

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: CS/SB 1688

SPONSOR: Commerce and Economic Opportunities Committee and Senator Cowin

SUBJECT: Tourism Industry Recovery

DATE: February 28, 2002      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Cibula/Birnholz</u>	<u>Maclure</u>	<u>CM</u>	<u>Favorable/CS</u>
2.	<u>Cooper</u>	<u>Yeatman</u>	<u>CA</u>	<u>Favorable</u>
3.	_____	_____	<u>FT</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**I. Summary:**

Section 125.0104(3)(c), F.S., provides for a county to levy a base 1-2 percent tourist development tax. Each of paragraphs (l) and (n) of s. 125.0104(3), F.S., conditionally provides for the levy of an additional 1 percent tourist development tax for the purpose of paying the debt service on bonds issued to finance capital costs of professional sports franchise facilities, retained spring training franchise facilities, or convention centers, or paying the operation and maintenance costs of a convention center. This committee substitute amends paragraphs (l) and (n) to add tourism promotion and advertising to the list of authorized uses of revenues generated under those provisions.

This committee substitute substantially amends section 125.0104, Florida Statutes.

**II. Present Situation:**

Section 125.0104(3)(a), F.S., provides that every person who rents or leases living quarters or accommodations in any hotel, motel, apartment, rooming house, mobile home park, recreational vehicle park, or condominium for 6 months or less is exercising a taxable privilege. Counties are authorized to levy five separate tourist development taxes on this privilege under the Local Option Tourist Development Act. (s. 125.0104, F.S.) Depending on the particular tax, the levy may be authorized by vote of the governing body or referendum approval. Tax rates vary by county depending on a county's eligibility to levy particular taxes; however, the maximum rate permitted is 6 percent. Although the authorized uses for revenues generated by the five types of tourist development tax vary, the revenues, in general, may be used for such purposes as construction, maintenance, operation, or promotion of sports facilities, auditoriums, or museums; promotion of zoological parks; promotion or advertising of tourism in the state; funding of

convention bureaus, tourist bureaus, or tourist information centers; and financing of beach park facilities or improvement.

Section 125.0104(3)(c), F.S., provides for a county to levy a base 1-2 percent tourist development tax. Each of paragraphs (l) and (n) of s. 125.0104(3), F.S., conditionally provides for the levy of an additional 1 percent tourist development tax.

Paragraph (l) authorizes any county to levy an additional 1 percent tax for the purpose of paying the debt service on bonds issued to finance capital costs of professional sports franchise facilities, retained spring training franchise facilities, and convention centers. The tax can also be used to pay for the operation and maintenance costs of a convention center for a period of 10 years or for the life of the bond depending upon when the levy was authorized to pay debt service on bonds for a convention center. The levy of this tax is pursuant to an ordinance adopted by a majority vote of the county's governing body. Currently 13 counties levy the tax under paragraph (l): Brevard, Broward, Duval, Escambia, Hillsborough, Miami-Dade, Okaloosa, Orange, Osceola, Palm Beach, Pinellas, Polk, and St. Lucie.

With the exception of Miami-Dade and Volusia counties, if a county has levied the tax under paragraph (l), then it may levy an additional 1 percent tax under paragraph (n). The tax must be levied pursuant to an ordinance adopted by a majority plus one vote of the county's governing body. The tax proceeds are to pay the debt service on bonds issued to finance certain capital costs of professional sports franchise facilities or retained spring training franchise facilities. Of the 12 eligible counties, only three levy this tax (Broward, Duval, and Hillsborough).

### III. Effect of Proposed Changes:

**Section 1** of this committee substitute amends s. 125.0104(3)(l) and (n), F.S., to add tourism promotion and advertising to the list of authorized uses of tourist-development tax revenues generated under those provisions. The committee substitute also provides that, if tax revenues are used for an activity, service, venue, or event, one of the main purposes of the activity, service, venue, or event must be the attraction of tourists.

**Section 2** provides that this committee substitute will take effect July 1, 2002.

### 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:**

Counties choosing to impose the local option tourist development taxes under s. 125.0104(3)(l) and (n), F.S., will be able to use this existing revenue source for the promotion and marketing of tourism. If additional tourism promotion attracts more visitors to a county, tourist-generated tax revenues would also increase.

**B. Private Sector Impact:**

This committee substitute might enable counties to attract more tourists. Increased tourism would provide tourist-related private sector establishments with additional revenue.

**C. Government Sector Impact:**

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.