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 Finance and Tax

BILL: SB 658

INTRODUCER: Senator Brandes

SUBJECT: Tourist Development Tax

DATE: February 2, 2018 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Present	Yeatman	CA	**Favorable**
2.	Fournier	Diez-Arguelles	AFT	**Pre-meeting**
3.			AP	

I. Summary:

SB 658 authorizes counties imposing the tourist development tax to use the tax revenues to acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate, or finance public facilities if the public facilities are needed to increase tourist-related business activities in the applicable county or subcounty special district and are recommended by the county tourist development council.

Additionally, the bill authorizes the use of tax revenues for any related land acquisition, land improvement, design, and engineering costs and all other professional and related costs required to bring the public facilities into service. The term "public facilities" means major capital improvements that have a life expectancy of five or more years, including, but not limited to, transportation, sanitary sewer, solid waste, drainage, potable water, and pedestrian facilities.

The bill has no impact on state or local revenues and does not require expenditures of state or local funds.

II. Present Situation:

Tourist Development Taxes

Florida law permits counties to impose local option taxes on short-term[1] rentals or leases of accommodations.[2] The taxes are generally referred to as "tourist development taxes," but consist of several separate tax levies.

- <u>1 or 2 Percent Tax</u>:[3] This tax may be levied by the county's governing board at a rate of 1 or 2 percent on the total amount charged for transient rental transactions.

[1] Section 125.0104(3)(a), F.S. provides that the tax applies to rentals or leases of 6 months or less.

[2] Section 125.0104, F.S.

[3] Section 125.0104(3)(c), F.S.

- Additional 1 Percent Tax:[4] This tax may be levied by an extraordinary vote of a county's governing board, in addition to the 1 or 2 percent tax on the total amount charged for transient rental transactions. To be eligible to levy the tax, a county must have levied the 1 or 2 percent tax for at least 3 years.
- High Tourism Impact Tax:[5] By extraordinary vote of the governing board of the county, a county with high tourism impact may levy an additional 1 percent tax on the total amount charged for transient rental transactions.[6]
- Professional Sports Franchise Facility Tax:[7] In addition to any other tourist development taxes, a 1 percent tax on the total amount charged for transient rental transactions may be levied to pay debt service on bonds issued to finance professional sports franchise facilities, retained spring training franchise facilities, and convention centers. These funds may also be used to promote tourism in the state.
- Additional Professional Sports Franchise Facility Tax:[8] A county that levies the professional sports franchise facility tax may levy an additional 1 percent tax to be used for the same purposes. This tax must be approved by a majority plus one vote of the membership of the board of county commissioners.

Depending on a county's eligibility, the maximum tax rate varies from 3 to 6 percent. The table below displays the five local option tourist development taxes available to counties, the number of counties eligible to levy a specific tourist development tax, and the number of counties currently levying such tax.[9]

	Original Tax (1% or 2%)	Additional Tax (1%)	Professional Sports Franchise Facility Tax (up to 1%)	High Tourism Impact Tax (1%)	Additional Professional Sports Franchise Facility Tax (up to 1%)
Eligible to Levy:	67	59	67	8	65
Levying:	63	48	41	5	27

These local option taxes may be administered by the Department of Revenue or by one or more units of local government. These taxes may be levied within a subcounty special district. If the tax is levied in a subcounty special district, the additional taxes must be levied only in that district.[10]

As a requirement for adopting tourist development taxes, a county's tourist development council[11] must prepare a plan for tourist development and present it before the governing board of the county. The plan must include the anticipated revenue derived from the tax for the first 24 months, the tax district where it will be imposed, and a list prioritizing the use of the revenue.

[4] Section 125.0104(3)(d), F.S.
[5] Section 125.0104(3)(m), F.S.
[6] A county may be designated as having a "high tourism impact" by the Department of Revenue as provided by s. 125.0104(3)(m)2, F.S. The tax is levied by Monroe, Orange, Osceola, Palm Beach, and Pinellas counties. Broward, Lee, and Walton counties are eligible to levy it.
[7] Section 125.0104(3)(l), F.S.
[8] Section 125.0104(3)(n), F.S.
[9] Office of Economic Demographic Research, The Florida Legislature, *County Tax Rates: CY 2007-2017, Local Option Tourist Taxes*, *available at* http://edr.state.fl.us/Content/local-government/data/data-a-to-z/g-l.cfm (Published June 1, 2017*).*
[10] See ss. 125.0104(3)(b) and (d), F.S.
[11] Also referred to as a "tourism" development council.

The county's governing board must approve any changes to the plan after the levy has been enacted.[12]

Local option tourist development tax revenues may be used for capital construction of tourist-related facilities, tourism promotion, and beach or shoreline maintenance. More specifically, the revenues derived from tourist development taxes are authorized to be used:

- To acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate, or promote one or more:
  - Publicly owned and operated convention centers, sports stadiums, sports arenas, coliseums, or auditoriums; or
  - Aquariums and museums that are publicly owned and operated, or owned and operated by a non-profit organization that is open to the public;
- To promote zoological parks that are publicly owned and operated or owned and operated by a non-profit organization that is open to the public;
- To promote and advertise tourism in the state;
- To fund convention bureaus, tourist bureaus, tourist information centers, and news bureaus as county agencies; or
- To finance beach park facilities or beach improvement, maintenance, renourishment, restoration, and erosion control. [13]

III. Effect of Proposed Changes:

The bill authorizes counties imposing the tourist development tax to use those tax revenues to acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate, or finance public facilities[14] within the boundaries of the county or subcounty special taxing district in which the tax is levied, if the public facilities are needed to increase tourist-related business activities in the county or subcounty special district and are recommended by the county tourist development council created pursuant to s. 125.0104(4)(e), F.S.

Tax revenues may be used for any related land acquisition, land improvement, design, and engineering costs and all other professional and related costs required to bring the public facilities into service.

The bill takes effect July 1, 2018.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

[12] See ss. 125.0104(4), F.S. The provisions found in ss. 125.0104(4)(a)-(d), F.S., do not apply to the high tourism impact tax, the professional sports franchise facility tax, or the additional professional sports franchise facility tax.
[13] Section 125.0104(5)(a), F.S.
[14] The term "public facilities" means major capital improvements that have a life expectancy of 5 or more years, including, but not limited to, transportation, sanitary sewer, solid waste, drainage, potable water, and pedestrian facilities.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Counties may use revenues from the tourist development tax to fund public facilities that are needed to increase tourist-related business activities.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 125.0104 of the Florida Statutes.

IX. Additional Information:

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

None.

B. Amendments:

None.