



# Overview of Tourist Development Tax Programs October 20, 2015



# Overview of the TDT and Uses

# Legislative Background of TDT

(F.S. 125.0104)

Legislative intent - To attract tourists, by both creating an attractive physical and programmatic environment for the enjoyment of tourists and by promoting the community to tourists to increase tourist-related business activities

Statutory definition of a tourist - a person who participates in trade or recreation activities outside the county of his or her permanent residence or who rents or leases transient accommodations for a term of six months or less

# Tourist Development Tax (TDT) Levies

- December 1<sup>st</sup> 1980 - 1<sup>st</sup> and 2<sup>nd</sup> TDT pennies tax levied after Countywide referendum
- August 1<sup>st</sup> 1987 - 3<sup>rd</sup> TDT penny tax levied by Board of County Commissioners (BOCC)
- July 1<sup>st</sup> 1996 - 4<sup>th</sup> and 5<sup>th</sup> TDT pennies tax levied by BOCC for Arena debt service

# TDT Comparisons

- Broward - Currently 5 Cents
- Hillsborough – Currently 5 Cents
- Monroe- Currently 5 Cents
- Palm Beach - Currently 6 Cents
- Miami-Dade – Currently 6 Cents
- Orange – Currently 6 Cents
- Pinellas – Currently 6 Cents

# Statutory Uses of Five Cents TDT

	1	2	3	4	5
Acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate or promote publicly owned & operated convention centers, sports stadiums, sports arenas, coliseums, auditoriums, aquariums or museums that are publicly owned and operated or owned and operated by not-for-profit organizations and open to the public	X	X	X		
Promote Zoological Parks that are publicly owned and operated or owned and operated by not-for-profit organizations and open to the public	X	X	X		
Promote & advertise tourism in Florida, nationally & internationally, and/or to support an activity, service, venue, or event that is attractive to tourists	X	X	X	X	X
Fund Convention and Visitor's Bureaus	X	X	X		
Finance beach park facilities or beach improvement, maintenance, renourishment, restoration, and erosion control, including shoreline protection, enhancement, cleanup, or restoration of inland lakes and rivers (public access required)	X	X	X		
TDT revenues may be pledged to secure and liquidate revenue bonds issued by the County for the purposes set forth in 1, 2, and 5 or for the purpose of refunding bonds previously issued for such purposes, or both	X	X	X		
Pay the debt service on bonds issued to finance the construction, reconstruction or renovation of a publicly owned professional sports franchise facility or retained spring training franchise facility				X	X
Pay the debt service on bonds issued to finance the construction, reconstruction or renovation of a convention center				X	
Pay the operation and maintenance costs of a convention center for a period of up to ten years, only if the tax was levied for this purpose				X	

# Five Year History of TDT Budgeted Uses

(Annual Ranges)

- Marketing, Advertising and Promotion (\$10m-\$15.3m)
- Beach Nourishment projects (\$2.5m-\$10.4m)
- County-owned Arena Debt Service (\$8m)
- CVB Operations (\$5.8m-\$6.9m)
- Convention Center Operations (\$4.8m-\$5.4m)
- Convention Center Capital (\$2m-3m)
- Convention Center Debt Service (\$2.5m) *repaid 10/1/14*
- Cultural Capital Grants (\$1m) *started in FY14*
- Cultural Program Operating Support (\$0.6m) *since 1988*
- TDT Revenue Collection Expenses (\$0.5m)
  
- Board approved one-time project contributions – PACA (\$12m), MODS (\$2m), Arena Scoreboard (\$4.1m)

# Marketing/Advertising/Promotions\*

- FY12 Actuals \$10.6m
- FY13 Actuals \$12.9m
- FY14 Actuals \$14.5m
- FY15 Adopted Budget \$14.9m
- FY15 Modified Budget \$15.9m (includes \$1m mid-year adjustment)
- FY16 Adopted Budget \$15.3m

\* An additional \$6m is budgeted annually for CVB Operations including 43 positions, which work on marketing and advertising the tourist destination through programs such as convention sales, sports, multicultural tourism and film.



# History of Beach Renourishment Costs

Year	Project	Total
		(\$M)
1970	Pompano Beach (Seg II)	1.76
1971	Hallandale ( Seg III)	0.78
1976	John U Lloyd (Seg III)	2.96
1979	Hollywood/Hallandale (Seg III)	7.83
1983	Pompano/Laud-By-The-Sea (Seg II)	9.99
1989	John U Lloyd (Seg III)	5.68
1991	Hollywood/Hallandale (Seg III)	9.47
2005 & 2006	John U Lloyd & Hollywood/Hallandale (Seg III)	44.50
2015 & 2016	Pompano/ Laud-By-The-Sea/Fort Lauderdale (Seg II)	55.6

# Factors Impacting Future Beach Renourishment Costs

- Climate change and sea level rise will increase the vulnerability of our shoreline to erosion
- Frequency and severity of beach renourishment needs will increase, requiring additional resources and investment
- South Florida is always at risk of tropical weather significantly impacting our beaches, requiring resources to be redirected in order to restore

# Convention Center

- In FY16, the TDT subsidy for Convention Center Operations and Capital is \$7.1m
- Convention Center Expansion, Parking Garage and Site Work was originally estimated at \$179m in late 2014, resulting in estimated debt service of \$10.8m prior to cost escalation
- Construction costs are rising, and are expected to continue to rise
- In the past year, we have experienced a 15-20% increase in project costs for other County projects

# Conclusions

- There are several important, yet competing demands for TDT funding, including marketing/advertising/promotions, cultural arts support, beach nourishment, the County-owned arena, the Convention Center expansion and operation of the expanded facility
- The TDC has an important advisory role to play



# **Tourist Development Council**

# TDC Engagement Regarding the Budget – Current Role

- Broward County's Tourist Development Council (TDC) is advisory to the Board of County Commissioners
- The Marketing Advisory Committee (MAC) meets throughout the year to review, plan and approve the marketing portion of the Convention and Visitor's Bureau (CVB) budget and presents their final recommendations to the TDC
- A subcommittee of the TDC reviews the draft CVB budget and gives input to CVB staff
- The TDC approves the final CVB budget

# TDC Engagement Regarding the Budget – Proposed Role

- TDC current responsibilities continue, plus the following:
- In February, any new Cultural Capital requests would be submitted to the County for review as part of the budget process. A subcommittee that includes TDC members, Cultural Council and County staff would review and offer commentary to the County
- In March, CVB would meet with TDC to discuss the proposed budget for the Convention Center and CVB operations, and the marketing, advertising and promotions budget

# TDC Engagement Regarding the Budget – Proposed Role

- In June, County Administration would meet with TDC to discuss the overall recommended TDT budget, which includes all programs funded with TDT
- In August, the TDC would submit their feedback and recommendations to the BOCC on the County Administrator's proposed TDT program budget
- County Administrator will meet with the TDC under exceptional circumstances to discuss decisions which must be made outside of the budget process. TDC would then submit their recommendations to BOCC



# Next Steps

- TDC provides feedback to BOCC on proposed new process for further involvement in the review of TDT expenses
- County implements process changes as appropriate