

HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

BILL #: HB 919 Bay County Tourist Development Council, Bay County

SPONSOR(S): Patronis

TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Local & Federal Affairs Committee	16 Y, 0 N	Flegiel	Rojas
2) Economic Affairs Committee	13 Y, 0 N	Collins	Creamer

SUMMARY ANALYSIS

The Bay County Tourist Development Council (Council) is a nine member advisory council that creates plans to promote tourism in Bay County using funds from the tourist development tax.

Two membership seats on the Council are reserved for elected officials from a municipality within the Bay County Tourist Development Tax District (tax district), with one seat reserved for an official from the most populous municipality. The tax district encompasses the cities of Panama City Beach and Mexico Beach. Presently, both municipal officials on the Council are from Panama City Beach, which generates over 95 percent of all revenue from the tourist development tax.

The Council is currently contemplating expansion of the tax district into Panama City. If this occurs, statute would automatically grant one municipal seat on the Council to Panama City, despite it generating less revenue than Panama City Beach, because it would become the most populous city in the tax district.

HB 919 provides an exemption from general law for the membership requirements of the Council, requiring both municipal officials to come from the city that generates the highest amount of revenue from the tourist development tax. This ensures Panama City Beach will retain both municipal seats on the Council, maintaining the status quo if the tax district expands to include Panama City.

This bill is effective upon becoming law.

According to House Rule 5.5(b), a local bill providing an exemption from general law may not be placed on the Special Order Calendar for expedited consideration. The provisions of House Rule 5.5(b) may apply to this bill.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Tourist Development Councils

A Tourist Development Council is a county level advisory council that creates plans to promote tourism with funds generated by a county's tourism development tax, an optional bed tax levied on hotel room rates.¹ The Council prepares a tourist development plan that estimates the revenue from the tax and allocates the funds toward specific uses. Eligible uses may include: repairing, constructing, or acquiring convention centers, auditoriums, sports stadiums and arenas, aquariums, and museums; promoting and advertising tourism or establishing tourism information centers; and maintaining beaches and shorelines.²

The tourist development plan is prepared by the Council in anticipation of the county levying the tourist development tax. The Board of County Commissioners (Board) must approve the plan and incorporate it into an ordinance authorizing the levy of the tourist development tax.³ County electors must then approve the ordinance authorizing levy of the tax by referendum.⁴

The Council is intended to have an advisory capacity and any major amendments it makes to the tourism development plan must be approved by the Board.⁵

Membership on a Tourist Development Council is limited to citizens of the county and consists of:

- one member from the county board;
- two elected municipal officials, one of whom must be from the most populous city in the county or sub-county tax district; and
- six members who are individuals involved in the tourism industry, three or four of whom must be subject to the tax.⁶

The Bay County Tourist Development Council

The Bay County Ordinances created the Bay County Tourist Development Council.⁷ The current tourist development tax rate in Bay County is five percent.⁸ Three of the five cents collected are designated to promote tourism, one cent is designated to maintain and protect beaches, and one cent is designated to support low cost air service.⁹ In FY 2012-2013, Bay County collected \$16,189,140 in tourist development tax revenue, \$15,734,252 of which was collected in Panama City Beach.¹⁰

¹ Section 125.0104, F.S. Specifically, the tax is levied on "every person who rents, leases, or lets for consideration any living quarters or accommodations in any hotel, apartment hotel, motel, resort motel, apartment, apartment motel, roominghouse, mobile home park, recreational vehicle park, condominium, or timeshare resort for a term of 6 months or less."

² Section 125.0104(5), F.S.

³ Section 125.0104(4)(a), F.S.

⁴ Section 125.0104(6)(a), F.S.

⁵ Section 125.0104(4)(d), F.S.

⁶ Section 125.0104(4)(e), F.S.

⁷ Bay County Code, Sec. 14-43.

http://library.municode.com/HTML/14281/level4/BAY_CO_CODE_CH14LITAMIBURE_ARTIITODETA_DIV1GE.html#BAY_CO_CODE_C_H14LITAMIBURE_ARTIITODETA_DIV1GE_S14-43TODECO

⁸ 2014 Local option Tourist/Food and Beverage/ Tax Rates in Florida's Counties. Office of Economic and Demographic Research. 2/14/14

⁹ Bay County Comprehensive Annual Financial Report for Fiscal Year, ending Sep. 30, 2012. p. B-12.

¹⁰ Bay County Tourism Development Revenue Analysis. <http://www.visitpanamacitybeach.com/partners/about-the-tdc/tourist-development-tax/> Retrieved Feb. 26th, 2014.

The tax is collected from a special taxing district that stretches along the gulf coast of Bay County from Phillips Inlet Bridge on the west end to the intersection of Thomas Drive and West Highway 98 on the east end.¹¹ The district also includes Shell Island and Crooked Island (Mexico Beach). The district covers the entire expanse of Panama City Beach, as well as unincorporated portions of Bay County that are adjacent to Panama City Beach. The district does not cover any portion of Panama City.

Bay County ordinance requires two members of the council to be elected municipal officials, a less specific standard than provided in state law. However, the council is still required to comply with the membership rules provided in the Florida Statutes.¹² There are seven incorporated cities in Bay County. Panama City is the most populous, with a population of 36,484. Panama City Beach has a population of 12,018.¹³ Because the tax district does not encompass Panama City, the most populous city in the sub-county portion of the tax district is Panama City Beach. Presently, both elected municipal officials sitting on the Council are from Panama City Beach.¹⁴

The Council is considering plans to expand the tax district to cover portions of Panama City.¹⁵ If this occurs, Panama City would obtain a seat on the Council, despite collecting significantly less tourist development tax revenue than Panama City Beach. Panama City has indicated support for allowing Panama City Beach to retain both seats on the council in the event of the tax district expansion through passage of a resolution which requests that the Bay County Legislative Delegation approve a bill that provides for two members of the Council to be elected from the municipality that has generated the highest revenues from the tax.¹⁶

In 2013, the House passed and the Governor signed HB 1007, a similar bill which revised the membership requirements of the Lee County Tourist Development Council.

Effect of Proposed Changes

HB 919 provides an exemption from general law for the two municipal official seats on the Council. The bill revises the membership requirements for these seats, reserving both for elected officials from the municipality generating the most revenue from the tourist development tax. The bill removes the requirement that one seat shall be filled by an official from the most populous municipality in the tax district.

The bill effectively allocates two seats on the Council to elected officials from Panama City Beach, because the city generates the most revenue from the tourist tax. The other cities located in the tax district, Mexico Beach and potentially Panama City (if the district expands), will not be eligible to have a seat on the Council unless they begin to generate the highest revenues for the tax district.

B. SECTION DIRECTORY:

Section 1: Creates exemption from general law, changing the membership requirements for the two elected municipal officials sitting on the Council.

Section 2: Provides that the act shall take effect upon becoming law.

¹¹ Tourist Development Tax. Bay County Clerk of Court and Comptroller. <http://www.baycoclerk.com/finance/tourist-development-tax/> Retrieved Feb. 25th, 2014.

¹² Bay County Code Sec. 14-43.

¹³ 2010 US Census Populations. See Office of Economic and Demographic Research City Profiles. <http://edr.state.fl.us/Content/area-profiles/2010-census-city/n-r.cfm>. Retrieved Feb. 25th, 2014.

¹⁴ "About the TDC." <http://www.visitpanamacitybeach.com/partners/about-the-tdc/> Retrieved Feb. 26th, 2014.

¹⁵ Minutes from the Bay County TDC/CVB Combined Board Meeting, p.7. Dec. 18th, 2013.

<http://www.visitpanamacitybeach.com/partners/about-the-tdc/board-meeting-minutes/> Retrieved Feb 26th, 2014.

¹⁶ Panama City Resolution No. 11262013.8. Adopted by the City of Panama City Commission on Nov. 26, 2013.

http://library1.municode.com:80/minutes/home.htm?view=home&doc_action=setdoc&doc_keytype=tocid&doc_key=9b5279273dc1ffb6eef20760ce3f485&infobase=30067

II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes No

IF YES, WHEN? December 27th, 2013.

WHERE? *The News Herald*, a daily newspaper published at Panama City, in Bay County, Florida.

B. REFERENDUM(S) REQUIRED? Yes No

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes, attached No

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached No

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

N/A