

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 489 Tourism Marketing  
**SPONSOR(S):** Chaney  
**TIED BILLS:**           **IDEN./SIM. BILLS:** SB 434

<b>REFERENCE</b>	<b>ACTION</b>	<b>ANALYST</b>	<b>STAFF DIRECTOR or BUDGET/POLICY CHIEF</b>
1) Tourism, Infrastructure & Energy Subcommittee	17 Y, 0 N	Walsh	Keating
2) Commerce Committee	17 Y, 4 N	Walsh	Hamon

**SUMMARY ANALYSIS**

The Florida Tourism Industry Marketing Corporation, better known as VISIT FLORIDA, is a state-funded non-profit corporation that serves as Florida’s destination marketing organization, in conjunction with the Division of Tourism Marketing within Enterprise Florida, Inc.

VISIT FLORIDA is authorized by statute and requires an annual appropriation to support its operations. The current statutory authorization is scheduled for repeal on October 1, 2023, unless reviewed and saved from repeal by the Legislature.

Under the bill, the scheduled repeal date for VISIT FLORIDA and the Division of Tourism Marketing is extended from October 1, 2023, to October 1, 2028.

The bill takes effect upon becoming law.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### 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 or entity of state government.<sup>1</sup>

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

- International Trade and Business Development;
- Business Retention and Recruitment;
- Tourism Marketing;
- Minority Business Development; and
- Sports Industry Development.<sup>2</sup>

EFI's Division of Tourism Marketing is the entity created through statute that interacts and contracts with its direct support organization,<sup>3</sup> the Florida Tourism Industry Marketing Corporation. The Florida Tourism Industry Marketing Corporation was created by the legislature in 1996 and is otherwise known by the service mark "VISIT FLORIDA," which operates as a non-profit corporation that serves as Florida's statewide destination marketing organization, representing the state's tourism industry.<sup>4</sup> In practice, VISIT FLORIDA (VF) is EFI's tourism marketing division. The division is staffed by VF, but that staff is not employed by EFI.<sup>5</sup> VF's primary responsibilities include:

- Administering domestic and international advertising campaigns;
- Coordinating domestic and international marketing activities;
- Coordinating marketing efforts with local tourism marketing organizations;
- Managing Florida's four welcome centers;
- Conducting research on tourism and travel trends;
- Administering marketing activities for Veterans Florida;<sup>6</sup> and
- Marketing to assist the state following critical events, such as storms.<sup>7</sup>

Through a contractual relationship with the Department of Economic Opportunity (DEO), VF is held to performance measures and standards. VF's 31-member board of directors is appointed by DEO in conjunction with EFI and meets three times a year to provide guidance, input, and insight to, and work directly with VF executive staff.<sup>8</sup> VF's board of directors is composed of 16 regional members, with at least two representing each of six statutorily designated geographic areas of the state, and 15 additional tourism industry related members that serve two-year terms, including:

---

<sup>1</sup> S. 288.901(1) and (2), F.S.

<sup>2</sup> S. 288.92(1), F.S.

<sup>3</sup> "Direct support organization" means a not-for-profit Florida corporation incorporated under the provisions of chapter 617, F.S., and authorized by Florida law to exist as a direct support organization to benefit or provide assistance to a governmental entity. See State of Florida Auditor General, *Audits of Certain Nonprofit Organizations*, Rules of the Auditor General (Jun. 30, 2021), available at [https://flauditor.gov/pages/pdf\\_files/10\\_700.pdf](https://flauditor.gov/pages/pdf_files/10_700.pdf) (last visited Jan. 6, 2022).

<sup>4</sup> S. 288.1226, F.S. The fictitious name "VISIT FLORIDA" is registered with the Department of State, registration no. G18000088414.

<sup>5</sup> S. 288.923(5), F.S.

<sup>6</sup> Veterans Florida is a non-profit corporation created by the State of Florida to help military veterans transition to civilian life and to promote Florida's status as the nation's most veteran-friendly state. See Veterans Florida, *About Us*, <https://www.veteransflorida.org/about/> (last visited Jan. 14, 2022).

<sup>7</sup> Office of Program Policy Analysis and Government Accountability, *Florida Economic Development Program Evaluations – Year 8, 13* (December 2020), available at <https://oppaga.fl.gov/Documents/Reports/20-08.pdf> (last visited Jan. 6, 2022).

<sup>8</sup> *Id.* at 12.

- One from the statewide rental car industry;
- Seven from tourist-related statewide associations;<sup>9</sup>
- Three from county destination marketing organizations;
- One from the cruise industry;
- One from an automobile and travel services membership organization;<sup>10</sup>
- One from the airline industry; and
- One from the space tourism industry.<sup>11</sup>

VF is required to develop a four-year marketing plan<sup>12</sup> 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.<sup>13</sup>

VF also administers a number of grant programs that provide organizations and state agencies funding for certain tourism-related activities. In the 2018-2019 fiscal year, grant funds averaged \$2,250,087, which is nearly \$2.0 million more than in the 2017-2018 fiscal year. However, this is primarily due to the \$1.9 million spent on two special grant programs for Hurricane Michael and red tide in fiscal year 2018-2019.<sup>14</sup>

For the 2021-2022 fiscal year, VF received a total appropriation of \$75 million.<sup>15</sup> Payments are made to VF through EFI from DEO. VF enters into a funding agreement with EFI and DEO and an operating agreement with EFI.<sup>16</sup>

As a public-private partnership, VF is required to obtain private sector contributions 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
- In-kind contributions, which is limited to the actual market value of promotional contributions of partner-supplied benefits or of non-partner supplied airtime or print space.<sup>17</sup>

Both VF and the Division of Tourism Marketing will sunset on October 1, 2023, unless reviewed and saved from repeal by the Legislature.<sup>18</sup>

### Economic Development Programs Evaluations

Pursuant to s. 288.001(2) (b), F.S., 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 by

<sup>9</sup> This includes tourist-related associations that represent hotels, campgrounds, county destination marketing organizations, museums, restaurants, retail, and attractions. See S. 288.1226(4) (b).

<sup>10</sup> Such organization must have at least 2.8 million members in Florida. See *Id.*

<sup>11</sup> S. 288.1226(4), F.S.

<sup>12</sup> This plan is annual in construction and ongoing in nature. See S. 288.923(4)(c), F.S.

<sup>13</sup> S. 288.923(4)(c), F.S.

<sup>14</sup> *Florida Economic Development Program Evaluations – Year 8* at 15.

<sup>15</sup> Specific Appropriation 2244, s. 6, ch. 2021-36, Laws of Fla.; S.A. 2244, s. 152, ch. 2021-36, Laws of Fla.

<sup>16</sup> See *Funding Agreement SB22-003 - Agreement between the Department of Economic Opportunity, Enterprise Florida, Inc., and the Florida Tourism Industry Marketing Corporation*, executed October 4, 2021, available at <https://facts.flds.com/Search/ContractDetail.aspx?AgencyId=400000&ContractId=S0165> (last visited Jan. 7, 2022); *Funding Agreement SB22-002 – Grant Agreement*, executed November 19, 2021, available at <https://facts.flds.com/Search/ContractDetail.aspx?AgencyId=400000&ContractId=S0170> (last visited Jan. 7, 2022).

<sup>17</sup> S. 288.1226(6), F.S.

<sup>18</sup> Ss. 288.1226(14) and 288.923(6), F.S.

law. VF's most recent evaluation was completed in January 2021 and covered fiscal years 2016-2017, 2017-2018, and 2018-2019.<sup>19</sup>

### *OPPAGA Review*

OPPAGA evaluates programs for effectiveness and value to the state taxpayers and to provide recommendations for consideration by the Legislature. The most recent OPPAGA review determined that between 2010 and 2019 Florida outpaced several other states in tourism growth, showing a significant competitive advantage compared to other states with strong tourism industries, such as California, Nevada, New York and Texas.<sup>20</sup>

VF continually met the statutorily required one-to-one match of public and private funding. Over the review period, 83 percent of private sector contributions were in the form of industry-contributed promotional value.<sup>21</sup> On average, 59 percent of VF's expenditures are on media and industry cooperative advertising, with most of the remaining expenditures comprised of fees and services and salaries and benefits.<sup>22</sup>

VF'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.<sup>23</sup>

### *EDR Review*

EDR is required to analyze the economic benefits of the programs included in OPPAGA's program evaluation. EDR's most recent analysis found that, from the state's investment of \$228 million over the review period of 2016 to 2019, VF contributed approximately \$15.85 billion to Florida's GDP and \$744.64 million in state revenue.<sup>24</sup>

Although it is difficult to determine VF's precise influence on the state's tourism industry compared to that of other marketing efforts, EDR approximated that VF was responsible for 9.05 percent of all marketing-influenced tourists over the review period.<sup>25</sup> This amounted to an estimated 19.92 million tourists being accredited to VF's marketing efforts over the review period.<sup>26</sup>

### **Effect of the Bill**

The bill extends the scheduled repeal date for the Florida Tourism Industry Marketing Corporation (VISIT FLORIDA) and Enterprise Florida's Division of Tourism Marketing from October 1, 2023, to October 1, 2028.

The bill takes effect upon becoming law.

#### **B. SECTION DIRECTORY:**

**Section 1:** Changes the repeal date for the Florida Tourism Industry Marketing Corporation.

**Section 2:** Changes the repeal date for the Division of Tourism Marketing.

**Section 3:** Provides that the bill shall take effect upon becoming law.

---

<sup>19</sup> Office of Economic and Demographic Research, *Return on Investment for VISIT FLORIDA*, 1 (January 2021), available at <http://edr.state.fl.us/Content/returnoninvestment/Tourism2021.pdf> (last visited Jan. 7, 2022).

<sup>20</sup> *Florida Economic Development Program Evaluations – Year 8* at 11.

<sup>21</sup> *Id.* at 14.

<sup>22</sup> *Id.* at 15.

<sup>23</sup> *Id.* at 20.

<sup>24</sup> *Return on Investment for VISIT FLORIDA* at 30.

<sup>25</sup> *Id.* at 24.

<sup>26</sup> *Id.*

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See Fiscal Comments.

2. Expenditures:

See Fiscal Comments.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

### D. FISCAL COMMENTS:

The five-year average of appropriations to VF is \$65.4 million.<sup>27</sup> If VF's authorization is repealed on October 1, 2023, the dissolved entity's assets, after all legal liabilities and obligations have been paid or adequate provisions have been made, will revert to the state.

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The bill does not appear to affect county or municipal governments.

2. Other:

None.

### B. RULE-MAKING AUTHORITY:

The bill does not require or authorize rulemaking.

### C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

## IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

Not applicable.

---

<sup>27</sup> Chapter 2021-036, s. 152, Specific Appropriation 2251, Laws of Fla.; Ch. 2020-111, SA 2294, s. 6, Laws of Fla.; Ch. 2019-115, SA 2328, s. 6, Laws of Fla.; Ch. 2018-9, SA 2239, s. 6, Laws of Fla.; Ch. 2017-233, s. 26, Laws of Fla.