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Senator Carlos Guillermo Smith Introduces Legislation Providing Local Flexibility on Hotel Tax Use

Bill package authorizes TDT dollars to fund workforce housing, public safety; flexibility on use for public transit; and ensures taxpayer efficiency for publicly-funded destination marketing organizations

Orlando, FL — [2/25/25]: Senator Carlos Guillermo Smith announced the introduction of a new legislative package intended to provide local flexibility for tourist development tax (TDT) use, and increased government efficiency and accountability for publicly-funded tourism promotion. The legislation encourages private-public partnership and responsible use of taxpayer funds for destination marketing organizations. The bill package includes the following legislative proposals:

SB 1114/SB 1116 Tourist Development Taxes:: These bills expand the list of authorized TDT uses for counties to include affordable or workforce housing and tourism-related public safety improvements. Also included, is additional flexibility for the existing authorized use of TDT for public transit. Current Florida law requires 40% of hotel tax collections to be spent on tourism promotion as a conditional requirement for TDT use on public transit. SB 1114 softens this mandatory spending requirement to the lesser of 40% or $50 million.

Senator Carlos Guillermo Smith offered the following statement:

"It's time to modernize the way we think about Tourist Development Taxes. Tourism is a cornerstone of Florida's economy, and we must ensure that taxpayer-funded TDT dollars are working efficiently to address tourism-related community needs like workforce housing and public safety. This bill gives local governments the flexibility to address those community needs while continuing to support our tourism industry."

"As tourism numbers rise, it's crucial to invest in the safety and well-being of visitors and residents. This would help local governments better fund public safety without diverting resources from other law enforcement programs. The authorization of additional dollars for workforce housing would also allow tourism workers to live closer to their jobs, offsetting low wages in the industry. Promoting affordable housing improves housing stock as Florida grows, ensuring the state remains both safe and affordable for residents and visitors alike, a key to maintaining our status as a top travel destination.

"In my home county of Orange, this 6% bed tax on overnight hotel stays generates upwards of $350 million dollars annually. Florida law currently authorizes the use of hotel taxes for tourism-related public transit, but with one major caveat— mandatory government spending of no less than 40% of annual TDT collections on tourism advertising. In Orange County, that equates to approximately $140 million in annual taxpayer spending via Visit Orlando for corporate ads. SB 1114 amends this Florida law to limit mandatory TDT spending on

tourism advertising to $50 million, providing counties, like Orange, with the immediate flexibility to invest TDT dollars in public transit. This simple change to state statute creates an additional funding source to connect the Sunrail train to the Orlando airport, and can help Central Florida realize its full tourism potential…all without raising taxes a single penny."

Orange County TDT Citizen Advisory Task Force Member Eric Gray, offered the following statement in support of **SB 1114/SB 1116:**

"While we're proud to be the nation's top tourism destination, adding another one million people daily to our 2.5 million residents strains local resources. Tourists use water, roads, and sewer systems, generate trash, visit hospitals, and sometimes commit crimes. Hotel taxes in other U.S. cities help address these impacts and promote tourism. These taxes should benefit the whole community, not just one industry. For example, Orlando is the most popular destination yet has one of the lowest incomes in the country, with 62% of families living in cost-burdened housing. We also lack a dedicated public transit funding source, with a local tourist destination, Walt Disney World, having more buses than our entire three county transit system. It's past time we get reforms enacted to address these critical needs and I'm proud to support Senator Smith's legislative package, which encompasses so many of these much-needed reforms.

Orange Commissioner Kelly Semrad offered the following statement in support of **SB 1114/SB 1116:**

"*I applaud Senator Carlos Guillermo Smith for introducing this legislative package, which strategically maximizes the impact and return on investment of our state's Tourist Development Taxes (TDT) for the benefit of both the community and tourists. Florida is the world's premier tourist destination, with unparalleled opportunities to continue to grow and thrive on the global stage, generating increased foreign exchange that helps fuel our economy. In order for Florida to reach its full tourism potential, we must shift how we utilize the TDT revenue. It's time to reinvest in the infrastructure that will enhance the visitor experience while also directly improving the lives of our residents. By redirecting a portion of TDT funds into critical areas such as public safety, mass transit, workforce/affordable housing and infrastructure development, we can create lasting, broad-reaching economic benefits that will impact the entire state. A thriving tourism sector hinges on a state that offers vibrant communities, safe neighborhoods, and accessible amenities. Reinvesting in these priorities will ensure that Floridians benefit from the same economic growth that our tourism industry generates."*

SB 1110: Large-scale County Destination Marketing Organizations: This new legislation increases oversight and accountability of taxpayer dollars used for local tourism promotion. SB 1110 requires Visit Orlando and similar destination marketing organizations across Florida, to expand public-private partnerships and match public funding with private contributions on a one-to-one basis. The proposal ensures efficient and responsible use of taxpayer money by strengthening accountability, while maximizing the economic impact of publicly-funded tourism promotion.

Senator Smith offered the following statement

"SB 1110 requires Visit Orlando and similar organizations to follow the same standard of efficiency and accountability for taxpayer funding as Visit Florida by requiring a one-to-one match of all private to public contributions. It encourages public-private partnership, reduces government dependency from destination marketing organizations, and maximizes economic impact to ultimately increase returns for local businesses.

Requiring the private-sector to have skin in the game when it comes to publicly-funded tourism marketing, ensures marketing strategies truly align with industry needs and a better rate-of-return for taxpayers. It's just common sense."

Orange County Commissioner Kelly Semrad *offered the following statement in support of SB 1110:*

"For several years, Visit Orlando has consistently received around $100 million annually in public funding, while private contributions to the destination marketing organization remain relatively low. This heavy dependence on public dollars has resulted in inefficient spending and diverted resources away from critical community needs, including public transit and workforce housing. Senate Bill 1110 promotes genuine collaboration between the public and private sectors, ensuring that local tourism has a vested interest in how taxpayer dollars are invested in tourism advertising."

Visit Florida has been statutorily required to secure private contributions in exchange for public funding since it was first created in the mid 1990's. However, local destination marketing organizations have no similar requirements. A March 2024 Office of Economic and Demographic Research (EDR) and the Office of Program Policy Analysis and Government Accountability (OPPAGA) report found that private contributions accounted for 63.3% of the combined public and private spending attributed to Visit Florida in the most recent three-year period. But at the local level, private investment in destination marketing organizations was much smaller than the local taxpayer investment. In fact, the latest IRS filings indicate that membership dues contributed less than $2.7 million to the Visit Orlando agency's total $109 million budget. As this legislation moves through the 2025 legislative session, Senator Smith encourages Floridians to advocate for its passage. By working together, we can ensure that TDT revenues are used to build a more resilient and equitable future for all.

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