

# 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.)

BILL: CS/SB 1578

SPONSOR: Commerce and Economic Opportunities Committee and Senator Kirkpatrick

SUBJECT: Tourism

DATE: April 16, 1999                      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Olafson</u>	<u>Maclure</u>	<u>CM</u>	<u>Favorable/CS</u>
2.	<u>Rhea</u>	<u>Wilson</u>	<u>GO</u>	<u>Favorable</u>
3.	_____	_____	<u>FP</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

## I. Summary:

The committee substitute amends several sections of the statutes which relate to the Florida Commission on Tourism and the Florida Tourism Industry Marketing Corporation (Visit Florida). It corrects one of the references to the commission's strategic plan by changing the time frame from five years to four years, thereby making it the same as the other references. A technical correction is made in the definition of "tourist" to reflect that a person who participates in trade or recreation activities outside of his or her home county is considered a tourist. The proposal also removes an obsolete reference to when the commission's first meeting must take place and provides that the commission will elect its vice-chair annually instead of biennially. It also adds a provision relating to the term lengths of the 17 general-tourism-industry members to specify that term limits apply only to terms begun after June 30, 1996. Obsolete provisions relating to the powers and duties of the commission are removed, and the provision relating to the required one-to-one match of private to public contributions is further delineated regarding what can be used in calculating the private sector match.

The committee substitute creates a statewide advisory committee empowered to assist the commission with the implementation of a plan to protect and promote all of the natural, coastal, historical, and cultural tourism assets of the state. The committee substitute requires the Florida Commission on Tourism to incorporate nature-based tourism and heritage tourism components into its comprehensive state marketing plan, and specifies that the plan must include provisions specifically addressing the promotion and development of nature-based tourism and heritage tourism in rural communities. The committee substitute provides that staff support for the Florida Commission on Tourism will be provided by the Florida Tourism Industry Marketing Corporation and that the president and chief executive officer of the Florida Tourism Industry Marketing Corporation will serve as the executive director of the commission.

Effective July 1, 1999, the committee substitute removes the Department of Transportation's statutory responsibilities for the Welcome Centers Office. The responsibility for the office is transferred to the Commission on Tourism and Visit Florida, its direct-support organization,

thereby privatizing the operation. Staff members of the Welcome Centers are to be offered employment through Visit Florida at the same salary they received through the Department of Transportation but with the same benefits provided by the direct-support organization to its employees. State employees of the Florida Welcome Centers are given until January 1, 2000, to choose to be employed by Visit Florida.

Finally, the committee substitute authorizes the Secretary of State to coordinate efforts with the Florida Commission on Tourism and Visit Florida to develop and implement a strategy to promote historical and cultural tourism in Florida.

The committee substitute amends the following sections of the Florida Statutes: 15.18, 288.1221, 288.1222, 288.1223, 288.1224, 288.1226, and 335.166. In addition, the committee substitute repeals section 335.165, Florida Statutes.

## **II. Present Situation:**

Section 288.1221, F.S., provides the legislative intent for the creation of the public-private partnership charged with promoting Florida tourism. In this section, the Legislature authorizes the partnership to recommend a five-year industry-standard marketing plan and a comparable organizational structure to carry out such a plan. Further intent is given by the Legislature in this section to consider the recommendations made in a 1992 report to the Legislature by the Florida Tourism Commission. This report contained a five-year strategic plan for marketing tourism. During the 1992 Regular Session, the Legislature created the currently existing Florida Commission on Tourism and required this permanent commission to develop and recommend a four-year marketing plan based on the original five-year plan (due to passage of the year it took to pass the legislation). Consequently, the other references in the statutes relating to the commission and the marketing plan speak of a four-year plan.

Section 288.1222, F.S., provides definitions for the body of law which relates to the state's tourism promotion efforts. Part of the Commission on Tourism's strategic plan initiatives is to promote in-state tourism to Florida's residents in an effort to keep that market share within the state. To describe such "tourists" the definition was intended to encompass Florida's resident tourists who cross county lines, not "country" lines as currently referred to in the statute.

Section 288.1223, F.S., provides for the creation and activities of the Florida Commission on Tourism. This section requires the commission to hold its first meeting by no later than September 1992. Additionally, this section provides that the commission is to elect a vice-chair on a biennial basis. This provision was originally intended to provide leadership continuity for the commission in an election year since the Governor is required to serve as the commission chair. The original commission has been in existence since 1992 and feels that its stability warrants the election of a vice-chair on an annual basis.

Section 288.1223, F.S., also provides limits to the number of consecutive terms the 17 general-tourism-industry members may be eligible to serve. Terms are limited to two consecutive four-year terms. Prior to 1996, the commission was an advisory body and when the public/private partnership was formed, the original 17 general-tourism-industry members continued on as members of the revised commission. Consequently, a number of those carry-over members will

not be eligible to continue to serve the commission in its new status as a public/private partnership.

Section 288.1224, F.S., provides for the powers and duties of the Florida Commission on Tourism. One of those duties relates to the development of the four-year marketing plan and its component parts. The plan is required to include provisions for the direct-support organization, d.b.a. Visit Florida, to reach the targeted one-to-one match of private to public contributions within a period of four calendar years after the implementation of the plan. The law is silent regarding what constitutes acceptable categories of private sector match. The decision of match category acceptability has been the subject of negotiation between the Executive Office of the Governor, the Legislature, and Visit Florida since its inception.

Section 288.1224, F.S., also provided for the creation and membership of an advisory committee of the commission charged with developing a regionally based plan to protect and promote all of the natural, coastal, historical, cultural, and commercial tourism assets of Florida. A report was required by December 1, 1997, with recommendations presented to the Legislature for implementation of the plan by January 1, 1998. The plan and presentation to the Legislature were accomplished. Currently, efforts are under way in Visit Florida to assist in plan implementation. Section 288.1224, F.S., does not provide for additional committee responsibilities beyond the preparation of the report by December 1, 1997.

Nothing is provided in the sections of law governing the commission nor Visit Florida on the responsibility for staffing of the commission. In practice, Visit Florida has served as staff for the commission; however, there have been questions raised about the ability of the president and chief executive officer of Visit Florida to serve as the executive director of the commission. Industry is seeking clarification of the law to ensure the staffing arrangements and to provide clarification of the role of the president of Visit Florida.

When the Department of Commerce was abolished in 1996, the personnel and functions of Florida's Welcome Centers were transferred to the Department of Transportation (DOT) for administrative and fiscal accountability purposes only. The Commission on Tourism was given the responsibility for administering and funding the programs and activities of the centers since all of the other functions related to promoting and marketing Florida tourism were assigned to the commission and its direct-support organization, Visit Florida. This was done primarily to retain the career service positions in the Welcome Centers as state positions for approximately three years so that some of the long-term employees could reach their normal retirement dates.

Since the privatization of tourism promotion functions in 1996, Visit Florida has been managing and funding the four Welcome Centers located on I-10, I-75, I-95, and Hwy 231. The Welcome Centers have 38 FTE positions budgeted for FY 1998-99 with a total salary of \$968,465. Visit Florida also provides additional resources for travel of Welcome Centers staff and Visit Florida staff working with the Welcome Centers (\$23,348) and for operating expenses incurred such as Visit Florida administrative costs, maintenance, and utilities for the Welcome Centers (\$470,978). The majority of the employees needing retirement protection in 1996 have since retired, reducing the need for the Welcome Centers to remain a state function.

Section 15.18, F.S., provides that the Divisions of Cultural Affairs, Historical Resources, and Library and Information Services of the Department of State promote programs having substantial cultural, artistic, and indirect economic significance that emphasize American creativity. The Secretary of State, as the head administrator of these divisions, is known as "Florida's Chief Cultural Officer." The Secretary of State is encouraged to initiate and develop relationships between the state and foreign governmental officials in order to promote Florida as the center of American creativity. To accomplish these purposes, the secretary has the power and authority to disseminate any information pertaining to the State of Florida which promotes the state's cultural assets; plan and carry out activities designed to cause improved cultural and governmental programs and exchanges with foreign countries; encourage and cooperate with other public and private organizations or groups in their efforts to promote the cultural advantages of Florida; and promulgate rules for entering into contracts which are primarily for promotional services and events, which may include commodities involving a service.

### **III. Effect of Proposed Changes:**

The committee substitute amends several sections of the statutes which relate to the Florida Commission on Tourism and the Florida Tourism Industry Marketing Corporation (Visit Florida). It corrects one of the references to the commission's strategic plan by changing the time frame from five years to four years, thereby making it the same as the other references. A technical correction is made in the definition of "tourist" to reflect that a person who participates in trade or recreation activities outside of his or her home county is considered a tourist. The proposal also removes an obsolete reference to when the commission's first meeting must take place and provides that the commission will elect its vice-chair annually instead of biennially. It also adds a provision relating to the term lengths of the 17 general-tourism-industry members to specify that term limits apply only to terms begun after June 30, 1996. Obsolete provisions relating to the powers and duties of the commission are removed, and the provision relating to the required one-to-one match of private to public contributions is further delineated regarding what can be used in calculating the private sector match.

The committee substitute creates a statewide advisory committee empowered to assist the commission with the implementation of a plan to protect and promote all of the natural, coastal, historical, and cultural tourism assets of the state. The committee substitute requires the Florida Commission on Tourism to incorporate nature-based tourism and heritage tourism components into its comprehensive state marketing plan, and specifies that the plan must include provisions specifically addressing the promotion and development of nature-based tourism and heritage tourism in rural communities. The committee substitute provides that staff support for the Florida Commission on Tourism will be provided by the Florida Tourism Industry Marketing Corporation and that the president and chief executive officer of the Florida Tourism Industry Marketing Corporation will serve as the executive director of the commission.

Effective July 1, 1999, the committee substitute removes the Department of Transportation's statutory responsibilities for the Welcome Centers Office. The responsibility for the office is transferred to the Commission on Tourism and Visit Florida, its direct-support organization, thereby privatizing the operation. Staff members of the Welcome Centers are to be offered employment through Visit Florida at the same salary they received through the Department of Transportation but with the same benefits provided by the direct-support organization to its

employees. State employees of the Florida Welcome Centers are given until January 1, 2000, to choose to be employed by Visit Florida. The committee substitute also provides directory language regarding management of the welcome centers, and authorizes the transfer of certain tangible personal property from the Department of Transportation to the commission.

Finally, the committee substitute authorizes the Secretary of State to coordinate efforts with the Florida Commission on Tourism and Visit Florida to develop and implement a strategy to promote historical and cultural tourism in Florida.

Following is a section by section analysis the committee substitute:

**Section 1.** Amends s. 288.1221, F.S., to correct one of the references to the Commission on Tourism strategic plan by changing the time frame from five years to four years, thereby making it the same as the other references. This section also deletes obsolete language.

**Section 2.** Amends s. 288.1222, F.S., to correct the definition of “tourist” to reflect that a person who participates in trade or recreation activities outside of his or her home county, and not country, is considered a tourist.

**Section 3.** Amends s. 288.1223, F.S., to remove an obsolete reference to when the commission’s first meeting must take place and to provide that the commission will elect its vice-chair annually instead of biennially. The committee substitute adds a provision relating to the term lengths of the 17 general-tourism-industry members to make the two, four-year consecutive term limit apply only to terms that began after June 30, 1996.

**Section 4.** Amends s. 288.1224, F.S., to delete obsolete provisions, to specify what is to be allowed in the required private portion of the one-to-one match of private to public contributions for tourism, to provide for staffing of the Commission on Tourism by Visit Florida, and to provide authority for the executive director of the commission. For the purposes of calculating the required one-to-one match, matching private funds shall be divided into four categories. The first category is direct cash contributions, which include, but are not limited to, cash derived from strategic alliances, contributions of stocks and bonds, and partnership contributions. The second category is fees for services, which include, but are not limited to, event participation, research, and brochure placement and transparencies. The third category is co-operative advertising, which is the value based on cost of contributed productions, air time, and print space. The fourth category is in-kind contributions, which include, but are not limited to, the value of strategic alliance services contributed, the value of loaned employees, discounted service fees, items contributed for use in promotions, and radio or television air time or print space for promotions.

Section 288.1224, F.S., is further amended to provide for a standing advisory committee empowered to assist the commission with the implementation of a plan to protect and promote all of the natural, coastal, historical, and cultural tourism assets of the state. The Florida Commission on Tourism is required to incorporate nature-based tourism and heritage tourism components into its comprehensive state marketing plan, and such plan must include provisions addressing the promotion and development of nature-based tourism and heritage tourism in rural communities.

The committee substitute also specifies that staff support for the Florida Commission on Tourism is to be provided by the Florida Tourism Industry Marketing Corporation and the president and chief executive officer of the Florida Tourism Industry Marketing Corporation will serve as the executive director of the commission.

**Section 5.** Amends s. 288.1226, F.S., to require Visit Florida to provide staff support to the Commission on Tourism, to have the president and chief executive officer serve as the executive director for the commission, and to outline the duties of the executive director. Staff support is provided to the commission without compensation.

**Section 6.** Renumbers s. 335.166, F.S., as s. 228.12265, F.S., and amends the section to put the responsibility for the Welcome Centers staffing, administration, and operation under the Florida Commission on Tourism and its direct-support organization, Visit Florida, effective July 1, 1999. Provides that staff members of the Welcome Centers are to be offered employment through Visit Florida at the same salary they received through the Department of Transportation but with the same benefits provided by the direct-support organization to its employees. State employees of the Florida Welcome Centers are given until January 1, 2000, to choose to be employed by Visit Florida. Persons who choose to remain with the state may work as state employees at the Welcome Center until June 30, 2001. The committee substitute provides directory language regarding management of the welcome centers.

**Section 7.** Authorizes the transfer of tangible personal property from the Department of Transportation to the Florida Commission on Tourism.

**Section 8.** Authorizes the Secretary of State to develop and implement a strategy to promote Florida as a destination for historical and cultural tourism in domestic and international markets in cooperation with the Florida Commission on Tourism and its direct-support organization (Visit Florida). The Secretary and the Florida Commission on Tourism and its direct support organization shall coordinate with Visit USA Committees in other countries regarding the promotion of historical and cultural tourism, and consider developing a tiered system which prioritizes state owned properties to promote historic and cultural tourism. This section authorizes the Secretary, the Florida Commission on Tourism and its direct support organization, and the Department of Transportation to coordinate efforts to improve directional signage and access to historical and cultural resources along state and federal right-of-ways.

**Section 9.** Repeals s. 335.165, F.S., relating to welcome stations and the payment of improvements by the Department of Commerce.

**Section 10.** Provides this act shall take effect upon becoming 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:**

None.

**B. Private Sector Impact:**

The committee substitute provides for the transfer of employees of Florida Welcome Centers from the Department of Transportation to the Florida Commission on Tourism. The Florida Commission on Tourism has been paying for the operation of the Welcome Center Office, including all staffing costs, since its placement in the Department of Transportation in 1996. Thus, the transfer will not result in any significant new costs to the private entity. There will be some costs involved for buying out the sick and annual leave of the state employees who will now become private-sector employees of the Florida Tourism Industry Marketing Corporation, (Visit Florida).

**C. Government Sector Impact:**

The committee substitute removes the Department of Transportation's statutory responsibilities for the Welcome Centers Office that was placed there for administrative and fiscal accountability purposes after the dissolution of the Department of Commerce. The responsibility for the office is transferred to the Commission on Tourism and its direct-support organization thereby privatizing the operation.

The bill provides for the transfer of salary money on a dollar-for-dollar basis. It is, however, silent on whether the benefit dollars paid by the predecessor state agency are to be reduced to account for the reduced scale of benefits provided employees subsequently hired by Visit Florida. State of Florida benefits comprise 35 percent of salary for career employees. It is not likely that a successor organization will provide this level of benefit coverage as a percentage of salary. These amounts should be reduced accordingly in the transfer process to avoid Visit Florida billing for benefit dollars it is not paying.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

---

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

---