

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

Date: March 18, 1998 Revised: _____

Subject: Local Option Tourist Development Tax

| | <u>Analyst</u> | <u>Staff Director</u> | <u>Reference</u> | <u>Action</u> |
|----|----------------|-----------------------|------------------|------------------|
| 1. | <u>Schmith</u> | <u>Yeatman</u> | <u>CA</u> | <u>Favorable</u> |
| 2. | <u>Givens</u> | <u>Austin</u> | <u>CM</u> | <u>Favorable</u> |
| 3. | _____ | _____ | <u>WM</u> | _____ |
| 4. | _____ | _____ | _____ | _____ |
| 5. | _____ | _____ | _____ | _____ |

I. Summary:

This bill eliminates a restriction on the use of the Professional Sports Franchise Facility Tax, thereby authorizing all eligible counties to levy the tax for the purpose of paying the planning and design costs incurred for, or the debt service on bonds issued to finance the construction, reconstruction, or renovation of a convention center.

This bill amends section 125.0104 of the Florida Statutes.

II. Present Situation:

Section 125.0104, F.S., is known as the Local Option Tourist Development Act. The taxable privilege described by legislative intent in subsection (3) relates to the renting, leasing or letting for consideration of so called "transient rentals." Transient rentals include living quarters or accommodations in any hotel, apartment hotel, motel, resort motel, apartment, apartment motel, rooming house, mobile home park, recreational vehicle park, or condominium for a term of six months or less.

This act authorizes certain counties to levy an original tourist development tax of one or two percent on transient rentals, in addition to the tax imposed on such rentals by ch. 212, F.S., regarding tax on sales and other transactions. After three years of collecting the one or two percent tax, the governing board of the county (by extraordinary vote) or the registered electors within the county or subcounty district (by referendum approval) may elect to impose an additional one percent tax on transient rentals.

The Department of Revenue keeps records showing the amount of taxes collected, including records disclosing the amount of taxes collected from each county in which a tax is levied.

Collections received by the department, less the costs of administration, are paid and returned monthly to the county imposing the tax. The proceeds are placed in the county tourist development trust fund, established by each county as a prerequisite to receipt of such funds. A county may self-administer the tax (become exempt from remitting the tax proceeds to the Department of Revenue before being returned to the county) if it adopts an ordinance providing for the local collection and administration of the tax pursuant to s. 125.0104(10), F.S.

Subsection (5) of s. 125.0104, F.S., authorizes revenues from the original one or two percent tax, and the additional one percent tax, to be used for the following purposes:

- 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, auditoriums, zoological parks, or museums within the county or subcounty special taxing districts levying the tax and to secure or liquidate bonds for these purposes (counties may let service contracts to certain qualified lessors to provide for the operation of such facilities);
- To promote and advertise tourism in the state, as well as nationally, and internationally;
- To fund convention bureaus, tourist bureaus, tourist information centers, and news bureaus as county agencies or by contract with the chambers of commerce or similar associations in the county; or
- To finance beach park facilities, beach improvements, maintenance, renourishment, restoration, and erosion control, including shoreline protection, enhancement, cleanup, or restoration of inland lakes and rivers to which there is public access as those uses relate to the physical preservation of the beach, shoreline, or inland lake or river. Counties with less than 100,000 population are limited to using ten percent of tourist development tax revenues on beach park facilities.

Counties with a population of less than 600,000 which are imposing a tourist development tax may also use the revenues from that tax to acquire, construct, maintain, improve, or promote zoological parks, fishing piers or nature centers. Those entities must be owned and operated publicly or by a not-for-profit corporation and open to the public.

Currently, there are 42 counties in Florida which have elected to levy local option tourist development taxes. Most of the revenues from this tax are spent by the counties on advertising and promotion and on convention centers. Several opportunities (tied to certain conditions) exist within current law for counties to levy additional taxes on transient rentals.

Paragraph (1) of s. 125.0104(3), F.S., authorizes a county to levy an additional one percent tax, known as the Professional Sports Franchise Facility Tax, by majority vote of the governing board, and use those revenues for the following purposes:

- Pay the planning and design costs incurred for, and the debt service on bonds issued to finance the construction, reconstruction or renovation of a professional sports franchise facility, either publicly owned and operated, or publicly owned and operated by the owner of a professional sports franchise or other lessee with sufficient expertise or financial capability to operate such facility; and
- Pay the planning and design costs incurred for, and the debt service on bonds issued to finance the construction, reconstruction, or renovation of a convention center.

However, the county must have levied the tax initially for purposes of a professional sports franchise facility in order to use the tax for a convention center.

There are currently ten counties levying the Professional Sports Franchise Facility Tax at the authorized rate of one percent: Brevard, Broward, Duval, Escambia, Hillsborough, Orange, Palm Beach, Pinellas, Polk and Dade.

Paragraph (n) of s. 125.0104(3), F.S., authorizes a county that imposes the Professional Sports Franchise Facility Tax, provided for in paragraph (l), to impose an additional tax of up to one percent by a majority plus one vote of the governing board, and use those revenues for the following purposes:

- Pay the debt service on bonds issued to finance, the construction, reconstruction or renovation of a facility, either publicly owned and operated, or publicly owned and operated by the owner of a professional sports franchise or other lessee with sufficient expertise or financial capability to operate such facility; and
- Pay the planning and design costs incurred prior to the issuance of such bonds for a new professional sports franchise, as defined in s. 288.1162, F.S.

This tax is known as the Additional Professional Sports Franchise Facility Tax. A county that imposes this tax may not expend any ad valorem taxes for the construction, reconstruction, or renovation of that facility. In addition, a charter county which levies a convention development tax is exempted from the prohibition against a county levying a greater than two percent tourist development tax when it also levies a convention development tax. Finally, subsection (4) of s. 125.0104(3), F.S., which provides procedures for adoption of the ordinance authorizing the levy of the tourist development tax, does not apply to the tax authorized by this paragraph.

III. Effect of Proposed Changes:

Section 125.0104(3)(l), F.S., is amended by deleting subparagraph 3., which requires that a county levy the Professional Sports Franchise Facility Tax *first* to finance a professional sports franchise before using that levy to finance a convention center. Therefore, the bill authorizes all eligible counties to levy the Professional Sports Franchise Facility Tax to pay the planning and

design costs incurred for, and the debt service on bonds issued to finance the construction, reconstruction, or renovation of a convention center.

The bill provides an effective date upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Tourists and others renting rooms will pay an additional one percent tax in any county which elects to levy the Professional Sports Franchise Facility Tax after the limitation is eliminated.

C. Government Sector Impact:

Some of the 67 counties eligible may elect to levy the Professional Sports Franchise Facility Tax due to elimination of this restriction. According to the Department of Revenue, most of the ten counties that levy the tax currently self-administer the tax. Therefore, the fiscal impact to the state in terms of workload and accounting are expected to be minimal.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

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