶
- An exception from the state’s debt management policies to allow a 30-year final maturity, instead of term-to-term refunding as is normally done, with the caveat that the FDOT verifies the maturity does not extend beyond the useful life of the bridge.²⁷

As the proceeds from the described bonds would be insufficient to pay off the full par amount (the amount paid to the bondholder at maturity)²⁸ of the outstanding bonds, the Turnpike could issue a subordinate limited obligation series of bonds, exclusively secured by excess toll revenues to the extent any are available after payment of debt service on the Turnpike acquisition bonds. According to the study, if no residual revenues are available in any given year, neither the Turnpike nor the state would be obligated to make any payment. If toll revenues are strong, the bondholders have the right to the increased revenues until they are fully paid. The limited obligation debt would be satisfied, and any further residual revenues could then be used to help cover ongoing O&M costs, reimburse the FDOT for previous O&M costs, and repay the TFRTF loans.

The study cautions no assurance exists that this scenario would occur prior to the end of the useful life of the bridge. “This means that the Bondholders and the State may never be fully repaid.”²⁹

The Turnpike System and Economic Feasibility

Current law defines “turnpike system” to mean “those limited access toll highways and associated feeder roads and other structures, appurtenances, or rights previously designated, acquired, or constructed pursuant to the Florida Turnpike Enterprise Law and such other additional turnpike projects as may be acquired or constructed as approved by the Legislature.”³⁰ Section 338.223(1)(a), F.S., requires any proposed turnpike project to be constructed or acquired as part of the turnpike system and any turnpike improvements to be included in the tentative work program. Such project or projects may not be included unless determined to be economically feasible.

²⁵ For more details, see the *Feasibility Study* at p. 12.

²⁶ *Id.* at p. 23.

²⁷ *Id.* at p. 23-24.

²⁸ Claire Boyte-White, *What is the Difference Between Par Value and Face Value?*, Investopedia.com. The amount paid to the bondholder at maturity. <https://www.investopedia.com/ask/answers/050415/what-difference-between-par-value-and-face-value.asp>. January 5, 2018 (Last visited February 15, 2018).

²⁹ *Id.* at p. 24-25.

³⁰ Section 338.221(6), F.S.

With respect to turnpike projects,³¹ s. 338.221(8), F.S., defines “economically feasible,” in general, to mean:

- The estimated net revenues of a “proposed project” will be sufficient to pay at least 50 percent of the annual debt service on the bonds associated with the project by the end of the 12th year of operation and to pay at least 100 percent of the debt service on the bonds by the end of the 30th year of operation. Up to 50 percent of the adopted work program costs of the project may be funded from turnpike revenues.
- For a turnpike project financed from revenues of the turnpike system, the project is expected to generate sufficient revenues to amortize project costs within 15 years of opening to traffic.

The feasibility study concludes that the recommended acquisition structure would satisfy the economic feasibility test contained in s. 338.221(8), F.S.³²

III. Effect of Proposed Changes:

Section 1 creates s. 338.168, F.S., to authorize the FDOT to acquire the Garcon Point Bridge, including related assets, as a non-Turnpike project. As part of such acquisition, the FDOT may purchase or retire outstanding SRBBA bonds. The FDOT may enter into any agreements necessary to implement the acquisition and may specify the terms and conditions of such agreements. The bill expressly approves the issuance of bonds to finance the acquisition, consistent with the FDOT’s existing bonding authority,³³ and in accordance with the state’s debt management policies, as practicable. Upon acquisition under this section, the bridge becomes part of the state highway system, and the LPA between the FDOT and the SRBBA is terminated. The FDOT would continue to be responsible for O&M expenses.

The bill requires the FDOT to determine the acquisition price, which may be based on, but not limited to, the following considerations:

- Current and expected toll revenues.
- Current debt owed by the SRBBA to the FDOT for O&M of the bridge and such expected future expenses.
- The outstanding bonded indebtedness of the SRBBA.
- The cost of determining the remaining useful life of the bridge.
- Future repair or replacements costs, including labor, materials, machinery, and equipment.
- Any engineering and legal expenses and charges.
- The cost of issuance of any bonds and all other expenses of issuance of bonds.
- Any financing charges.
- The creation of initial reserve and debt service funds.
- Administrative expenses.
- Such other expenses as may be necessary or incidental to the authorized acquisition or to future bridge repair or replacement costs or the financing thereof.

³¹ Section 338.221(9), F.S., defines “turnpike project” as any extension to or expansion of the existing turnpike system and new limited access toll highways and associated feeder roads, and other structure, interchanges, appurtenances, or rights as may be approved in accordance with the Florida Turnpike Enterprise Law.

³² *Feasibility Study* at p. 25.

³³ The FDOT is authorized in s. 334.044(16)(a), F.S., “to plan, acquire, lease, construct, maintain, and operate toll facilities; to authorize the issuance and refunding of bonds; and to fix and collect tolls or other charges for travel on any such facilities.”

The bill requires use of the acquisition price paid by the FDOT first to settle all claims of the bondholders of SRBBA Bonds, Series 1996, and prohibits the SRBBA, the FDOT, or the trustee for the bondholders from imposing a toll rate increase for use of the bridge in connection with the FDOT's acquisition. The bill also prohibits any increase in tolls for use of the bridge after its acquisition, except as required by law or as required to comply with covenants contained in any resolution under which the bonds are issued.

Neither the FDOT nor the state can incur any financial obligation for the acquisition of the bridge in excess of forecasted gross revenues from its operation. Thus, the bill provides that the total acquisition price paid by the FDOT may not exceed the present value of the gross revenues (calculated without any toll rate increase) anticipated to be collected between the date of any authorized purchase agreement and the end of the anticipated useful life of the bridge, as it exists as of the date of the purchase agreement.

The powers conferred by s. 338.168, F.S., are in addition and supplemental to the FDOT's existing powers, including s. 338.2275(4), F.S., relating to FDOT authority to acquire the bridge as a Turnpike project (discussed below in Section 3). The bill provides that s. 338.168, F.S., may not be construed as repealing any of the provisions of any other law or to supersede, repeal, rescind, or modify any other law or laws relating to the FDOT, the State Board of Administration, or the Florida Turnpike Enterprise Law,³⁴ but instead supersedes such other inconsistent law or laws.

Section 2 repeals part IV of ch. 348, F.S., upon acquisition of the bridge (consisting of ss. 348-965.348.9781, F.S.) pursuant to s. 338.168, F.S., thereby abolishing the SRBBA and its powers, duties, and related provisions.

Section 3 creates a new subsection (4) of s. 338.2275, F.S., to deem the acquisition of the Garcon Point Bridge to satisfy the definition of economic feasibility for acquisition of the bridge as a Turnpike project. The bill authorizes the FDOT to acquire the Garcon Point Bridge, including related assets and, as part of such acquisition, to purchase or retire outstanding SRBBA bonds. The FDOT may enter into any agreements necessary to implement the acquisition and may specify the terms and conditions of such agreements. The bill expressly approves the issuance of revenue bonds³⁵ to finance the acquisition. Upon acquisition under this section, the bridge becomes part of the Florida Turnpike Enterprise System within the FDOT. The Florida Turnpike Enterprise would then be responsible for O&M expenses.

The bill allows a portion of such revenue bonds to be limited financial obligations of the FDOT, payable only to the extent that the gross revenues from operation of the bridge after acquisition by the FDOT exceed the debt service on the other revenue bonds issued to finance the acquisition. If such limited obligations are issued, the FDOT is authorized, but is not required, to continue maintaining the bridge in a manner consistent with its covenants in the LPA.

³⁴ Sections 338.22-338.241, F.S.

³⁵ Section 338.227, F.S., governs the issuance of Turnpike revenue bonds. The principal of, and the interest on, such bonds are payable solely from turnpike system revenues.

The bill requires use of the acquisition price paid by the FDOT to first settle all claims of the bondholders of SRBBA Bonds, Series 1996, and prohibits the SRBBA, the FDOT, or the trustee from imposing a toll rate increase for use of the bridge in connection with the FDOT's acquisition. The bill also prohibits any increase in tolls for use of the bridge after its acquisition, except as required by law or as required to comply with covenants contained in any resolution under which the bonds are issued.

Neither the FDOT nor the state can incur any financial obligation for the acquisition of the bridge in excess of forecasted gross revenues from its operation. Thus, the bill provides that the total acquisition price paid by the FDOT may not exceed the present value of the gross revenues (calculated without any toll rate increase) anticipated to be collected between the date of any authorized purchase agreement and the end of the anticipated useful life of the bridge.

Upon acquisition of the bridge, this section of the bill terminates the existing lease purchase agreement, as amended, between the SRBBA and the FDOT.

The powers conferred by the new subsection of law are deemed in addition and supplemental to the FDOT's existing powers, including s. 338.168, F.S., relating to acquisition of the bridge as a non-Turnpike project. The bill provides that s. 338.2275(4), F.S., may not be construed as repealing any of the provisions of any other law or to supersede, repeal, rescind, or modify any other law or laws relating to the FDOT, the State Board of Administration, or the Florida Turnpike Enterprise Law, but instead supersedes such other inconsistent law or laws.

Section 4 repeals part IV of ch. 348, F.S., upon acquisition of the bridge (consisting of ss. 348.965, 348.9781, F.S.) pursuant to s. 338.2275(4), F.S., thereby abolishing the SRBBA and its powers, duties, and related provisions.

Section 5 expresses Legislative intent that the FDOT exercise its transportation responsibilities and expertise in the bridge acquisition through the authority granted in s. 338.168, F.S., or in s. 338.2275(4), F.S., as created by the bill. The FDOT is expressly authorized to implement the acquisition, pursuant to the alternative grants of authority, as either a turnpike or a non-Turnpike project, in the manner which is in the public's best interest.

Section 6 provides the bill takes effect upon becoming law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

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:

The fiscal impact of the bill is indeterminate because it is dependent upon the timing, terms, and conditions of any authorized agreement. However, to the extent that the bondholders' claims are satisfied, the bondholders will experience a positive fiscal impact.

C. Government Sector Impact:

The fiscal impact of the bill is indeterminate because it is dependent upon the timing, terms, and conditions of any authorized agreement. However, according to the feasibility study, "based on reasonable assumptions and projections, the amount that could be borrowed by Turnpike to finance an upfront cash payment to Bondholders to acquire the bridge is estimated to be \$75 million to \$100 million, but does not account for all pledged toll revenues."³⁶

If the SRBBA bonds remain outstanding at the end of the useful life of the bridge, the FDOT is responsible under the LPA to pay indeterminate costs for repairs and renovations to extend the bridge's useful life and may be responsible for future bridge replacement costs. Acquisition by the FDOT may allow funding of repairs, renovations, and replacement out of toll revenues or by using the FDOT's existing bonding authority or other work program resources. This would give the FDOT limited toll rate setting authority; *i.e.*, Consumer Price Indexing as required by s. 338.165(3), F.S.,³⁷ or as required to comply with covenants contained in any resolution under which the bonds are issued. Acquisition by the Turnpike Enterprise may allow the same repair, renovation, and replacement funding from toll revenues or Turnpike bond proceeds and would give the Turnpike Enterprise within the FDOT similar limited toll rate setting authority.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

³⁶ *Feasibility Study* at p. 2 and 3.

³⁷ The FDOT, including the Turnpike, is required to index toll rates on existing toll facilities to the annual Consumer Price Index or similar inflation indicators. The adjustments must be made no more than one a year and no less than once every 5 years as necessary to accommodate cash toll rate schedules. Additionally, "toll rates may be increased beyond these limits as directed by bond documents, covenants, or governing body authorization or pursuant to department administrative rule."

VIII. Statutes Affected:

This bill creates the following section of the Florida Statutes: 338.168.

This bill substantially amends the following sections of the Florida Statutes: 338.2275.

This bill repeals the following sections of the Florida Statutes: 348.965, 348.9781, 348.9771, 348.97, 348.971, 348.972, 348.973, 348.974, 348.9751, 348.9761, 348.966, 348.967, 348.968, and 348.969.

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 Transportation on January 25, 2018:

The committee substitute:

- Grants the FDOT alternative authority to acquire the Garcon Point Bridge, either as a non-Turnpike or a Turnpike project, with preference given to implementation in the manner which is in the public's best interest.
- As part of the acquisition under either grant of authority, authorizes the FDOT to purchase *or retire* SRBBA bonds.
- Provides that upon acquisition, the bridge becomes a part of the State Highway System or a part of the turnpike system, depending upon the selected method of implementation.
- Applies a number of provisions applicable to acquisition as a Turnpike project in the as-filed bill to acquisition as a non-Turnpike project. Such provisions include restricting the acquisition price and limiting the FDOT's and the state's financial obligations; prohibiting toll rate increases, with certain exceptions; and terminating the LPA between the FDOT and the SRBBA and repealing the statutes that created the SRBBA, if the bridge is acquired.

- B. **Amendments:**

None.

By the Committee on Transportation; and Senator Broxson

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1 A bill to be entitled
 2 An act relating to the Garcon Point Bridge; creating
 3 s. 338.168, F.S.; authorizing the Department of
 4 Transportation to acquire the Garcon Point Bridge and
 5 related assets and purchase or retire specified
 6 outstanding bonds; authorizing the department to enter
 7 into any agreements necessary to implement the
 8 acquisition and purchase or the retirement of the
 9 bonds; authorizing the department to specify the terms
 10 and conditions of such agreements; requiring that the
 11 bridge be owned by the department and become part of
 12 the State Highway System upon acquisition, if acquired
 13 under s. 338.168, F.S.; authorizing the issuance of
 14 bonds to finance the department's acquisition of the
 15 bridge consistent with the department's existing
 16 bonding authority; requiring such bonds to be issued
 17 in accordance with the state's debt management
 18 policies to the extent practicable; providing for the
 19 termination of a certain lease purchase agreement upon
 20 the department's acquisition of the bridge; requiring
 21 the department to determine the price for acquisition
 22 of the bridge; authorizing the department to base the
 23 price on specified considerations; requiring that the
 24 acquisition price paid by the department first be used
 25 to settle all claims of specified bondholders;
 26 prohibiting the Santa Rosa Bay Bridge Authority, the
 27 department, or the trustee for the bondholders from
 28 imposing certain toll rate increases; prohibiting the
 29 department and the state from incurring financial

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30 obligations in excess of forecasted gross revenues
 31 from the operation of the bridge; providing for the
 32 calculation of the maximum total acquisition price
 33 that may be paid by the department; providing that the
 34 powers conferred are in addition and supplemental to
 35 existing powers of the department; providing for
 36 construction; repealing part IV of ch. 348, F.S.,
 37 relating to the Santa Rosa Bay Bridge Authority, upon
 38 the department's acquisition of the bridge under s.
 39 338.168, F.S.; amending s. 338.2275, F.S.; deeming
 40 acquisition of the bridge to meet the definition of
 41 economic feasibility under s. 338.221(8), F.S.;
 42 authorizing the department to acquire the Garcon Point
 43 Bridge and related assets and purchase or retire
 44 specified outstanding bonds; authorizing the
 45 department to enter into any agreements necessary to
 46 implement the acquisition, including the purchase or
 47 retirement of the bonds; authorizing the department to
 48 specify the terms and conditions of such agreements;
 49 requiring that the bridge become part of the turnpike
 50 system upon acquisition if acquired under s. 338.2275,
 51 F.S.; authorizing the issuance of revenue bonds to
 52 finance the department's acquisition of the bridge;
 53 authorizing a portion of such bonds to be limited
 54 financial obligations of the department payable only
 55 to a certain extent; authorizing the department to
 56 agree to continue maintaining the bridge in a
 57 specified manner if such limited financial obligations
 58 are issued; requiring the acquisition price paid by

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59 the department to first be used to settle all claims
 60 of specified bondholders; prohibiting the authority,
 61 the department, or the trustee for the bondholders
 62 from imposing certain toll rate increases; prohibiting
 63 the department and the state from incurring financial
 64 obligations in excess of forecasted gross revenues
 65 from the operation of the bridge; providing for the
 66 calculation of the maximum total acquisition price
 67 that may be paid by the department; providing for the
 68 termination of a certain lease purchase agreement upon
 69 the department's acquisition of the bridge; providing
 70 that the powers conferred are in addition and
 71 supplemental to existing powers of the department;
 72 providing for construction; repealing part IV of ch.
 73 348, F.S., relating to the Santa Rosa Bay Bridge
 74 Authority, upon the department's acquisition of the
 75 bridge under s. 338.2275, F.S.; providing legislative
 76 intent; authorizing the department to implement the
 77 acquisition of the Garcon Point Bridge pursuant to the
 78 grant of authority contained in either s. 338.168,
 79 F.S. or s. 338.2275(4), F.S.; requiring the department
 80 to give preference to implementation of the
 81 acquisition in the manner which is in the best
 82 interest of the public; providing an effective date.

84 Be It Enacted by the Legislature of the State of Florida:

85
 86 Section 1. Section 338.168, Florida Statutes, is created to
 87 read:

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88 338.168 Garcon Point Bridge; acquisition by the department;
 89 bonds; complete and additional authority.--

90 (1) The department may acquire the Garcon Point Bridge,
 91 including related assets, and, as part of such acquisition, may
 92 purchase or retire outstanding Santa Rosa Bay Bridge Authority
 93 bonds. The department may enter into any agreements necessary to
 94 implement the acquisition, including the purchase or retirement
 95 of Santa Rosa Bay Bridge Authority bonds, and may specify the
 96 terms and conditions of such agreements. Upon its acquisition by
 97 the department, the Garcon Point Bridge shall be owned by the
 98 department and become part of the State Highway System.

99 (2) The issuance of bonds to finance the department's
 100 acquisition of the Garcon Point Bridge, consistent with the
 101 department's existing bonding authority, is approved. To the
 102 extent practicable, any such bonds must be issued in accordance
 103 with the state's debt management policies.

104 (3) Upon acquisition of the Garcon Point Bridge as
 105 authorized in this section, the lease purchase agreement dated
 106 October 23, 1996, between the Santa Rosa Bay Bridge Authority
 107 and the department, as amended, is terminated.

108 (4) The price paid by the department for the acquisition
 109 shall be determined by the department and may be based on, but
 110 not be limited to, the following considerations:

111 (a) Current and expected toll revenues.

112 (b) Current debt owed by the Santa Rosa Bay Bridge
 113 Authority to the department for operations and maintenance
 114 expenses of the bridge, and such expected future expenses.

115 (c) The outstanding bonded indebtedness of the Santa Rosa
 116 Bay Bridge Authority.

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117 (d) The cost of determining the remaining useful life of
 118 the bridge.
 119 (e) Future bridge repair or replacement costs, including
 120 labor, materials, machinery, and equipment.
 121 (f) Any engineering and legal expenses and charges.
 122 (g) The cost of issuance of any bonds and all other
 123 expenses of issuance of bonds.
 124 (h) Any financing charges.
 125 (i) The creation of initial reserve and debt service funds.
 126 (j) Administrative expenses.
 127 (k) Such other expenses as may be necessary or incidental
 128 to the acquisition authorized in this section or to future
 129 bridge repair or replacement costs, or to the financing thereof.
 130 (5) The acquisition price paid by the department must first
 131 be used to settle all claims of the bondholders of Santa Rosa
 132 Bay Bridge Authority Revenue Bonds, Series 1996.
 133 (6) The authority, the department, or the trustee for the
 134 bondholders may not impose a toll rate increase for use of the
 135 Garcon Point Bridge in connection with the acquisition of the
 136 bridge by the department. Following acquisition of the bridge by
 137 the department, no increase in tolls for use of the bridge is
 138 permitted except as required by law or as required to comply
 139 with the covenants contained in any resolution under which bonds
 140 have been issued.
 141 (7) Neither the department nor the state shall incur any
 142 financial obligation for the acquisition of the Garcon Point
 143 Bridge in excess of forecasted gross revenues from the operation
 144 of the bridge. Therefore, the total acquisition price paid by
 145 the department may not exceed the present value of the gross

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146 revenues, calculated without any increase in the toll rate,
 147 which are anticipated to be collected from the operation of the
 148 bridge between the date of any purchase agreement entered into
 149 in accordance with this section and the end of the anticipated
 150 remaining useful life of the bridge as it exists as of the date
 151 of the purchase agreement.
 152 (8) The powers conferred by this section shall be in
 153 addition and supplemental to the existing powers of the
 154 department, including s. 338.2275(4). This section shall not be
 155 construed as repealing any of the provisions of any other law,
 156 general, special, or local; or to supersede, repeal, rescind, or
 157 modify any other law or laws relating to the department, the
 158 State Board of Administration, or the Florida Turnpike
 159 Enterprise Law, ss. 338.22-338.241; but shall supersede such
 160 other law or laws as are inconsistent with the provisions of
 161 this section.
 162 Section 2. Upon acquisition of the Garcon Point Bridge by
 163 the department as authorized by s. 338.168, part IV of chapter
 164 348, Florida Statutes, consisting of ss. 348.965-348.9781,
 165 Florida Statutes, is repealed.
 166 Section 3. Subsection (4) is added to section 338.2275,
 167 Florida Statutes, to read:
 168 338.2275 Approved turnpike projects.-
 169 (4) (a) As directed by the Legislature, the department has
 170 conducted a feasibility study relating to the acquisition of the
 171 Garcon Point Bridge which the Legislature deems to satisfy the
 172 definition of economic feasibility in s. 338.221(8).
 173 Accordingly, the department may acquire the Garcon Point Bridge,
 174 including related assets, and, as part of such acquisition, may

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175 purchase or retire outstanding Santa Rosa Bay Bridge Authority
 176 bonds. The department may enter into any agreements necessary to
 177 implement the acquisition, including the purchase or retirement
 178 of Santa Rosa Bay Bridge Authority bonds, and to specify the
 179 terms and conditions of such agreements. Upon its acquisition by
 180 the department, the Garcon Point Bridge shall become a part of
 181 the turnpike system. Pursuant to s. 11(f), Art. VII of the State
 182 Constitution, the issuance of revenue bonds to finance the
 183 department's acquisition of the Garcon Point Bridge is approved.
 184 A portion of such revenue bonds may be limited financial
 185 obligations of the department payable only to the extent that
 186 the gross revenues from the operation of the bridge following
 187 acquisition by the department exceed the debt service on the
 188 other revenue bonds issued to finance the acquisition of the
 189 bridge. If limited obligations are issued, the department may
 190 agree to continue maintaining the bridge in a manner consistent
 191 with its covenants in the lease purchase agreement.

192 (b) The acquisition price paid by the department must first
 193 be used to settle all claims of bondholders of Santa Rosa Bay
 194 Bridge Authority Revenue Bonds, Series 1996.

195 (c) The authority, the department, or the trustee for
 196 bondholders may not impose a toll rate increase for use of the
 197 Garcon Point Bridge in connection with the acquisition of the
 198 bridge by the department. Following acquisition of the bridge by
 199 the department, no increase in tolls for use of the bridge is
 200 permitted except as required by law or as required to comply
 201 with the covenants contained in any resolution under which bonds
 202 have been issued.

203 (d) Neither the department nor the state shall incur any

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204 financial obligation for the acquisition of the Garcon Point
 205 Bridge in excess of forecasted gross revenues from the operation
 206 of the bridge. Therefore, the total acquisition price paid by
 207 the department may not exceed the present value of the gross
 208 revenues, calculated without any increase in the toll rate,
 209 which are anticipated to be collected from the operation of the
 210 bridge between the date of any purchase agreement entered into
 211 in accordance with this section and the end of the anticipated
 212 remaining useful life of the bridge as it exists as of the date
 213 of the purchase agreement.

214 (e) Upon acquisition of the Garcon Point Bridge as
 215 authorized by this subsection, the lease purchase agreement
 216 dated October 23, 1996, between the authority and the
 217 department, as amended, is terminated.

218 (f) The powers conferred by this subsection shall be in
 219 addition and supplemental to the existing powers of the
 220 department, including s. 338.168. This section shall not be
 221 construed as repealing any of the provisions of any other law,
 222 general, special, or local; or to supersede, repeal, rescind, or
 223 modify any other law or laws relating to the department, the
 224 State Board of Administration, or the Florida Turnpike
 225 Enterprise Law, ss. 338.22-338.241; but shall supersede such
 226 other law or laws as are inconsistent with the provisions of
 227 this section.

228 Section 4. Upon acquisition of the Garcon Point Bridge by
 229 the department as authorized by s. 338.2275(4), Florida
 230 Statutes, part IV of chapter 348, Florida Statutes, consisting
 231 of ss. 348.965-348.9781, Florida Statutes, is repealed.

232 Section 5. It is the intent of the Legislature in passing

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233 this act that the department exercises its transportation
234 responsibilities and expertise in selecting implementation of
235 the acquisition of the Garcon Point Bridge through the authority
236 granted in s. 338.168, Florida Statutes, or in s. 338.2275(4),
237 Florida Statutes, created by this act. Accordingly, the
238 department may implement the acquisition of the Garcon Point
239 Bridge pursuant to the grant of authority contained in either s.
240 338.168, Florida Statutes, or s. 338.2275(4), Florida Statutes,
241 giving preference to implementation in the manner which is in
242 the best interest of the public.

243 Section 6. This act shall take effect upon becoming a law.

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2-21-18

1436

Meeting Date

Bill Number (if applicable)

Topic Garyn Joint Bridge Amendment Barcode (if applicable)

Name Larry Sellers

Job Title _____

Address 315 S. Calhoun St. Phone 850 425 5670

City Tallahassee State FL Zip 32302 Email _____

Speaking: For Against Information In Support Against Waive Speaking: (The Chair will read this information into the record.)

Representing National Public Finance ~~Guarantee~~ Corp.

Appearing at request of Chair: Yes No Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

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 Appropriations Subcommittee on Transportation, Tourism, and Economic Development

BILL: PCS/CS/SB 1646 (952426)

INTRODUCER: Appropriations Subcommittee on Transportation, Tourism, and Economic Development; Commerce and Tourism Committee; and Senators Montford and Gainer

SUBJECT: Regional Rural Development Grants

DATE: February 21, 2018 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Swift</u>	<u>McKay</u>	<u>CM</u>	Fav/CS
2.	<u>Hrdlicka</u>	<u>Hrdlicka</u>	<u>ATD</u>	Recommend: Fav/CS
3.	_____	_____	<u>AP</u>	_____

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

I. Summary:

PCS/CS/SB 1646 amends the Regional Rural Development Grant Program to:

- Increase the maximum annual grant amount to \$250,000 from \$150,000 that three regional economic development organizations that serve the entire region of a rural area of opportunity may receive.
- Increase the funds allocated for the program to up to \$1 million annually from up to \$750,000 annually.
- Reduce the required match of non-state resources for grant funds from 100 percent to 25 percent of the state’s contribution.
- Define the uses of grant funds to build the professional capacity of regional economic development organizations; and
- Allow a regional economic development organization to use these grants to provide technical assistance to local governments, local economic development organizations, and existing and prospective businesses within the rural community it serves.

The bill amends the Rural Infrastructure Fund program to increase the grant awards to 50 percent of infrastructure project costs from 30 percent of infrastructure project costs (or 40 percent of projects costs at a catalyst site in a rural area of opportunity). The bill also amends the program to clarify that eligible infrastructure projects include access to broadband Internet service and require such projects that improve service and access must be through a partnership with a dealer of communications services that was publicly noticed and competitively bid. The bill requires the

Department of Economic Opportunity to review the grant program application and award procedures by September 1, 2019.

Related to contracts or agreements for the Regional Rural Development Grant Program or the Rural Infrastructure Fund, the bill:

- Requires contracts or agreements that include the spending of these funds to be posted online at least 14 days prior to execution.
- Requires a plain language version of the contract or agreement to be posted online, if the contract agreement exceeds \$35,000, is between certain entities, or is for certain purposes.
- Specifies required provisions for contracts or agreements expending state grant funds.

The bill has no impact on state funds. Under the bill, from the \$1.6 million recurring appropriation to the Rural Community Development Revolving Loan Fund, the Department of Economic Opportunity may expend up to \$1 million on the Rural Development Grant Program; if the maximum amount is expended on the grant program, then \$600,000 would be available for the loan fund (up to \$250,000 less annually).

The bill takes effect July 1, 2018.

II. Present Situation:

Rural Economic Development Initiative

The Rural Economic Development Initiative (REDI) was established in 1997 by the Legislature to encourage and facilitate the location and expansion of major economic development projects of significant scale in rural communities.¹ 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.² 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.

Rural Areas of Opportunity

A rural area of opportunity (RAO) is a rural community, or region of rural communities, that 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.³ By executive order, the Governor may designate up to three RAOs, establishing each region as a priority assignment for REDI agencies. The Governor can waive the criteria, requirements, or any similar provisions of any state economic development incentive for projects in a RAO.⁴

¹ Section 288.0656, F.S.

² Agencies required to participate in the REDI are found in s. 288.0656(6)(a), F.S.

³ Section 288.0656(1)(d), F.S.

⁴ Section 288.0656(7), F.S.

The currently designated RAOs are:⁵

- **Northwestern RAO:** Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Liberty, Wakulla, and Washington counties, and the City of Freeport in Walton County.
- **South Central RAO:** DeSoto, Glades, Hardee, Hendry, Highlands, and Okeechobee counties, and the cities of Pahokee, Belle Glade, South Bay (Palm Beach County), and Immokalee (Collier County).
- **North Central RAO:** Baker, Bradford, Columbia, Dixie, Gilchrist, Hamilton, Jefferson, Lafayette, Levy, Madison, Putnam, Suwannee, Taylor, and Union counties.

Regional Economic Development Organizations

Three regional economic development organizations that operate in the state coincide with the current RAOs. These public/private 501(c)(6) organizations provide economic development support to the local governments that represent the RAOs. Opportunity Florida serves the Northwestern RAO.⁶ Florida's Heartland Regional Economic Development Initiative, Inc., serves the South Central RAO.⁷ The North Florida Economic Development Partnership serves the North Central RAO.⁸

Regional Rural Development Grant Program⁹

The Regional Rural Development Grant Program was established to provide funding, through matching grants, to build the professional capacity of regional economic development organizations in Florida. Additionally, grants from the program may be used by an economic development organization to provide technical assistance to businesses within the rural counties and communities that the organization serves. The Department of Economic Opportunity (DEO) administers the grant program through contract with Enterprise Florida, Inc.

To be approved, an applying organization must provide proof to the DEO of:

- The organization's need for the assistance;
- The official commitments of support from all the local governments represented by the organization
- Financial or in-kind commitments to the organization by each local government and the private sector;
- The organization's existence and active involvement in economic development activities in the region; and
- The manner in which the organization coordinates its efforts with those of other local and state organizations.

⁵ Department of Economic Opportunity, *Rural Areas of Opportunity*, available at <http://www.floridajobs.org/community-planning-and-development/rural-community-programs/rural-areas-of-opportunity> (last visited February 15, 2018).

⁶ See generally, Opportunity Florida, available at <http://www.opportunityflorida.com/> (last visited February 15, 2018).

⁷ See generally, Florida's Heartland Regional Economic Development Initiative, Inc., available at <http://flaheartland.com/> (last visited February 15, 2018).

⁸ See generally, North Florida Economic Development Partnership, available at <http://nflp.org/>, (last visited February 15, 2018).

⁹ Section 288.018, F.S.

The maximum amount any organization can receive is \$50,000, or \$150,000 in a rural area of opportunity, and the grant must be matched by an equivalent amount of non-state resources. Because the Governor can waive criteria, requirements, or any similar provisions of any state economic development incentive in RAOs, the matching requirement is likely eligible to be waived.¹⁰ The DEO may expend up to \$750,000 each fiscal year from funds appropriated to the Rural Community Development Revolving Loan Fund for the program.

Rural Infrastructure Fund¹¹

The Rural Infrastructure Fund was created to facilitate the planning, preparation, and financing of tourism infrastructure and economic development projects that encourage job growth and capital investment in rural communities. The DEO administers the fund and awards grants that maximize the use of federal, local, and private resources.

There are three grants that DEO awards from this fund: the total project participation grant, the infrastructure feasibility grant, and the preclearance review grant.¹²

The total project participation grant allows for awards up to 30 percent of the total infrastructure project cost for projects related to access to federal funds; and up to 40 percent if the project is a RAO catalyst site.¹³ Eligible projects must be related to specific job creation or retention opportunities, and may include improving certain inadequate infrastructure that is prohibiting economic or community growth or reducing costs to community users of proposed infrastructure improvements that exceed costs in comparable communities. Infrastructure can include public or public-private partnership facilities, like storm water systems, roads, nature-based tourism facilities, and broadband facilities.

The infrastructure feasibility grant provides awards of up to 30 percent of the total project costs for infrastructure feasibility studies, design and engineering activities, or other infrastructure planning and preparation activities.¹⁴ Maximum awards are dependent on the number of jobs that a business commits to create and may be up to \$300,000 if the project is located in a RAO. The total project participation grant and infrastructure feasibility grant may be used in conjunction.

The preclearance review grant provides awards to help a local government participate in expedited permitting processes through technical assistance in preparing permit applications and local comprehensive plan amendments.¹⁵ Grants may be used for surveys, feasibility studies, and other activities related to the identification and preclearance review of land use modifications. Grants are limited to \$75,000 (or \$300,000 for a project in a RAO) and must be matched 50

¹⁰ Section 288.0656(7) and 288.018(1), F.S.

¹¹ Section 288.0655, F.S.

¹² Department of Economic Opportunity, *Rural Infrastructure Fund*, available at <http://www.floridajobs.org/community-planning-and-development/rural-community-programs/rural-infrastructure-fund> (last visited February 15, 2018).

¹³ Section 288.0655(2)(b), F.S. A “catalyst site” is “a parcel or parcels of land within a rural area of opportunity that has been prioritized as a geographic site for economic development through partnerships with state, regional, and local organizations. The site must be reviewed by REDI and approved by the department for the purposes of locating a catalyst project.”

Section 288.0656(2)(b), F.S.

¹⁴ Section 288.0655(2)(c), F.S.

¹⁵ Section 288.0655(2)(e), F.S. Expedited permitting is pursuant to s. 403.973(18), F.S.

percent with local funds (or 33 percent for a project in a RAO, or waived for a project in a catalyst site).

The DEO reviews and certifies the grant applications in consultation with Enterprise Florida, Inc., the Florida Tourism Industry Marketing Corporation (VISIT Florida), the Department of Environmental Protection, and the Florida Fish and Wildlife Conservation Commission, as appropriate.

In Fiscal Year 2017-2018, the funding appropriated for the Rural Infrastructure Fund was \$1.6 million.¹⁶

III. Effect of Proposed Changes:

Regional Rural Development Grant Program

Section 1 amends the Regional Rural Development Grants Program in s. 288.018, F.S., to specify what the term “building the professional capacity” of regional economic development organizations includes, revise and increase the grant amount for certain organizations in RAOs, and to require certain contract requirements.

The bill specifies that “building the professional capacity” of a regional economic development organizations includes hiring professional staff to develop, facilitate, and provide economic development professional services. Economic development services include technical assistance, education and leadership development, and marketing and project recruitment. Grant funds under the bill may be used for these purposes.

Currently, grant funds may be used to provide technical assistance to businesses within the area that the regional economic development organization services. The bill expands the use of the grant funds to allow technical assistance to be provided to local governments, local economic development organizations, and existing and prospective businesses.

Related to the grant amount for organizations in RAOs, the bill increases the maximum grant amount from \$150,000 to \$250,000 specifically for each of the three regional economic development organizations recognized by the DEO that are serving the entire region of each RAO currently: Opportunity Florida; Florida Heartland Regional Economic Region of Opportunity; and the North Florida Economic Development Partnership. Regional economic development organizations not located in a RAO would still be eligible for a \$50,000 grant and regional economic development organizations in a RAO would still be eligible for a \$150,000 grant.

The bill reduces the required match for a grant under this program to 25 percent of the state contribution, instead of the current requirement for a 100 percent match (one to one match).

¹⁶ Specific appropriation 2226Q, ch. 2017-70, L.O.F.

The bill increases the amount that the DEO may expend up each fiscal year on the program from up to \$750,000 to up to \$1 million. These funds are from the funds appropriated to the Rural Community Development Revolving Loan Fund.

Rural Infrastructure Fund

Section 2 amends the total project participation grant of the Rural Infrastructure Fund program in s. 288.0655, F.S., to increase the amount of the total infrastructure project costs that the grant can pay for from 30 percent to 50 percent. The bill repeals the grant award for up to 40 percent of total infrastructure project costs if the project is a RAO catalyst site.

The bill specifies that eligible projects may include improving certain inadequate infrastructure that reduces costs to community users of proposed infrastructure improvements that exceed costs in comparable communities, *including improving access to and the availability of broadband Internet service*. Further, eligible uses of funds are expanded to include “improvements to broadband Internet service and access in unserved or underserved rural communities.” Such eligible use must be conducted through a partnership or partnerships with one or more dealers of communications services,¹⁷ and the partnership must be established by a publicly noticed and competitively selected process.

The bill requires the DEO, in consultation with Enterprise Florida, Inc., the Florida Tourism Industry Marketing Corporation (VISIT Florida), the Department of Environmental Protection, and the Florida Fish and Wildlife Conservation Commission, to review and edit any guidelines or criteria for grant applications by September 1, 2019.

Contracts or Agreements Under the Regional Rural Development Grant Program and the Rural Infrastructure Fund

The bill amends both ss. 288.018 and 288.0655, F.S., relating to the Regional Rural Development Grant Program and the Rural Infrastructure Fund, respectively, to include the same requirements for contracts or agreements that expend grant funds.

The bill requires the contract or agreement to be posted on the contracting regional economic development organization’s or the DEO’s website for at least 14 days before execution. It is unclear from the text of the bill, but this may include the contract or agreement that the organization enters into with the DEO or Enterprise Florida, Inc., to receive the grant funds.

A contract or agreement to expend grant funds must include:

- The purpose of the contract or agreement;
- Specific performance standards and responsibilities of all involved parties;
- A detailed budget, if applicable;
- The value of services provided; and
- Estimated travel and entertainment expenses of board members and staff, if applicable.

¹⁷ A “dealer of communications services” is defined as a person registered with the Department of Revenue as a provider of communications services in this state. *See* s. 202.11, F.S.

These required contract provisions apply to any contract or agreement that expends grant funds, but the bill specifies that this include any contract or agreement between another entity and a regional economic development organization, a unit of local government, or an economic development organization substantially underwritten by a unit of local government. Again, it is unclear from the text of the bill, but this may include the contract or agreement that the organization enters into with the DEO or Enterprise Florida, Inc., to receive the grant funded.

The bill requires specific contracts or agreements that exceed \$35,000 and expend grant funds to be posted on the contracting regional economic development organization's or the DEO's website in a "plain language version." This applies to a contract or agreement with a private entity, a municipality, or a vendor of services, supplies, or programs (including marketing) or a contract or agreement for the purchase, lease, or use of lands, facilities, or properties.

Effective Date

The bill takes effect July 1, 2018.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

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:

The bill requires 25 percent of all disbursed Regional Rural Development Grant funds to be matched annually by a nonstate source, a reduction from the current 100 percent (one to one) match.

C. Government Sector Impact:

The Rural Community Development Revolving Loan Fund receives a recurring appropriation of \$1.6 million, of which up to \$750,000 is statutorily distributed to the Regional Rural Development Grant program. The bill increases the maximum grant

amount that three regional economic development organizations that serve the entire region of a RAO may receive, from \$150,000 to \$250,000 annually.

The bill increases the amount that the DEO may expend up each fiscal year on the program from up to \$750,000 to up to \$1 million. These funds are from the funds appropriated to the Rural Community Development Revolving Loan Fund. From the \$1.6 million recurring appropriation to the Rural Community Development Revolving Loan Fund, if the DEO expends the maximum amount on the Rural Development Grant Program (up to \$1 million annually), then at least \$600,000 would be available for the loan fund (up to \$250,000 less annually).

The Rural Infrastructure Fund receives a recurring appropriation of \$1.6 million. Specific inclusion of certain broadband Internet infrastructure projects as eligible for the total project participation grant may increase the competition for grant funds in the Rural Infrastructure Fund. Additionally, the bill increases the amount of total infrastructure project costs for which the grant will pay from 30 percent (or 40 percent if the project is at a catalyst site in a RAO) to 50 percent for all infrastructure projects, no matter the location. This change may lead to fewer grants awarded.

The cost to regional economic development organizations (Rural Development Grant Fund) to post contracts and “plain language” versions of contracts online is unknown. The DEO indicated that the bill would have no impact on state expenditures.¹⁸

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends sections 288.018 and 288.0655 of the Florida Statutes.

IX. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

Recommended CS/CS by Appropriations Subcommittee on Transportation, Tourism, and Economic Development on February 21, 2018:

The committee substitute:

- Revises the maximum grant amounts that may be awarded under the Rural Development Grant Program.

¹⁸ DEO, *2018 Agency Legislative Bill Analysis: SB 1646*, January 22, 2018.

- Increases the cap on the Rural Development Grant program from up to \$750,000 to up to \$1 million.
- Removes reference to 3 specifically named regional economic development organizations to receive grants under the Rural Development Grant program.
- Increases the amount of infrastructure project costs from 30 percent to 50 percent that a Rural Infrastructure Grant can be awarded to pay.
- Requires any infrastructure project funded for broadband Internet to be through a partnership with a communication services dealer, the partnership with which must be publicly noticed and competitively selected.

CS by Commerce and Tourism Committee on January 29, 2017:

The committee substitute made technical changes by correcting the name of a regional economic development organization.

B. Amendments:

None.



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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
02/21/2018	.	
	.	
	.	
	.	

Appropriations Subcommittee on Transportation, Tourism, and Economic Development (Montford) recommended the following:

Senate Amendment (with title amendment)

Delete everything after the enacting clause and insert:

Section 1. Subsections (1), (3), and (4) of section 288.018, Florida Statutes, are amended to read:

288.018 Regional Rural Development Grants Program.—

(1) (a) The department shall establish a matching grant program to provide funding to regional ~~regionally based~~ economic development organizations representing rural counties and



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11 communities to build for the purpose of building the
12 professional capacity of such regional economic development
13 ~~their~~ organizations. Building the professional capacity of
14 regional economic development organizations includes hiring
15 professional staff to develop, facilitate the delivery of, and
16 directly provide needed economic development professional
17 services, including technical assistance, education and
18 leadership development, marketing and project recruitment, and
19 other services that are important for rural economic
20 development. ~~Such~~ Matching grants may also be used by a regional
21 ~~an~~ economic development organization to provide technical
22 assistance to local governments, local economic development
23 organizations, and existing and prospective businesses within
24 the rural counties and communities that it serves.

25 (b) A regional economic development organization may apply
26 to the department for a matching grant each year. The department
27 is authorized to approve an application for a grant up to, ~~on an~~
28 ~~annual basis, grants:~~

29 1. Fifty thousand dollars to a regional economic
30 development organization;

31 2. One hundred fifty thousand dollars to an organization
32 located to such regionally based economic development
33 ~~organizations. The maximum amount an organization may receive in~~
34 ~~any year will be \$50,000, or \$150,000 in a rural area of~~
35 opportunity designated pursuant to s. 288.0656; or

36 3. Two hundred fifty thousand dollars to any of the three
37 regional economic development organizations that serve an entire
38 region of a rural area of opportunity designated pursuant to s.
39 288.0656 and that are recognized by the department as serving



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40 such regions.

41 (c) Grant funds received by a regional economic development
42 organization recommended by the Rural Economic Development
43 Initiative and designated by the Governor, and must be matched
44 each year by an equivalent amount of nonstate resources in an
45 amount equal to 25 percent of the state contribution.

46 (3) (a) A contract or agreement that involves the
47 expenditure of grant funds provided under this section must be
48 placed on the contracting regional economic development
49 organization's website at least 14 days before execution.

50 (b) A contract or agreement that involves the expenditure
51 of grant funds provided under this section, including a contract
52 or agreement entered into between another entity and a regional
53 economic development organization, a unit of local government,
54 or an economic development organization substantially
55 underwritten by a unit of local government, must include:

- 56 1. The purpose of the contract or agreement.
57 2. Specific performance standards and responsibilities for
58 each entity.
59 3. A detailed project or contract budget, if applicable.
60 4. The value of any services provided.
61 5. The projected travel and entertainment expenses for
62 employees and board members, if applicable.

63 (c) A plain language version of a contract or agreement
64 with a private entity, a municipality, or a vendor of services,
65 supplies, or programs, including marketing, or for the purchase
66 or lease or use of lands, facilities, or properties which
67 involves the expenditure of grant funds provided under this
68 section and which is estimated to exceed \$35,000 must be posted



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69 on the contracting regional economic development organization's
70 website ~~The department may also contract for the development of~~
71 ~~an enterprise zone web portal or websites for each enterprise~~
72 ~~zone which will be used to market the program for job creation~~
73 ~~in disadvantaged urban and rural enterprise zones. Each~~
74 ~~enterprise zone web page should include downloadable links to~~
75 ~~state forms and information, as well as local message boards~~
76 ~~that help businesses and residents receive information~~
77 ~~concerning zone boundaries, job openings, zone programs, and~~
78 ~~neighborhood improvement activities.~~

79 (4) The department may expend up to \$1,000,000 ~~\$750,000~~
80 each fiscal year from funds appropriated to the Rural Community
81 Development Revolving Loan Fund for the purposes outlined in
82 this section. The department may contract with Enterprise
83 Florida, Inc., for the administration of the purposes specified
84 in this section. Funds released to Enterprise Florida, Inc., for
85 this purpose shall be released quarterly and shall be calculated
86 based on the applications in process.

87 Section 2. Subsection (5) of section 288.0655, Florida
88 Statutes, is redesignated as subsection (6), paragraph (b) of
89 subsection (2) and subsection (4) of that section are amended,
90 and a new subsection (5) is added to that section, to read:

91 288.0655 Rural Infrastructure Fund.—

92 (2) (b) To facilitate access of rural communities and rural
93 areas of opportunity as defined by the Rural Economic
94 Development Initiative to infrastructure funding programs of the
95 Federal Government, such as those offered by the United States
96 Department of Agriculture and the United States Department of
97 Commerce, and state programs, including those offered by Rural



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98 Economic Development Initiative agencies, and to facilitate
99 local government or private infrastructure funding efforts, the
100 department may award grants for up to 50 ~~30~~ percent of the total
101 infrastructure project cost. ~~If an application for funding is~~
102 ~~for a catalyst site, as defined in s. 288.0656, the department~~
103 ~~may award grants for up to 40 percent of the total~~
104 ~~infrastructure project cost.~~ Eligible projects must be related
105 to specific job-creation or job-retention opportunities.
106 Eligible projects may also include improving any inadequate
107 infrastructure that has resulted in regulatory action that
108 prohibits economic or community growth or reducing the costs to
109 community users of proposed infrastructure improvements that
110 exceed such costs in comparable communities, which includes
111 improving access to and the availability of broadband Internet
112 service. Eligible uses of funds shall include improvements to
113 public infrastructure for industrial or commercial sites, and
114 upgrades to or development of public tourism infrastructure, and
115 improvements to broadband Internet service and access in
116 unserved or underserved rural communities. Improvements to
117 broadband Internet service and access must be conducted through
118 a partnership or partnerships with one or more dealers of
119 communications services, as defined in s. 202.11(2), and the
120 partnership must be established by a publicly noticed and
121 competitively selected process. Authorized infrastructure may
122 include the following public or public-private partnership
123 facilities: storm water systems; telecommunications facilities;
124 broadband facilities; roads or other remedies to transportation
125 impediments; nature-based tourism facilities; or other physical
126 requirements necessary to facilitate tourism, trade, and



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127 economic development activities in the community. Authorized
128 infrastructure may also include publicly or privately owned
129 self-powered nature-based tourism facilities, publicly owned
130 telecommunications facilities, and broadband facilities, and
131 additions to the distribution facilities of the existing natural
132 gas utility as defined in s. 366.04(3)(c), the existing electric
133 utility as defined in s. 366.02, or the existing water or
134 wastewater utility as defined in s. 367.021(12), or any other
135 existing water or wastewater facility, which owns a gas or
136 electric distribution system or a water or wastewater system in
137 this state where:

138 1. A contribution-in-aid of construction is required to
139 serve public or public-private partnership facilities under the
140 tariffs of any natural gas, electric, water, or wastewater
141 utility as defined herein; and

142 2. Such utilities as defined herein are willing and able to
143 provide such service.

144 (4) By September 1, 2019 ~~2012~~, the department shall, in
145 consultation with the organizations listed in subsection (3),
146 and other organizations, reevaluate existing guidelines and
147 criteria governing submission of applications for funding,
148 review and evaluation of such applications, and approval of
149 funding under this section. The department shall consider
150 factors including, but not limited to, the project's potential
151 for enhanced job creation or increased capital investment, the
152 demonstration and level of local public and private commitment,
153 whether the project is located ~~in an enterprise zone~~, in a
154 community development corporation service area, or in an urban
155 high-crime area as designated under s. 212.097, the unemployment



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156 rate of the county in which the project would be located, and
157 the poverty rate of the community.

158 (5) (a) A contract or agreement that involves the
159 expenditure of grant funds provided under this section must be
160 placed on the department's website at least 14 days before
161 execution.

162 (b) A contract or agreement that includes the expenditure
163 of grant funds provided under this section, including a contract
164 or agreement entered into between an entity and a regional
165 economic development organization, a unit of local government,
166 or an economic development organization substantially
167 underwritten by a unit of local government, must include:

- 168 1. The purpose of the contract or agreement.
169 2. Specific performance standards and responsibilities for
170 each entity.
171 3. A detailed project or contract budget, if applicable.
172 4. The value of any services provided.
173 5. The projected travel and entertainment expenses for
174 employees and board members, if applicable.

175 (c) A plain language version of a contract or agreement
176 with a private entity, a municipality, or a vendor of services,
177 supplies, or programs, including marketing, or for the purchase
178 or lease or use of lands, facilities, or properties which
179 involves the expenditure of grant funds provided under this
180 section and which is estimated to exceed \$35,000 must be posted
181 on the department's website.

182 Section 3. This act shall take effect July 1, 2018.

183
184 ===== T I T L E A M E N D M E N T =====



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185 And the title is amended as follows:

186 Delete everything before the enacting clause
187 and insert:

188 A bill to be entitled

189 An act relating to regional rural development grants;
190 amending s. 288.018, F.S.; providing that regional
191 rural development grants may be used to hire regional
192 economic development organization professional staff;
193 authorizing the use of matching grant funds to provide
194 technical assistance to certain entities; increasing
195 the annual maximum amount of grant funding that
196 specified economic development organizations may
197 receive; revising the amount of nonstate matching
198 funds required; increasing the amount the Department
199 of Economic Opportunity may expend each fiscal year
200 for the program; requiring that contracts or
201 agreements involving the expenditure of grant funds be
202 placed on a certain website for a specified time
203 period; requiring that certain information be included
204 in a contract or agreement involving the expenditure
205 of grant funds; requiring that a plain language
206 version of certain contracts or agreements be placed
207 on a certain website; deleting an obsolete provision
208 authorizing the Department of Economic Opportunity to
209 contract for the development of certain enterprise
210 zone web portals or websites; amending s. 288.0655,
211 F.S.; increasing the maximum percent of total
212 infrastructure project costs for which the department
213 may award a grant; repealing a provision for increased



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214 maximum percent of total infrastructure project costs
215 that may be awarded for a catalyst site; providing
216 that improving access to and availability of broadband
217 Internet service may be included in a project that is
218 eligible for rural infrastructure grant funds;
219 providing that grants for improvements to broadband
220 Internet service and access must be conducted through
221 certain partnerships; extending the date by which the
222 department is required to reevaluate certain
223 guidelines and criteria; requiring that contracts or
224 agreements involving the expenditure of grant funds be
225 placed on a certain website for a specified time
226 period; requiring that certain information be included
227 in a contract or agreement involving the expenditure
228 of grant funds; requiring that a plain language
229 version of certain contracts or agreements be placed
230 on a certain website; providing an effective date.

By the Committee on Commerce and Tourism; and Senators Montford
and Gainer

577-02597-18

20181646c1

1 A bill to be entitled
2 An act relating to regional rural development grants;
3 amending s. 288.018, F.S.; providing that regional
4 rural development grants may be used to hire regional
5 economic development organization professional staff;
6 authorizing the use of matching grant funds to provide
7 technical assistance to certain entities; increasing
8 the annual maximum amount of grant funding that
9 specified economic development organizations may
10 receive; revising the amount of nonstate matching
11 funds required; requiring that contracts or agreements
12 involving the expenditure of grant funds be placed on
13 a certain website for a specified time period;
14 requiring that certain information be included in a
15 contract or agreement involving the expenditure of
16 grant funds; requiring that a plain language version
17 of certain contracts or agreements be placed on a
18 certain website; deleting a provision authorizing the
19 Department of Economic Opportunity to contract for the
20 development of certain enterprise zone web portals or
21 websites; amending s. 288.0655, F.S.; providing that
22 improving access to and availability of broadband
23 Internet service may be included in a project that is
24 eligible for rural infrastructure grant funds;
25 extending the date by which the department is required
26 to reevaluate certain guidelines and criteria;
27 revising the factors that the department must consider
28 when awarding grant funds; requiring that contracts or
29 agreements involving the expenditure of grant funds be

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30 placed on a certain website for a specified time
31 period; requiring that certain information be included
32 in a contract or agreement involving the expenditure
33 of grant funds; requiring that a plain language
34 version of certain contracts or agreements be placed
35 on a certain website; providing an effective date.
36

37 Be It Enacted by the Legislature of the State of Florida:
38

39 Section 1. Subsections (1) and (3) of section 288.018,
40 Florida Statutes, are amended to read:

41 288.018 Rural Development Grants Program.—

42 (1) The department shall establish a matching grant program
43 to provide funding to regional ~~regionally based~~ economic
44 development organizations representing rural counties and
45 communities to build for the purpose of building the
46 professional capacity of such regional economic development
47 ~~their~~ organizations. Building the professional capacity of
48 regional economic development organizations includes hiring
49 professional staff to develop, facilitate the delivery of, and
50 directly provide needed economic development professional
51 services, including technical assistance, education and
52 leadership development, marketing and project recruitment, and
53 other services that are important for rural economic
54 development. ~~Such~~ Matching grants may also be used by a regional
55 ~~an~~ economic development organization to provide technical
56 assistance to local governments, local economic development
57 organizations, and existing and prospective businesses within
58 the rural counties and communities that it serves. The

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59 department is authorized to approve, on an annual basis, grants
60 to such ~~regional regionally based~~ economic development
61 organizations. The maximum amount an organization may receive in
62 any year ~~is will be~~ \$50,000, or \$250,000 for each of the three
63 regional economic development organizations serving rural areas
64 of opportunity designated pursuant to s. 288.0656. The three
65 regional economic development organizations include the North
66 Florida Economic Development Partnership, Opportunity Florida,
67 and Florida Heartland Economic Region of Opportunity. Grant
68 funds received by a regional economic development organization
69 \$150,000 in a rural area of opportunity recommended by the Rural
70 Economic Development Initiative and designated by the Governor,
71 and must be matched each year by an equivalent amount of
72 nonstate resources in an amount equal to 25 percent of the state
73 contribution.

74 (3) (a) A contract or agreement that involves the
75 expenditure of grant funds provided under this section must be
76 placed on the contracting regional economic development
77 organization's website for review at least 14 days before
78 execution.

79 (b) A contract or agreement that involves the expenditure
80 of grant funds provided under this section, including a contract
81 or agreement entered into between another entity and a regional
82 economic development organization, a unit of local government,
83 or an economic development organization substantially
84 underwritten by a unit of local government, must include:

85 1. The purpose of the contract or agreement.

86 2. Specific performance standards and responsibilities for
87 each entity.

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88 3. A detailed project or contract budget, if applicable.
89 4. The value of any services provided.
90 5. The projected travel and entertainment expenses for
91 employees and board members, if applicable.
92 (c) A plain language version of a contract or agreement
93 with a private entity, a municipality, or a vendor of services,
94 supplies, or programs, including marketing, or for the purchase
95 or lease or use of lands, facilities, or properties which
96 involves the expenditure of grant funds provided under this
97 section and which is estimated to exceed \$35,000 must be posted
98 on the contracting regional economic development organization's
99 website. The department may also contract for the development of
100 an enterprise zone web portal or websites for each enterprise
101 zone which will be used to market the program for job creation
102 in disadvantaged urban and rural enterprise zones. Each
103 enterprise zone web page should include downloadable links to
104 state forms and information, as well as local message boards
105 that help businesses and residents receive information
106 concerning zone boundaries, job openings, zone programs, and
107 neighborhood improvement activities.

108 Section 2. Subsection (5) of section 288.0655, Florida
109 Statutes, is redesignated as subsection (6), paragraph (b) of
110 subsection (2) and subsection (4) of that section are amended,
111 and a new subsection (5) is added to that section, to read:

112 288.0655 Rural Infrastructure Fund.—

113 (2) (b) To facilitate access of rural communities and rural
114 areas of opportunity as defined by the Rural Economic
115 Development Initiative to infrastructure funding programs of the
116 Federal Government, such as those offered by the United States

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117 Department of Agriculture and the United States Department of
 118 Commerce, and state programs, including those offered by Rural
 119 Economic Development Initiative agencies, and to facilitate
 120 local government or private infrastructure funding efforts, the
 121 department may award grants for up to 30 percent of the total
 122 infrastructure project cost. If an application for funding is
 123 for a catalyst site, as defined in s. 288.0656, the department
 124 may award grants for up to 40 percent of the total
 125 infrastructure project cost. Eligible projects must be related
 126 to specific job-creation or job-retention opportunities.
 127 Eligible projects may also include improving any inadequate
 128 infrastructure that has resulted in regulatory action that
 129 prohibits economic or community growth or reducing the costs to
 130 community users of proposed infrastructure improvements that
 131 exceed such costs in comparable communities, which includes
 132 improving access to and the availability of broadband Internet
 133 service. Eligible uses of funds shall include improvements to
 134 public infrastructure for industrial or commercial sites, ~~and~~
 135 upgrades to or development of public tourism infrastructure, and
 136 improvements to broadband Internet service and access in
 137 unserved or underserved rural communities. Authorized
 138 infrastructure may include the following public or public-
 139 private partnership facilities: storm water systems;
 140 telecommunications facilities; broadband facilities; roads or
 141 other remedies to transportation impediments; nature-based
 142 tourism facilities; or other physical requirements necessary to
 143 facilitate tourism, trade, and economic development activities
 144 in the community. Authorized infrastructure may also include
 145 publicly or privately owned self-powered nature-based tourism

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146 facilities, publicly owned telecommunications facilities, and
 147 broadband facilities, and additions to the distribution
 148 facilities of the existing natural gas utility as defined in s.
 149 366.04(3)(c), the existing electric utility as defined in s.
 150 366.02, or the existing water or wastewater utility as defined
 151 in s. 367.021(12), or any other existing water or wastewater
 152 facility, which owns a gas or electric distribution system or a
 153 water or wastewater system in this state where:

154 1. A contribution-in-aid of construction is required to
 155 serve public or public-private partnership facilities under the
 156 tariffs of any natural gas, electric, water, or wastewater
 157 utility as defined herein; and

158 2. Such utilities as defined herein are willing and able to
 159 provide such service.

160 (4) By September 1, ~~2012~~ 2019, the department shall, in
 161 consultation with the organizations listed in subsection (3),
 162 and other organizations, reevaluate existing guidelines and
 163 criteria governing submission of applications for funding,
 164 review and evaluation of such applications, and approval of
 165 funding under this section. The department shall consider
 166 factors including, but not limited to, the project's potential
 167 for enhanced job creation or increased capital investment, the
 168 demonstration and level of local public and private commitment,
 169 whether the project is located ~~in an enterprise zone~~, in a
 170 community development corporation service area, or in an urban
 171 high-crime area as designated under s. 212.097, the unemployment
 172 rate of the county in which the project would be located, and
 173 the poverty rate of the community.

174 (5) (a) A contract or agreement that involves the

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175 expenditure of grant funds provided under this section must be
176 placed on the department's website for review at least 14 days
177 before execution.

178 (b) A contract or agreement that includes the expenditure
179 of grant funds provided under this section, including a contract
180 or agreement entered into between an entity and a regional
181 economic development organization, a unit of local government,
182 or an economic development organization substantially
183 underwritten by a unit of local government, must include:

- 184 1. The purpose of the contract or agreement.
- 185 2. Specific performance standards and responsibilities for
186 each entity.
- 187 3. A detailed project or contract budget, if applicable.
- 188 4. The value of any services provided.
- 189 5. The projected travel and entertainment expenses for
190 employees and board members, if applicable.

191 (c) A plain language version of a contract or agreement
192 with a private entity, a municipality, or a vendor of services,
193 supplies, or programs, including marketing, or for the purchase
194 or lease or use of lands, facilities, or properties which
195 involves the expenditure of grant funds provided under this
196 section and which is estimated to exceed \$35,000 must be posted
197 on the department's website.

198 Section 3. This act shall take effect July 1, 2018.

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/21

Meeting Date

1696

Bill Number (if applicable)

324048

Amendment Barcode (if applicable)

Topic Real Development Grants

Name CASEY REED

Job Title State Director Legislative Affairs

Address 150 S. MONROE ST. SUITE 1002 Phone (850) 591-6002

Street

Tallahassee

City

FL

State

32301

Zip

Email CZR8245@ATT.com

Email

Speaking: For Against Information

ATTN

Representing _____

Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2-21-18

Meeting Date

1646

Bill Number (if applicable)

Topic Regional Rural Dev. Grants

Name Richard Gentry

Amendment Barcode (if applicable)

Job Title

Address 2305 BRAEBURN CIR.

Phone 251-1837

Street

City Tall. FL

State

Zip

32309

Email RGENTRY@comcast.net

Speaking:

For

Against

Information

Waive Speaking: In Support Against

(The Chair will read this information into the record.)

Representing Stand Up for North Florida

Yes

No

Lobbyist registered with Legislature:

Yes

No

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THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/21/2018

Meeting Date

SB 1646

Bill Number (if applicable)

Topic Regional Rural Development Grants

Amendment Barcode (if applicable)

Name Greg Turbeville

Job Title _____

Address 201 E. Park Ave

Phone 850-577-0444

Street

TLH

FL

32301

City

State

Zip

Email greg@ballardfl.com

Speaking: For

Against

Information

In Support

Against

(The Chair will read this information into the record.)

Representing Florida's Great Northwest

Appearing at request of Chair: Yes

No

Lobbyist registered with Legislature: Yes

No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/21/18
Meeting Date

1646
Bill Number (if applicable)

Topic Rural Economic Development Amendment Barcode (if applicable)

Name Jeff Hendry

Job Title Executive Director, North Florida Economic Development Partnership

Address 3200 Commonwealth Blvd, Suite 7 Phone

Tallahassee, FL 32303 Email

City State Zip

Speaking: For Against Information Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing North Florida Economic Development Partnership

Appearing at request of Chair: Yes No Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/21/18

Meeting Date

1046

Bill Number (if applicable)

Topic Rural Development Grants

Amendment Barcode (if applicable)

Name Carolyn Johnson

Job Title Policy Director

Address 136 S Bronough St

Phone 521-1200

City Tallahassee State FL Zip 32301

Email sjohnson@flchamber.com

Speaking: For Against Information In Support Against

Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing FL chamber of commerce

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2-21-18

Meeting Date

DNS

1646

Bill Number (if applicable)

Topic RURAL ECONOMIC DEVELOPMENT

Amendment Barcode (if applicable)

Name Chris Doolin

Job Title CONSULTANT

Address 1118 B. THOMASVILLE ROAD Phone 850-508-5492

City TALLAHASSEE, FLA. State Zip 32308 Email cdoolin@net-tally.com

Speaking: For Against Information

Waive Speaking: In Support Against
(The Chair will read this information into the record.)

Representing Small County Coalition

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.



THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

COMMITTEES:
Appropriations Subcommittee on Higher Education, *Chair*
Appropriations Subcommittee on Transportation, Tourism, and Economic Development
Education
Governmental Oversight and Accountability
Rules
Transportation

JOINT COMMITTEE:
Joint Legislative Budget Commission

SENATOR BILL GALVANO

21st District

February 21, 2018

Senator Wilton Simpson
404 South Monroe Street
201 Capitol
Tallahassee, FL 32399

Dear Chairman Simpson:

I am writing to request approval to be excused from the Appropriation Subcommittee on Transportation, Tourism, and Economic Development meeting held today. I apologize for the delay in submitting this request.

I appreciate your consideration in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Galvano".

Bill Galvano

cc: Jennifer Hrdlicka
Tempie Sailors

REPLY TO:

- 1023 Manatee Avenue West, Suite 201, Bradenton, Florida 34205 (941) 741-3401
- 420 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5021

Senate's Website: www.flsenate.gov

JOE NEGRON
President of the Senate

ANITERE FLORES
President Pro Tempore

CourtSmart Tag Report

Room: EL 110

Case No.:

Type:

Caption: Appropriations Subcommittee on Transportation, Tourism, and Economic Development Judge:

Started: 2/21/2018 1:32:19 PM

Ends: 2/21/2018 1:52:53 PM

Length: 00:20:35

1:32:20 PM Call to Order Sen. Simpson (Chair)
1:32:21 PM Roll Call
1:32:42 PM Quorum Present
1:32:44 PM Sen. Simpson
1:33:23 PM TAB 5 - CS/SB1646 Regional Rural Development Grants by Sen. Montford
1:33:29 PM Sen. Montford
1:35:08 PM Sen. Simpson
1:35:22 PM Am 324048 by Sen. Montford
1:36:29 PM Sen. Simpson
1:36:42 PM Casey Reed, State Dir., Legislative Affairs, ATT, waives in support
1:36:44 PM Sen. Simpson
1:36:56 PM Am 324048 Adopted
1:36:57 PM Sen. Simpson
1:37:00 PM CS/SB 1646 (cont)
1:37:07 PM Richard Gentry, Stand Up for North Florida
1:37:11 PM Sen. Simpson
1:37:12 PM Greg Tubeville, Florida's Great Northwest, waives in support
1:37:16 PM Jeff Hendry, Executive Dir., North Florida Economic Development Partnership, waives in support
1:37:20 PM Carolyn Johnson, Florida Chamber of Commerce, waives in support
1:37:28 PM Sen. Simpson
1:37:32 PM Sen. Montford waives to close
1:37:40 PM Roll call
1:38:02 PM CS/SB1646 reported favorable
1:38:24 PM TAB 4 - CS/SB 1436 Garcon Point Bridge by Sen. Broxson
1:38:27 PM Sen. Broxson
1:39:23 PM Sen. Simpson
1:39:31 PM Larry Sellers, National Public Finance Guarantee Corp, waives in support
1:39:38 PM Sen. Simpson
1:39:41 PM Sen. Broxson waives to close
1:39:45 PM Roll call
1:40:08 PM CS/SB 1436 Favorable
1:40:35 PM TAB 3 - SB 1328 Affordable Housing by Sen. Perry
1:40:42 PM Sen. Perry
1:40:53 PM Sen. Simpson
1:41:19 PM Am 437732 Delete All
1:41:20 PM Sen. Perry
1:41:33 PM Sen. Simpson
1:41:57 PM Am 869528 by Sen. Gibson
1:42:26 PM Sen. Simpson
1:43:06 PM Corey Mathews, Executive Dir., Fl. Assn of Housing & Redevelopment Officials
1:43:09 PM Sen. Simpson
1:43:19 PM Sen. Gibson waives to close
1:43:38 PM Am 869528 adopted
1:43:40 PM Sen. Simpson
1:43:43 PM Sen. Perry waives close
1:43:58 PM AM 437732 Adopted
1:44:03 PM Sen. Simpson
1:44:06 PM Sen. Gibson
1:44:08 PM Sen. Simpson
1:44:10 PM AM 715560 withdrawn
1:44:13 PM Sen. Simpson
1:44:23 PM Thomas Hawkins, Policy and Planning Dir., 1000 Friends of Florida,

1:44:24 PM Sen. Simpson
1:44:31 PM Jacqueline Peters, Dir. of External Affairs, Florida Housing Finance Corp, waives in support
1:44:34 PM Sen. Simpson
1:44:40 PM Sen. Perry
1:44:57 PM Roll Call
1:45:22 PM CS/SB1328 favorable
1:45:39 PM Recording Paused
1:46:54 PM Recording Resumed
1:46:59 PM Sen. Simpson
1:47:13 PM TAB 1 - CS/SB 852 Florida Smart City Challenge Grant Program by Sen. Brandes
1:47:41 PM Sen. Simpson
1:47:49 PM AM 137428 by Sen. Brandes
1:47:57 PM Sen. Simpson
1:48:11 PM Am 137428 adopted
1:48:13 PM Sen. Simpson
1:48:14 PM Sarah Busk, TechNet, waives in support
1:48:33 PM Sen. Simpson
1:48:40 PM Jay Liles, Seaside Institute, waives in support
1:48:47 PM Sen. Simpson
1:48:50 PM Susan Harbin Alford, Sr. Associate Dir., Public Policy FI Assn. Counties, waives in support
1:48:51 PM Sen. Simpson
1:48:52 PM Stephanie Smith, UBER, waives in support
1:48:53 PM Sen. Simpson
1:48:55 PM Jeff Branch, Legislative Advocate, Florida League of Cities, waives in support
1:49:01 PM Sen. Simpson
1:49:03 PM Jeffrey Sharkey, Tesla Motors, waives in support
1:49:05 PM Sen. Simpson
1:49:15 PM Rosanna Catalona, Lobbyist, NU-Vehicle Corp,
1:49:18 PM Sen. Simpson
1:49:26 PM Sen. Brandes
1:49:37 PM Sen. Simpson
1:49:40 PM Roll Call
1:50:15 PM Sen. Simpson
1:50:43 PM CS/SB 852 Favorable
1:51:01 PM Sen. Simpson
1:51:16 PM TAB 2 - CS/SB1314 Florida Capital Formation Act by Brandes
1:51:21 PM Sen. Brandes
1:51:25 PM Sen. Simpson
1:51:26 PM Am 953104 by Sen. Brandes
1:51:27 PM Sen. Brandes waives to close
1:51:30 PM Sen. Simpson CS/SB 1314 (cont)
1:51:38 PM Lawrence Tinker, EIR, Florida Institute for the Commercialization of Public Research, waives in support
1:51:47 PM Jackson Streeter, MD., CEO Florida Institute of Commercialization of Public Research
1:51:56 PM Sen. Brandes waives to close
1:52:06 PM Sen. Simpson
1:52:07 PM Roll Call
1:52:08 PM Sen. Simpson
1:52:15 PM CS/SB1314 favorable
1:52:16 PM Sen. Gibson moves to adjourn
1:52:46 PM
1:52:47 PM