

# 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 1290

SPONSOR: Comprehensive Planning Committee and Senator Clary

SUBJECT: Local Government Finance

DATE: March 16, 2004      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Cooper	Yeatman	CP	Fav/CS
2.	_____	_____	FT	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**I. Summary:**

This Committee Substitute (CS) authorizes cities in Okaloosa County to levy the transient rental portion of the municipal resort tax, at a rate of up to 2 percent and subject to referendum approval, and expands the authorized uses of tax proceeds.

This CS substantially amends sections 1 and 6 of chapter 67-930, Laws of Florida.

**II. Present Situation:**

**Local Option Tourist Development Taxes**

Section 125.0104, F.S., authorizes counties to levy five separate tourist development taxes on transient rental transactions: The Tourist Development Tax, the Additional Tourist Development Tax, the Professional Sports Franchise Facility Tax, the Additional Professional Sports Franchise Facility Tax, and the High Tourism Impact Tax. (See TABLE 1) 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. The maximum tax rate for most counties is 3 or 4 percent; however, the maximum rate is 6 percent for several counties.<sup>1</sup>

Generally, the revenues may be used for capital construction of tourist-related facilities, tourist promotion, and beach and shoreline maintenance; however, the authorized uses vary according to the particular levy.

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<sup>1</sup> Section 125.0104(3)(b), F.S., provides “that there shall be no additional levy under this section in any cities or towns presently imposing the municipal resort tax as authorized under ch. 67-930, Laws of Florida.” This provision was enacted in 1977 (77-209, L.O.F.) Cities imposing this tax include Bal Harbour, Miami Beach, and Surfside in Miami-Dade County. The “additional levy” includes all of the tourist taxes other than the original Tourist Development Tax of 1–2 percent.

**Tourist Impact Tax**

Section 125.0108, F.S., authorizes any county creating a land authority, pursuant to s. 380.0663(1), F.S., to levy a 1 percent tax on transient rental facilities within the county area designated as an area of critical state concern. If the area(s) of critical state concern are greater than 50 percent of the county's total land area, the tax may be levied countywide. Revenues from the tax must be used to purchase property in an area of critical state concern and to offset the loss of ad valorem taxes due to these acquisitions.

There are currently four areas of critical state concern. These include the Florida Keys in Monroe County; the Big Cypress Swamp, primarily in Collier County; the Green Swamp in central Florida; and the Apalachicola Bay area in Franklin County. Only Monroe County has satisfied the requirements of s. 380.0663(1), F.S., and levies the tax.

**Convention Development Taxes**

Section 212.0305, F.S., authorizes Duval, Miami-Dade, and Volusia counties to levy convention development taxes on transient rental transactions at a rate of 2 or 3 percent. Tax revenues may be used for capital construction of convention centers and other tourist related facilities as well as tourist promotion; however, the authorized uses vary according to the particular levy.

**Miami-Dade Local Option Food and Beverage Taxes**

Section 212.0306(1)(a), F.S., authorizes Miami-Dade County to impose, by majority vote of the county's governing body, a 2 percent tax on the sale of food, beverages, and alcoholic beverages in hotels and motels. The tax proceeds must be allocated according to an interlocal agreement and contract with the county, to a county wide convention and visitors bureau authorized to promote the county and constituent cities as a destination for conventions, trade shows, etc. If there is no interlocal agreement and a contract with a countywide convention and visitor bureau, the county must spend these funds as specified in statute.

Section 212.0306(1)(b), F.S., authorizes Miami-Dade County to impose, by majority vote of the county's governing body, a 1 percent tax on the sale of food, beverages, and alcoholic beverages in establishments that are licensed by the state to sell alcoholic beverages for consumption on the premises, except for hotels and motels. Not less than 15% of the proceeds must be used for construction and operation of domestic violence centers, and the remainder will fund programs for the homeless. In addition, the proceeds may be bonded.

**The Municipal Resort Tax**

Chapter 67-930, Laws of Florida, as amended, authorizes certain municipalities in Florida to levy the Municipal Resort Tax, at a rate of up to 4 percent on transient rental transactions, and up to 2 percent on the sale of food and beverages consumed in restaurants and bars. Tax revenues may be used for tourism promotion activities, capital construction and maintenance of convention and cultural facilities, and relief of ad valorem taxes used for those purposes.

Only those municipalities located in any county of the state which had a total county population based on the 1960 Census of between 330,000 and 340,000 (Broward) or more than 900,000 (Miami-Dade) and whose charter specifically provided for the levy of this tax at the original rate

of up to 2 percent prior to January 1, 1968, are authorized to levy a tax. Currently, only Bal Harbour, Miami Beach, and Surfside (Miami-Dade County) are eligible to impose the tax.

**TABLE 1: Tourist Taxes**

TAX	AUTHORIZED LEVY (%)	# OF COUNTIES AUTHORIZED TO LEVY TAX	# OF COUNTIES LEVYING TAX
<b>TOURIST DEVELOPMENT</b>			
Original Tax (s. 125.0104(3)(b), F.S.)	1 or 2%	67	53
Additional Tax (s. 125.0104(3)(d), F.S.)	1%	45	33
Professional Sports Franchise Facility Tax (s. 125.0104(3)(l), F.S.)	up to 1%	67	17
Additional Professional Sports Franchise Facility Tax (s. 125.0104(3)(n), F.S.)	1%	15	4
High Tourism Impact Tax (s. 125.0104(3)(m), F.S.)	1%	Monroe, Orange & Osceola	Orange & Osceola
<b>TOURIST IMPACT TAX</b>			
Areas of Critical State Concern (s. 125.0108, F.S.)	1%	Monroe	Monroe
<b>CONVENTION DEVELOPMENT</b>			
Consolidated County Convention Tax (s. 212.0305(4)(a), F.S.)	2%	Duval	Duval
Charter County Convention Tax (s. 212.0305(4)(b), F.S.)	3%	Miami-Dade	Miami-Dade
Special District, Special, & Sub-county Convention Tax (s. 212.0305(4)(c), (d) & (e), F.S.)	3%	Volusia	Volusia
<b>LOCAL OPTION FOOD &amp; BEVERAGE TAX</b>			
Food & Beverages in Hotels (s. 212.0306(1)(a), F.S.)	1%	Miami-Dade	Miami-Dade
Food & Beverages in Other Estbl. (s. 212.0306(1)(a), F.S.)	2%	Miami-Dade	Miami-Dade
<b>MUNICIPAL RESORT TAX</b> (ch. 67-930, L.O.F., as amended)	2% on food & beverages (Bal Harbour, Miami Beach, & Surfside) 4% on transient rentals		

(Source: Legislative Committee on Intergovernmental Relations, 12/2003)

### III. Effect of Proposed Changes:

**Section 1** amends section 1 of chapter 67-930, L.O.F., as amended by chapters 93-286 and 94-344, L.O.F., to authorize cities in Okaloosa County to levy the transient rental portion of the municipal resort tax at a rate of up to 2 percent, subject to referendum approval. Once a city imposes the tax, it continues to qualify to impose the tax as long as the ordinance imposing the tax remains valid.

**Section 2** amends section 6 of chapter 67-930, L.O.F., to expand the authorized uses of tax proceeds, to include transportation improvements, including, but not limited to, sidewalks, pathways and bike lanes; and beach restoration; artificial reef construction; storm water management; and land acquisition.

**Section 3** provides that the act will take effect 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:

This CS amends s. 1 of chapter 67-930, Laws of Florida, to authorize cities in Okaloosa County to levy the transient rental portion of the municipal resort tax, at a rate of up to 2 percent and subject to referendum approval, and expands the authorized uses of tax proceeds. This levy would be in addition to the county-imposed tourist taxes levied county-wide.

The Legislative Impact Conference has estimated that if the qualified cities imposed the tax, it would generate an estimated \$1.54 million annually.

B. Private Sector Impact:

If imposed by the eligible cities, tourists would be subject to an additional tourist tax, at a rate of up to 2 percent on transient rental transactions.

**C. Government Sector Impact:**

If imposed by an eligible city, they may incur cost associated with administration of the tax.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

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

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