SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

Date: April 15, 1998 Revised:

Subject: Local Option Tourist Development Tax

	Analyst	Staff Director	Reference	Action
1.	Schmith	Yeatman	CA	Fav/1 amendment
2.	Givens	Austin	CM	Favorable
3.			WM	
4.				
5.				

I. Summary:

This bill authorizes a county to use the proceeds of the Professional Sports Franchise Facility Tax to pay the operation and maintenance costs of a convention center for a period of up to ten years, if the county qualifies to use the proceeds under current law to pay the debt service on bonds issued to finance the construction, reconstruction, or renovation of a convention center or to pay the design costs incurred prior to the issuance of such bonds.

This bill substantially amends section 125.0104 of the Florida Statutes.

II. Present Situation:

Section 125.0104, F.S., is known as the Local Option Tourist Development Act. The taxable privilege described by legislative intent in subsection (3) relates to the renting, leasing or letting for consideration of so called “transient rentals.” Transient rentals include living quarters or accommodations in any hotel, apartment hotel, motel, resort motel, apartment, apartment motel, rooming house, mobile home park, recreational vehicle park, or condominium for a term of 6 months or less.

This act authorizes certain counties to levy an original tourist development tax of one or two percent on transient rentals, in addition to the tax imposed on such rentals by ch. 212, F.S., regarding tax on sales and other transactions. After 3 ears of collecting the 1 or 2 percent tax, the governing board of the county (by extraordinary vote) may elect to impose an additional 1 percent tax on transient rentals.

The Department of Revenue keeps records showing the amount of taxes collected, including records disclosing the amount of taxes collected from each county in which a tax is levied.

Collections received by the department, less the costs of administration, are paid and returned monthly to the county imposing the tax. The proceeds are placed in the county tourist-development trust fund, established by each county as a prerequisite to receipt of such funds. A county may self-administer the tax (become exempt from remitting the tax proceeds to the Department of Revenue before being returned to the county) if it adopts an ordinance providing for the local collection and administration of the tax pursuant to s. 125.0104(10), F.S.

Subsection (5) of s. 125.0104, F.S., authorizes revenues from the original 1 or 2 percent tax, and the additional 1 percent tax, to be used for the following purposes:

- To acquire, construct, extend, enlarge, remodel, repair, improve, operate, and promote one or more publicly-owned and operated convention centers, sports stadiums, sports arenas, coliseums, auditoriums, zoological parks, or museums within the county or subcounty special taxing districts levying the tax and to secure or liquidate bonds for these purposes (counties may let service contracts to certain qualified lessors to provide for the operation of such facilities);

- To promote and advertise tourism in the state, as well as nationally, and internationally;

- To fund convention bureaus, tourist bureaus, tourist information centers, and news bureaus as county agencies or by contract with the chambers of commerce or similar associations in the county; or

- To finance beach park facilities, beach improvements, maintenance, renourishment, restoration, and erosion control, including shoreline protection, enhancement, cleanup, or restoration of inland lakes and rivers to which there is public access as those uses relate to the physical preservation of the beach, shoreline, or inland lake or river. Counties with less than 100,000 population are limited to using ten percent of tourist development tax revenues on beach park facilities.

Counties with a population of less than 600,000 which are imposing a tourist development tax may also use the revenues from that tax to acquire, construct, generally improve, or promote zoos, fishing piers or nature centers. Those entities must be owned and operated publicly or by a not-for-profit corporation and open to the public.

Currently, there are 42 counties in Florida which have elected to levy local option tourist development taxes. Most of the revenues from this tax are spent by the counties on advertising and promotion and on convention centers. Several opportunities (tied to certain conditions) exist within current law for counties to levy additional taxes on transient rentals.

Paragraph (l) of s. 125.0104(3), F.S., authorizes a county to levy an additional one-percent tax, known as the Professional Sports Franchise Facility Tax, by majority vote of the governing board, and use those revenues for the following purposes:

- Pay the planning and design costs incurred for, or the debt service on bonds issued to finance the construction, reconstruction or renovation of a professional sports franchise facility, either publicly owned and operated, or publicly owned and operated by the owner of a professional sports franchise or other lessee with sufficient expertise or financial capability to operate such facility; or

- Pay the planning and design costs incurred for, or the debt service on bonds issued to finance the construction, reconstruction, or renovation of a convention center.

However, the county must have levied the tax initially for purposes of a professional sports franchise facility in order to use the tax for a convention center.

There are currently ten counties levying the Professional Sports Franchise Facility Tax at the authorized rate of one percent: Brevard, Broward, Duval, Escambia, Hillsborough, Orange, Palm Beach, Pinellas, Polk and St. Lucie. Therefore, each of these counties is authorized to use the proceeds of the tax, under current law, to pay the debt service on bonds issued to finance the construction, reconstruction, or renovation of a convention center, and to pay the planning and design costs incurred prior to the issuance of those bonds.

III. Effect of Proposed Changes:

Section 1 amends s. 125.0104(3)(l), F.S., by creating a new subparagraph 3. to authorize a new use for the Professional Sports Franchise Facility Tax. The bill authorizes the proceeds of the tax to be used to pay the operation and maintenance costs of a convention center for a period of up to ten years. However, the bill restricts the new use to counties which are authorized to use the proceeds, under current law, to pay the design costs or the debt service on bonds issued to finance the construction, reconstruction, or renovation of a convention center.

Section 2 provides an effective date 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:

As the bill authorizes a new use for the tax, rather than authorizing the imposition of a new tax, there is no direct tax or fee impact.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The ten counties currently levying the Professional Sports Franchise Facility Tax are all self-administering the tax; therefore, the Department of Revenue does not track the expenditure of those funds. A telephone survey of the ten counties revealed that eight counties (Brevard, Broward, Duval, Escambia, Hillsborough, Orange, Pinellas and St. Lucie) currently pledge all the revenues from the tax for debt service on a Professional Sports Franchise Facility. Polk County, which originally levied the tax for the Chain of Lakes Stadium, currently uses a portion of the proceeds to finance renovations to the convention center. Under these facts, Polk County would be immediately eligible to use the proceeds to pay the operation and maintenance costs of the convention center. Palm Beach County is not currently using its tax proceeds for any purpose because neither a professional sports franchise facility nor a convention center is being built or renovated. Orange County hopes to pay off the debt service on the Citrus Bowl by July 1999, at which point the county must determine whether to continue levying the tax and perhaps use it for a convention center.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

#1 by Community Affairs:
Eliminates the prerequisite in existing law that a county must have first levied the tax to pay the planning and design costs for, or bonded indebtedness associated with, a professional sports franchise facility, prior to using the proceeds of the tax for a convention center.