

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 Committee on Commerce and Tourism

BILL: SB 362

INTRODUCER: Senator Hooper and others

SUBJECT: Florida Tourism Marketing

DATE: November 4, 2019

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Reeve	McKay	CM	Favorable
2.			ATD	
3.			AP	

I. Summary:

SB 362 extends the scheduled repeal date for the Florida Tourism Industry Marketing Corporation, doing business as VISIT FLORIDA, until October 1, 2028, and removes the scheduled repeal date for the Division of Tourism Marketing within Enterprise Florida, Inc.

Without the bill, the statutory provisions for these entities would be repealed on July 1, 2020.

The bill takes effect upon becoming law.

II. Present Situation:

Enterprise Florida, Inc., and VISIT FLORIDA

Enterprise Florida, Inc., (EFI) is a non-profit corporation created to act as the state's economic development organization, using expertise from both the private and public sectors. EFI is not a unit of state government.¹

EFI is statutorily required to maintain at least five divisions related to the following areas:

- International trade and business development;
- Business retention and recruitment;
- Tourism marketing;
- Minority business development; and
- Sports industry development.²

¹ Sections 288.901(1) and (2), F.S.

² Section 288.92, F.S.

EFI's Division of Tourism Marketing is the mechanism created in statute through which EFI interacts and contracts with its direct support organization, VISIT FLORIDA. VISIT FLORIDA is the fictitious name for the Florida Tourism Industry Marketing Corporation, a non-profit corporation that serves as Florida's statewide destination marketing organization and represents the state's tourism industry.³ In practice, VISIT FLORIDA is EFI's tourism marketing division. The division is staffed by VISIT FLORIDA, but that staff is not employed by EFI.⁴ VISIT FLORIDA's primary responsibilities include:

- Administering domestic and international advertising campaigns;
- Conducting research on tourism and travel trends;
- Coordinating domestic and international marketing activities; and
- Managing the state's four welcome centers.⁵

VISIT FLORIDA is required to develop a 4-year marketing plan for the state that addresses issues such as continuation of tourism growth in Florida, expansion to new or underrepresented markets, coordination with local and private sector partners on tourism advertising, and addressing emergency responses to disasters from a marketing standpoint.⁶

VISIT FLORIDA also administers a number of small grant programs that provide organizations and state agencies funding for certain tourism-related activities. Grant funds average less than \$700,000 per year.⁷

EFI, in conjunction with the Department of Economic Opportunity (DEO), appoints VISIT FLORIDA's 31-member board of directors. The board provides guidance, input, and insight into the evolution and development of VISIT FLORIDA programs, processes, and messages; acts as a steering council for various committees; and works directly with VISIT FLORIDA executive staff to guide strategy.⁸ VISIT FLORIDA's board of directors is composed of 16 regional members, with at least two representing each of the six statutorily designated geographic areas of the state, and 15 additional tourism industry related members, including:

- One from the statewide rental car industry;
- Seven from tourist-related statewide associations;
- Three from county destination marketing organizations;
- One from the cruise industry;
- One from an automobile and travel services membership organization;
- One from the airline industry; and
- One from the space tourism industry.⁹

³ Section 288.1226, F.S.

⁴ Section 288.923(5), F.S.

⁵ Office of Program Policy Analysis and Government Accountability, *Florida Economic Development Program Evaluations – Year 5*, 21 (December 2017), available at <http://www.oppaga.state.fl.us/MonitorDocs/Reports/pdf/1713rpt.pdf> (last visited Nov. 4, 2019). Section 288.12265, F.S., provides that VISIT FLORIDA contracts with the Department of Transportation through EFI to employ staff and operate the welcome centers. See also <https://www.visitflorida.com/en-us/visitor-services/florida-welcome-centers.html> (last visited Nov. 4, 2019).

⁶ Section 288.923(4)(c), F.S.

⁷ *Supra* note 5, at 23 and 35.

⁸ *Id.* at 21.

⁹ Section 288.1226(4), F.S.

Both VISIT FLORIDA and EFI's division of tourism marketing will sunset on July 1, 2020, unless reviewed and saved from repeal by the Legislature.¹⁰

Economic Development Programs Evaluations

Pursuant to s. 288.0001(2)(b), the Office of Economic and Demographic Research (EDR) and the Office of Program Policy Analysis and Government Accountability (OPPAGA) must provide a detailed analysis of certain economic development programs according to a recurring schedule established in law. VISIT FLORIDA's most recent evaluation was completed in January of 2018 and covered Fiscal Years 2013-2014, 2014-2015, and 2015-2016.

OPPAGA Review

OPPAGA is required to evaluate programs for effectiveness and value to the state taxpayers and to provide recommendations for consideration by the Legislature. The review determined that Florida is outpacing several other states in tourism growth and has a significant competitive advantage compared to other states with strong tourism industries, such as California, Nevada, New York, and Texas.¹¹

As a public-private partnership, VISIT FLORIDA is expected to obtain private sector revenues to match public contributions. Eligible matching contributions come from four categories:

- Direct cash contributions;
- Fees for services;
- Cooperative advertising, which is limited to partner expenditures for paid media placement and actual market value of contributed products, air time, and print space; and
- Industry-contributed promotional value, which is limited to the actual market value of promotional contributions of partner-supplied benefits.¹²

VISIT FLORIDA has continually met the statutorily required one-to-one match of public and private funding. Over the review period, 73 percent of private sector contributions were in the form of industry-contributed promotional value.¹³ On average, VISIT FLORIDA spends 64 percent of its annual budget on media and industry cooperative advertising efforts; most of the remaining expenditures are comprised of fees and services and salaries and benefits. Certain contracts are subject to several reporting and transparency requirements.¹⁴

VISIT FLORIDA's paying partners, which include members of the hospitality, entertainment, and outdoor recreation industries, have expressed overall support for the agency's mission and services.

¹⁰ Sections 288.1226(14) and 288.923(6), F.S.

¹¹ *Supra* note 5, at 19.

¹² *Id.* at 21.

¹³ *Id.* at 23.

¹⁴ Ch. 2017-233, s. 17, Laws of Fla., created reporting and transparency requirements for contracts valued at \$500,000 or more as well as new provisions for private sector contributions.

EDR Review

EDR is required to analyze the economic benefits of the programs included in OPPAGA's program evaluation. Economic benefit is defined as the direct, indirect, and induced gains in state revenues as a percentage of the state's investment, including state grants, tax exemptions, tax refunds, tax credits, and other state incentives.¹⁵ EDR uses the terms economic benefit and return on investment (ROI) synonymously; these terms do not address the overall effectiveness or benefit of a program and instead focus on tangible financial gains or losses to state revenues.¹⁶

In its most recent review period, VISIT FLORIDA generated a positive ROI of 2.15. For every dollar spent on VISIT FLORIDA's marketing efforts, the state of Florida received 2 dollars and 15 cents back in tax revenue. From the state's investment of \$210.5 million over the review period, VISIT FLORIDA contributed approximately \$13.5 billion to Florida's GDP and \$453.2 million in state revenue. VISIT FLORIDA's positive ROI benefited from both the aggregate amount of spending and the types of purchases made by tourists, the majority of which are subject to state sales and use tax.¹⁷

Though it is difficult to determine VISIT FLORIDA's precise influence on the state's tourism industry compared to that of other marketing efforts, EDR used the agency's Visitor Influencer Study to approximate that the agency was responsible for almost 10 percent of all marketing-influenced tourists over the review period.¹⁸

III. Effect of Proposed Changes:

SB 362 extends the scheduled repeal date for the Florida Tourism Industry Marketing Corporation, known as VISIT FLORIDA, until October 1, 2028. The bill also removes the scheduled repeal date for the division of tourism marketing within Enterprise Florida, Inc. Without the bill, the statutory authorizations for these entities would be repealed on July 1, 2020.

The bill takes effect upon becoming law.

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

None.

B. Public Records/Open Meetings Issues:

None.

¹⁵ Office of Economic and Demographic Research, *Return on Investment for VISIT FLORIDA*, 1 (January 1, 2018), available at <http://edr.state.fl.us/Content/returnoninvestment/Tourism2018.pdf> (last visited Nov. 4, 2019).

¹⁶ *Id.* at 22. ROI is calculated by summing state revenues generated by a program less state expenditures invested in the program, and dividing that amount by the state's investment. EDR uses the Statewide Model, a model that simulates Florida's economy and captures the indirect and induced economic activity resulting from direct program effects, to calculate these numbers.

¹⁷ *Id.* at 25.

¹⁸ *Id.* at 19. This label is used to distinguish tourists from those who visited Florida due to other influences, such as visiting family and friends or participating in a specific hobby or pastime.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends sections 288.1226 and 288.923 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.