HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1081 Tourist Development
SPONSOR(S): Porras
TIED BILLS: **IDEN./SIM. BILLS:** SB 1072

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Regulatory Reform & Economic Development Subcommittee	12 Y, 0 N	Bauldree	Anstead
2) Ways & Means Committee			
3) Commerce Committee			

SUMMARY ANALYSIS

Counties are authorized to levy five separate taxes on transient rental transactions (tourist development taxes or TDTs). These apply to hotels, motels, and holiday inns. Depending on a county's eligibility to levy such taxes, the maximum potential tax rate varies. A county, as defined by s. 125.011(1), F.S., (i.e., Miami-Dade County) is also authorized to impose a 3 percent convention development tax on the total consideration charged for transient rental transactions. Current law limits the uses of revenues received by counties from TDTs.

The bill provides an exception to the authorized uses of revenues received by counties imposing certain TDTs. Under the bill, a county as defined in s. 125.011(1), F.S. (i.e. Miami-Dade County) may use the revenues to complete existing projects, debt obligations, or contracts in existence as of July 1, 2024. Revenues may not be used to renew or to extend such projects.

For remaining revenues not needed for existing projects, contracts, or debt obligations, 50 percent of TDT revenues must be distributed proportionally to municipalities in the county for specified uses.

The county must distribute the remaining tax revenues monthly as follows:

- 20 percent for the primary bureau, department, or association responsible for organizing, funding, and promoting artist and cultural organizations;
- 30 percent for visitors bureaus and homeless shelters; and
- 50 percent for regular TDT uses.

The bill revises the purposes for which Miami-Dade County may use charter county convention development revenue, by providing that 50 percent of the revenues must be distributed proportionally to the governing boards of the municipalities within the county. Distributions may be used to:

- Acquire, construct, extend, enlarge, remodel, repair, improve, operate, or maintain a convention center, an exhibition hall, a coliseum, an auditorium, a performing arts center, or a related building or parking facility for such buildings.
- Promote and advertise tourism and to fund convention bureaus, tourist bureaus, tourist information centers, and news bureaus.

The county must use the remaining charter county convention development revenue to acquire, construct, extend, enlarge, remodel, repair, improve, operate, or maintain a countywide convention and visitors bureau, a convention center, an exhibition hall, a coliseum, an auditorium, a performing arts center, or a related building or parking facility for such buildings.

The bill takes effect July 1, 2024.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Tourist Development Taxes

Pursuant to the Local Option Tourist Development Act,[1] counties are authorized to levy five separate taxes on transient rental[2] transactions (tourist development taxes or TDTs). Depending on a county's eligibility to levy such taxes, the maximum potential tax rate varies:

- The original TDT may be levied at the rate of 1 or 2 percent.[3]
- An additional 1 percent tax may be levied by counties who have previously levied the original TDT at the 1 or 2 percent rate for at least three years.[4]
- A high tourism impact tax may be levied at an additional 1 percent.[5]
- A professional sports franchise facility tax may be levied up to an additional 1 percent.[6]
- An additional professional sports franchise facility tax no greater than 1 percent may be imposed by a county that has already levied the professional sports franchise facility tax.[7]

TDT Process

Each county that levies the original 1 or 2 percent TDT is required to have a tourist development council consisting of county residents who are appointed by the county governing board.[8] The tourist development council makes recommendations to the county governing board for the effective operation of special projects or for uses of the TDT revenue.[9]

Prior to the authorization of the original 1 or 2 percent TDT, the levy must be approved by a countywide referendum held at a general election,[10] and additional TDT levies must be authorized by a vote of the county's governing board or by voter approval in a countywide referendum.[11] Each county proposing to levy the original 1 or 2 percent tax must then adopt an ordinance for the levy and imposition of the tax,[12] which must include a plan for tourist development prepared by the tourist development council.[13] The plan for tourist development must include the anticipated net tax revenue to be derived by the county for the two years following the tax levy, as well as a list of the proposed uses of the tax and the

---

[1] S. 125.0104, F.S.
[2] S. 125.0104(3)(a)1., F.S., considers "transient rental" to be the rental or lease of any accommodation for a term of six months or less.
[3] S. 125.0104(3)(c), F.S. All 67 of Florida's counties are eligible to levy this tax, but only 62 counties have done so, all at a rate of 2 percent. Office of Economic and Demographic Research (EDR), *2024 Local Option Tourist Tax Rates*, http://edr.state.fl.us/Content/local-government/data/county-municipal/2024LOTTrates.pdf (last visited Feb. 2, 2024). These counties are estimated to realize $583 million in revenue from these taxes in the 2023-2024 fiscal year. EDR *2023 Florida Tax Handbook*, p. 289, http://edr.state.fl.us/Content/revenues/reports/tax-handbook/taxhandbook2023.pdf (last visited Feb. 2, 2024).
[4] S. 125.0104(3)(d), F.S. Fifty-six of the eligible 59 counties levy this tax, with an estimated 2023-2024 state fiscal year collection of $254 million in revenue. EDR *2023 Florida Tax Handbook*, *supra* note 3 at.293.
[5] S. 125.0104(3)(m), F.S. Ten of the 14 eligible counties levy this tax with an estimated 2023-2024 state fiscal collection of $161 million in revenue. EDR *2023 Florida Tax Handbook*, *supra* note 3 at 300.
[6] S. 125.0104(3)(l), F.S. Revenue can be used to pay debt service on bonds for the construction or renovation of professional sports franchise facilities, spring training facilities or professional sports franchises, and convention centers and to promote and advertise tourism. Forty-six of the 67 counties levy this additional tax, with an estimated 2023-2024 state fiscal year collection of $259 million in revenue. EDR *2023 Florida Tax Handbook*, *supra* note 3 at 297.
[7] S. 125.0104(3)(n), F.S. Thirty-six of the eligible 65 counties levy the additional professional sports franchise facility tax, with an estimated 2023-2024 state fiscal year collection of $226 million in revenue. EDR *2023 Florida Tax Handbook*, *supra* note 3 at 303.
[8] S. 125.0104(4)(e), F.S.
[9] *Id*.
[10] S. 125.0104(6), F.S.
[11] S. 125.0104(3)(d), F.S.
[12] S. 125.0104(4)(a), F.S.
[13] S. 125.0104(4), F.S.

approximate cost for each project or use.[14] The plan for tourist development may not be substantially amended except by ordinance enacted by an affirmative vote of a majority plus one additional member of the governing board.[15]

TDT Uses

The revenues derived from TDTs may be used for:[16]

- The acquisition, construction, extension, enlargement, remodeling, repair, or improvement of a publicly owned and operated convention center, sports stadium, sports arena, coliseum, auditorium, aquarium, or a museum that is publicly owned and operated or owned and operated by a not-for-profit organization, or promotion of a zoo.
- Promoting and advertising tourism in the state.
- Funding of convention bureaus, tourist bureaus, tourist information centers, and news bureaus as county agencies, or by contract with chambers of commerce or similar associations in the county.
- Financing beach park facilities or beach improvement, 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.[17]
- In counties with populations less than 950,000, the acquisition, construction, extension, enlargement, remodeling, repair, or improvement, maintenance, operation, or promotion of zoos, fishing piers, or nature centers which are publicly owned and operated or owned and operated by a not-for-private organization and open to the public.[18]
- Securing revenue bonds issued by the county for the acquisition, construction, extension, enlargement, remodeling, repair, or improvement of a publicly owned and operated convention center, sports stadium, sports arena, coliseum, auditorium, aquarium, or a museum, or financing beach park facilities or beach improvement, maintenance, renourishment, restoration, and erosion control.

In addition, up to 10 percent of the tax revenue received by a county located adjacent to the Gulf of Mexico or the Atlantic Ocean may be used to reimburse for expenses incurred in providing public safety services[19] that are needed to address impacts related to increased tourism and visitors to an area. However, a county or municipality that does so may not use these funds to supplant the normal operating expenses of an emergency medical services department, a fire department, a sheriff's office, or a police department.[20] To receive reimbursement the county must:

- Generate a minimum of $10 million in annual proceeds from any tax, or any combination of taxes, authorized to be levied pursuant to this section;
- Have at least three municipalities; and
- Have an estimated population of less than 225,000.[21]

<u>Convention Development Taxes</u>

Each county, as defined by s. 125.011(1), F.S., (i.e., Miami-Dade County) is authorized to impose a 3 percent convention development tax on the total consideration charged for transient rental transactions. The tax must be levied pursuant to an ordinance enacted by the county's governing body. [22] During

[14] *Id.*
[15] *Id.* The provisions found in s. 125.0104(4)(a)-(d), F.S., do not apply to the high tourism impact tax, the professional sports franchise facility tax, or the additional professional sports franchise facility tax.
[16] S. 125.0104(5), F.S.
[17] In counties with populations less than 100,000, up to 10 percent of TDT revenues may be used for financing beach park facilities. *See* s. 125.0104(5)(a), F.S.
[18] S. 125.0104(5)(b), F.S.
[19] Public safety services include emergency medical services as defined in s. 401.107(3), F.S., and law enforcement services. S. 125.0104(5)(c), F.S.
[20] *Id.*
[21] S. 125.0104(5)(c), F.S.
[22] S. 212.0305(4)(b)1., F.S.

fiscal year 2022-2023, Miami-Dade generated approximately $130 million in revenue.[23] Tax proceeds must be used in the following manner:[24]

- Two-thirds of the proceeds must be used to extend, enlarge, and improve the largest existing publicly owned convention center in the county.
- After completion of any project above, proceeds may be used to acquire, construct, extend, enlarge, remodel, repair, improve, plan for, operate, manage, or maintain one or more convention centers, stadiums, exhibition halls, arenas, coliseums, auditoriums, or golf courses, and may be used to acquire and construct an intercity light rail transportation system.
- One-third of the proceeds must be used to construct a new multipurpose convention/coliseum/exhibition center/stadium or the maximum components thereof as funds permit in the most populous municipality in the county.
- After completion of the above projects, tax revenues and interest accrued pursuant to that authorized use may be used, as determined by the county to operate an authority created pursuant to s. 212.0305(4)(b)4., F.S., or to acquire, construct, extend, enlarge, remodel, repair, improve, operate, or maintain one or more convention centers, stadiums, exhibition halls, arenas, coliseums, auditoriums, golf courses, or related buildings and parking facilities in the most populous municipality in the county.

Prior to the county enacting an ordinance imposing the levy, the county must notify the governing body of each municipality in which projects are to be developed. As a precondition to the receipt of funding, the governing bodies must designate or appoint an authority that has the power to approve the concept, location, program, and design of the facilities or improvements to be developed. The authority administers and disburses the tax proceeds and any other related source of revenue. However, the authority's annual budget is subject to approval of the municipality's governing body. [25]

The governing body of each municipality levying the tax may adopt a resolution prohibiting the imposition of the convention development tax within the municipality's jurisdiction. If a municipality adopts such a resolution, the tax is imposed by the county in all other areas of the county except such municipality. No funds collected from the convention development tax may be expended in a municipality that has adopted such a resolution. [26]

Effect of the Bill

The bill provides an exception to the authorized uses of revenues received by counties imposing a TDT for a county defined in s. 125.011(1), F.S. (i.e. Miami-Dade County). The bill specifies that revenues may be used to complete any project underway or to perform any contract in existence as of July 1, 2024, and that revenues may not be used to renew or extend the contracts or projects. Bonds or other outstanding debt as of July 1, 2024, may be refinanced; however, the duration of the debt pledging the TDT may not be extended and the outstanding principal may not be increased, except to account for the costs of issuance.

Revenues not needed for projects, debt obligations, or contracts must be distributed as follows:

- 50 percent must be distributed proportionally to the governing authorities of the municipalities within the county on a monthly basis. The receiving municipality may use the distributions to:
  - Promote and advertise tourism.
  - Fund convention bureaus, tourist bureaus, tourist information centers, and news bureaus. Municipalities may enter into interlocal agreements for the purpose of using the revenue for these stated purposes in combination with moneys used by the county for a countywide convention and visitor bureau pursuant to current law.

---

[23] Florida Office of Economic and Demographic Research, *2023 Florida Tax Handbook*, p. 312, http://edr.state.fl.us/Content/revenues/reports/tax-handbook/taxhandbook2023.pdf (last visited Feb. 2, 2024).
[24] S. 212.0305(4)(b)2., F.S.
[25] S. 212.0305(4)(b)4., F.S.
[26] *Id.*

- Acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate, or finance public facilities[27] within the boundaries of the municipality, if the public facilities are needed to increase tourist-related business activities in the municipality. Tax distributions may be used for any related land acquisition, land improvement, design and engineering costs, and all other professional and related costs required to bring the public facilities into service. Tax distributions may only be used if:
  - At least 2/3 of the governing authority of the municipality approves the use;
  - No more than 70 percent of the cost will be paid for using TDT revenues;
  - No more than 40 percent of all TDT revenues distributed to the municipality are spent to promote and advertise tourism.
- Acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate, or promote parks or trails that are publicly owned and operated or owned and operated by not-for-profit organizations and open to the public.
- Reimburse expenses incurred in providing public safety services including emergency medical services and law enforcement needed to address impacts related to increased tourism and visitors to a municipality.
- Finance water quality improvement projects including, but not limited to, flood mitigation; algae control, cleanup, or prevention measures; and Biscayne Bay and waterway network restoration activities.
- Provide for septic-to-sewer conversion projects.

The county must distribute the remaining tax revenues monthly as follows:
- 20 percent for the primary bureau, department, or association responsible for organizing, funding, and promoting artist and cultural organizations;
- 30 percent for visitors bureaus and homeless shelters; and
- 50 percent for regular TDT uses.

The bill revises the purposes for which a county may use charter county convention development moneys. The bill provides that 50 percent of charter county convention development money must be distributed proportionally to the governing boards of the municipalities within the county on a monthly basis. Moneys collected in unincorporated areas of the county are not included in the distribution. The distributions may be used for the following purposes:
- To acquire, construct, extend, enlarge, remodel, repair, improve, operate, or maintain a convention center, an exhibition hall, a coliseum, an auditorium, a performing arts center, or a related building or parking facility to such buildings.
- To promote and advertise tourism and to fund convention bureaus, tourist bureaus, tourist information centers, and news bureaus. Municipalities may enter into interlocal agreements to use the revenue in combination with moneys used by the county for a countywide convention and visitor's bureau.

The county must use the remaining charter county convention development money only for the following purposes:
- To acquire, construct, extend, enlarge, remodel, repair, improve, operate, or maintain a convention center, an exhibition hall, a coliseum, an auditorium, a performing arts center, or a related building or parking facility for such buildings.
- To acquire, construct, extend, enlarge, remodel, repair, improve, operate, or maintain a countywide convention and visitors bureau which, by interlocal agreement and contract with the municipalities within the county, has the primary responsibility for promoting the county and its municipalities as a destination site for conventions, trade shows, and pleasure travel, or to be used for regular TDT uses. If the county is not or is no longer a party to an interlocal agreement, the county must distribute the revenue for regular TDT uses.

[27] The bill defines the term "public facilities" as major capital improvements that have a life expectancy of 5 or more years, including, but not limited to, transportation; sanitary sewer, including solid waste, drainage, and potable water; and pedestrian facilities.

The bill removes the requirement that the county notify the governing board of each municipality before enacting an ordinance imposing the levy, as well as the designation or appointment of an authority and the powers granted to the authority.

Lastly, the bill directs the Division of Law Revision to replace the phrase "the effective date of this act" wherever it occurs in this act with the date the act becomes law.

The bill takes effect July 1, 2024.

B. SECTION DIRECTORY:

Section 1: Amends s. 125.0104, F.S., relating to tourist development tax; procedure for levying; authorized uses; referendum; enforcement.

Section 2: Amends s. 212.0305, F.S., relating to convention development taxes; intent; administration; authorization; use of proceeds.

Section 3: Directs the Division of Law Revision to make conforming changes.

Section 4: Provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   None.

2. Expenditures:

   None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   By reallocating TDT funds, the bill may have an indeterminate impact on county and municipal government revenues.

2. Expenditures:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not Applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditures of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

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.