

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

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

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Prepared By: The Professional Staff of the Committee on Finance and Tax

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BILL: SB 1748

INTRODUCER: Senator Brodeur

SUBJECT: Tourist Development Tax

DATE: February 7, 2024

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Renner</u>	<u>McKay</u>	<u>CM</u>	<b>Favorable</b>
2.	<u>Byrd</u>	<u>Khan</u>	<u>FT</u>	<b>Pre-meeting</b>
3.	_____	_____	<u>AP</u>	_____

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## I. Summary:

SB 1748 prohibits a tourist development council’s plan for tourist development, which is required for levying the original 1 or 2 percent tourist development tax, from allocating more than 25 percent of the tax revenue received for a fiscal year to fund an individual project unless the governing board of the county approves the use by a supermajority vote.

The bill takes effect July 1, 2024.

## II. Present Situation:

### Tourist Development Taxes

Pursuant to the Local Option Tourist Development Act,<sup>1</sup> counties are authorized to levy five separate taxes on transient rental<sup>2</sup> 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.<sup>3</sup>
- 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.<sup>4</sup>

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<sup>1</sup> Section 125.0104, F.S.

<sup>2</sup> Section 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.

<sup>3</sup> Section 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*, available at: <http://edr.state.fl.us/Content/local-government/data/county-municipal/2024LOTTRates.pdf> (last visited Jan 30, 2024). These counties are estimated to realize \$587 million in revenue from these taxes in the 2024-2025 state fiscal year. EDR *2023 Florida Tax Handbook*, p. 289, available at: <http://edr.state.fl.us/Content/revenues/reports/tax-handbook/taxhandbook2023.pdf> (last visited Jan. 30, 2024).

<sup>4</sup> Section 125.0104(3)(d), F.S. Fifty-six of the eligible 59 counties levy this tax, with an estimated 2024-2025 state fiscal year collection of \$257 million in revenue. EDR *2023 Florida Tax Handbook*, *supra* note 3 at p. 293.

- A high tourism impact tax may be levied at an additional 1 percent.<sup>5</sup>
- A professional sports franchise facility tax may be levied up to an additional 1 percent.<sup>6</sup>
- 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.<sup>7</sup>

### ***TDT Process***

Each county that levies tourist development taxes is required to have a tourist development council consisting of county residents who are appointed by the county governing board. 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.<sup>8</sup>

Additionally, for the original 1 or 2 percent TDT, the tourist development council must submit a tourist development plan to the governing board of the county. The plan must be submitted before a referendum to enact or renew the ordinance levying the tax.<sup>9</sup> The plan must include:

- the anticipated net tax revenue to be derived by the county for the two years following the tax levy,
- the tax district in which the enactment or renewal of the ordinance levying and imposing the TDT is proposed; and
- a list of the proposed uses of the tax by specific project or special use and the approximate cost or expense allocation for each specific project or special use.<sup>10</sup>

After submission of the plan to the governing board of the county, the governing board must adopt the plan as part of the ordinance levying the tax.<sup>11</sup> The ordinance must be approved by a countywide referendum held at a general election.<sup>12</sup> The plan may not be substantially amended after the enactment or renewal of the ordinance levying the TDT, except by ordinance enacted by an affirmative vote of a majority plus one additional member of the governing board.<sup>13</sup>

### ***TDT Uses***

The revenues derived from TDTs may be used for:<sup>14</sup>

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<sup>5</sup> Section 125.0104(3)(m), F.S. Ten of the 14 eligible counties levy this tax with an estimated 2024-2025 state fiscal collection of \$163 million in revenue. EDR 2023 *Florida Tax Handbook*, *supra* note 3 at p. 300.

<sup>6</sup> Section 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 franchise facilities, and convention centers and to promote and advertise tourism. Forty-six of the 67 counties levy this additional tax, with an estimated 2024-2025 state fiscal year collection of \$261 million in revenue. EDR 2023 *Florida Tax Handbook*, *supra* note 3 at p. 297.

<sup>7</sup> Section 125.0104(3)(n), F.S. Thirty-six of the eligible 65 counties levy the additional professional sports franchise facility tax, with an estimated 2024-2025 state fiscal year collection of \$228 million in revenue. EDR 2023 *Florida Tax Handbook*, *supra* note 3 at p. 303.

<sup>8</sup> Section 125.0104(4)(e), F.S.

<sup>9</sup> Section 125.0104(4)(c), F.S. The provisions found in s. 125.0104(4)(a)-(d), F.S., do not apply to the additional 1% tax, high tourism impact tax, the professional sports franchise facility tax, or the additional professional sports franchise facility tax.

<sup>10</sup> *Id.*

<sup>11</sup> Section 125.0104(4)(d), F.S.

<sup>12</sup> Sections 125.0104(4)(a) and (6), F.S.

<sup>13</sup> Section 125.0104(4)(d), F.S.

<sup>14</sup> Section 125.0104(5), F.S.

- The acquisition, construction, extension, enlargement, remodeling, repair, improvement, maintenance, operation, or promotion of certain publicly owned convention centers, sports stadiums, sports arenas, coliseums, auditoriums, aquariums, or museums. Revenue may also be used to secure revenue bonds for these purposes.
- Promoting certain publicly owned zoos. Revenue may also be used to secure revenue bonds for this purpose.
- Promoting and advertising tourism.
- Funding 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, channel, estuary, or lagoon improvement, maintenance, renourishment, restoration, and erosion control.<sup>15</sup> Revenue may also be used to secure revenue bonds for these purposes.
- In counties with populations less than 950,000, the acquisition, construction, extension, enlargement, remodeling, repair, or improvement, maintenance, operation, or promotion of certain publicly owned zoos, fishing piers, or nature centers.<sup>16</sup>
- If certain requirements are met, acquiring, constructing, extending, enlarging, remodeling, repairing, improving, maintaining, operating, or financing public facilities<sup>17</sup> if the public facilities are needed to increase tourist-related business activities and are recommended by the county tourist development council.<sup>18</sup>
- If certain requirements are met, reimbursing public safety expenses, including emergency medical and law enforcement services, which are needed to address impacts related to increased tourism and visitors to an area.<sup>19</sup>

### III. Effect of Proposed Changes:

The bill amends s. 125.0104(4), F.S., to prohibit a tourist development plan, which is required for levying the original 1 or 2 percent TDT, from allocating more than 25 percent of the tax revenue received for a fiscal year to fund an individual project unless the governing board of the county approves the use by a supermajority vote.

The bill takes effect July 1, 2024.

### IV. Constitutional Issues:

#### A. Municipality/County Mandates Restrictions:

Article VII, section 18 of the Florida Constitution requires a two-thirds vote of the membership of each house of the Legislature to pass legislation requiring counties and

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<sup>15</sup> 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)5., F.S.

<sup>16</sup> Section 125.0104(5)(b), F.S.

<sup>17</sup> Public facilities include major capital improvements that have a life expectancy of 5 or more years, including, but not limited to, transportation, sanitary sewer, solid waste, drainage, potable water, and pedestrian facilities. *See* s. 125.0104(5)(a)6., F.S.

<sup>18</sup> Section 125.0104(5)(a)6., F.S.

<sup>19</sup> Section 125.0104(5)(c), F.S.

municipalities to spend funds, limiting their ability to raise revenue, or reducing the percentage of a state tax shared with them. This bill does not require counties or municipalities to spend funds, limit their authority to raise revenue, or reduce the percentage of a state tax shared with them as specified in Article VII, section 18 of the Florida Constitution. Therefore, the provisions of Article VII, section 18 of the Florida Constitution do not apply.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**D. State Tax or Fee Increases:**

The bill does not create or raise a state tax or fee. Therefore, the requirements of Art. VII, s. 19 of the Florida Constitution do not apply.

**E. Other Constitutional Issues:**

None identified.

**V. Fiscal Impact Statement:**

**A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

None.

**C. Government Sector Impact:**

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends section 125.0104 of the Florida Statutes.

**IX. Additional Information:**

- A. **Committee Substitute – Statement of Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

- B. **Amendments:**

None.

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This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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