STORAGE NAME: hb4063.tu
DATE: March 4, 1998

HOUSE OF REPRESENTATIVES
COMMITTEE ON
TOURISM
BILL RESEARCH & ECONOMIC IMPACT STATEMENT

BILL #: HB 4063 (PCB TU 98-04)

RELATING TO: Public Lodging Establishments

SPONSOR(S): Committee on Tourism, Rep. Barreiro and others

COMPANION BILL(S): SB 1934 (S)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:
(1) TOURISM YEAS 10 NAYS 0
(2)
(3)
(4)
(5)

I. SUMMARY:

House Bill 4063 makes several revisions to provisions in Chapter 509, Florida Statutes, which relate to the Department of Business and Professional Regulation's Division of Hotels and Restaurants and the regulation of transient public lodging establishments. The first revision expands the time frame which the division has to submit its annual inspection report to the Governor to allow enough time to compile complete information. The second revision reduces the time frame which transient establishments must keep property abandoned by guests. Finally, the bill revises advertising requirements for transient establishment unit rates and availability to require posting of a telephone number in print media ads.

The bill does not appear to have a fiscal impact on state or local governments and does appear to have a possible positive impact on private sector entities.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Public lodging and public food service establishments are regulated under Chapter 509, F.S. The regulatory provisions are implemented by the Division of Hotels and Restaurants (division) of the Department of Business and Professional Regulation. The division handles such areas as establishment licensure, consumer complaints, and the protection of public health, safety, and welfare.

Section 509.032, F.S., authorizes the division to carry out all of the inspection and licensing provisions provided in Chapter 509, F.S. The division currently has seven districts throughout the state which perform inspection activities for the division. There are approximately 40,000 facilities currently licensed in the state which must be inspected at least twice a year and usually average three inspections per year. Paragraph (5) of s. 509.032, F.S., requires the division to submit an annual inspection report to the Governor at the end of the fiscal year. Due to the volume of inspections conducted, the division reports that it is difficult to get all the information in from its seven districts in time to submit a complete report by July 1.

According to the Florida Hotel and Motel Association (FHMA), in 1997, 260,000 public lodging units were rented every night in Florida. Every year, thousands of Florida's guests leave belongings in these units. To protect the public's welfare, s. 509.191, F.S., requires public lodging and food service facilities to keep abandoned items for at least 90 days after a written notice has been sent to an identifiable guest. The FHMA reports that a number of large public lodging establishments in the Central Florida area have had to dedicate warehouse size space to accommodate all of the items left behind, many of which are never claimed. Additionally, each item is individually catalogued by guest which requires labor intensive record keeping.

Another consumer protection initiative is found in s. 509.201, F.S., which regulates public display and publication of public lodging establishment room rates. Paragraph (a) of this section relates to billboard displays and paragraph (b) relates to printed advertisements. Both paragraphs require that conditions affecting rooms rates be prominently displayed along with the rates and that the rates may not be higher than those on file with the division. In the case of print advertising, the establishment must publish the number of rental units available at the published rate, the effective dates of those rates, and an indication of whether the establishment has other rates in effect. Additionally, the rate posted in each unit must reflect the advertised rate for that unit and may not be higher than the rate on file with the division.

These provisions were initiated in an effort to protect consumers from a "bait and switch" type operation which lures customers to an establishment by advertising low room rates only to have the customers find out upon arrival that all the rooms at the low rate have already been rented. However, these provisions do not apply to advertisements published in guides or directories published by nonprofit organizations or to classified ads.

B. EFFECT OF PROPOSED CHANGES:

Section 509.032, F.S., is amended to provide that the division must make its end of the year inspection report to the Governor by no later than September 30 of each year rather than July 1. This will allow the division time to collect all of the inspection reports from its seven districts in order to provide complete information to the Governor.

Section 509.191, F.S., is amended to allow public lodging or food service establishments to reduce the amount of time from 90 to 30 days that they must keep abandoned property left by guests. This provision is intended to reduce the overhead expenses related to allocated space, record keeping, and labor currently expended by such establishments in cataloging and warehousing abandoned items.

Paragraph (2)(a) of s. 509. 201, F.S., is amended to provide that published advertisements of public lodging establishment room rates do not have to include the number of rental units available at the advertised rates nor that rates posted in those units correspond to the advertised rates. However, the bill does provide that if only a limited number of rental units are available in the establishment at the advertised rate, the ad must include a phone number to verify that availability. This amendment to s. 509.201(2)(a), F.S., appears to be less stringent than current law, but does still provide some protection for consumers. A potential customer would be afforded the opportunity to call ahead and verify that the establishment did have units still available at the published rate instead of being stuck with a higher rate at the time of arrival.

C. APPLICATION OF PRINCIPLES:

1. <u>Less Government:</u>

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

No.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

No.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

N/A

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

Yes. The bill reduces governmentally imposed time frames for warehousing abandoned transient public lodging establishment guest property and eliminates certain room rate advertising requirements.

b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

a. If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

b. Does the bill directly affect the legal rights and obligations between family members?

N/A

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

Sections 509.032, 509.191, and 509.201, F.S.

E. SECTION-BY-SECTION RESEARCH:

A section-by-section analysis is not required.

III. <u>FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT</u>:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. <u>Non-recurring Effects</u>:

None.

2. <u>Recurring Effects</u>:

None.

3. <u>Long Run Effects Other Than Normal Growth</u>:

None.

4. Total Revenues and Expenditures:

   None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

   None.

2. Recurring Effects:

   None.

3. Long Run Effects Other Than Normal Growth:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

   None.

2. Direct Private Sector Benefits:

   Public lodging and food service establishments could experience a financial savings by not having to dedicate as much space, bookkeeping, and labor resources to warehousing property abandoned by guests.

   Public lodging establishments could experience a savings in room rate advertising costs due to the reduction in the amount of information required to be published in each ad.

3. Effects on Competition, Private Enterprise and Employment Markets:

   Any cost savings will positively affect the competitive advantage of the establishments impacted by the provisions of this bill.

D. FISCAL COMMENTS:

   None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to expend funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority of counties or municipalities to raise revenue.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties and municipalities.

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON TOURISM:

Prepared by:	Legislative Research Director:
Susan F. Cutchins	Judy C. McDonald