



**INDIAN RIVER COUNTY
BOARD OF COUNTY COMMISSIONERS
MEMORANDUM**

TO: Members of the Board of County Commissioners

DATE: May 30, 2023

SUBJECT: Proposal To Increase Tourist Tax From 4 Cents to 5 Cents

FROM: Joseph H. Earman
Chairman

Background: Florida is on track to welcome a historical number of visitors this year. Florida's first-quarter tourism of 2023 set a record for the most visitors ever in Florida history with an estimated 37.9 million tourists visiting the Sunshine State. State lawmakers agreed to provide 80 million dollars to Visit Florida for the upcoming fiscal year, which is \$30 million more than the previous year. Indian River County has also shown a very strong run with TDT revenues for this fiscal year reaching the \$3,000,000 mark.

Florida law allows counties to impose local option "Tourist Tax or Bed Tax" of which Indian River County currently levies a four (.04) cent local option tax (per FS125.0104) on transient rentals, leases of accommodations in hotels, motels, apartments, rooming houses, mobile home parks, RV parks, condominiums, vacation rentals, and timeshare resorts. Indian River County has the ability to increase this tax an additional penny to five (.05) cents. Currently, the funds/cents are split amongst three (3) funds: 1 2/3 cents for Tourism Development Agencies, 1 5/6 cents for Beach Restoration and ½ cent for JRTC Lease Obligation.

Analysis: Per Florida Statute, the County may levy an additional 5th cent of Tourist Tax which is referenced as the 6th cent in the statute text. Revenues collected from levying the 6th cent may be used to pay the debt service on bonds related to a professional sports franchise or retained spring training franchise, or promote and advertise tourism in the state, nationally and internationally.

An increase in the Tourist Tax from 4 cents to 5 cents would generate approximately another one million dollars per year. With a change to the County Code, this penny would be proposed to be added to the Beach Restoration Fund and it would reduce the temptation to use the 1 cent sales tax. Some additional research by staff will need to be done to determine how the additional penny can be divided appropriately.

Thirty-four (34) counties in Florida currently levy this tax including our surrounding counties of Brevard, St. Lucie, and Martin, and have for some time. This action under the statute will require a super majority vote for approval and can be in place for the 2023-2024 fiscal year according to the Budget Office and the Clerk of the Court and begin being levied on October 1, 2023.

Recommendation: It is my recommendation to the Board, for the Chair to accept a motion and a second with a vote in the "Super Majority" to increase the "Tourist/Bed Tax" one penny (.01 cent), to five (.05 cents). Then direct staff to research and draft a Code change to allow as much of the additional penny (.01 cent) to go towards beach re-nourishment as possible and bring the ordinance back for action on July 11th.

Funding: There is no need for any funding at this time.



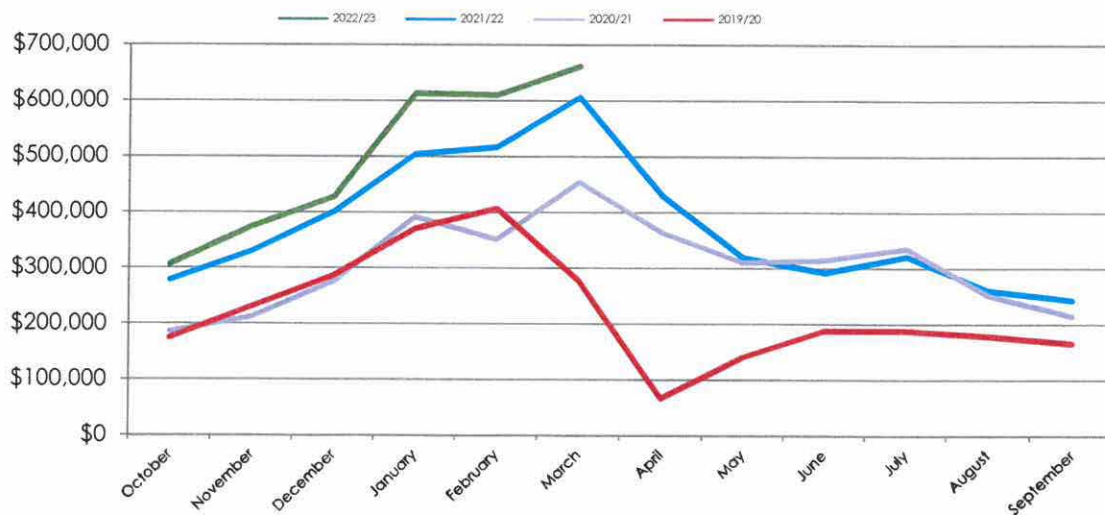
Tourist Tax

Key Indicators

	March 2022	March 2023	Inc. (Dec.) %	YTD March 2022	YTD March 2023	Inc. (Dec.) %
Tourist Tax	\$ 606,983	\$ 661,683	▲ 9.0%	\$ 2,638,413	\$ 2,993,649	▲ 13.5%

- Tourist Tax figures are shown for the month in which they were collected.
- Tourist Taxes have increased by \$54,700 or 9.0% for the month and increased by \$355,236 or 13.5% for the year. Every month this fiscal year has recorded historically high collections.
- Tourist Taxes are above budgeted projections by \$114,671 or 21.% for the month and above budgeted projections by \$868,694 or 40.9% for the year.
- Vacation rentals were suspended due to COVID-19 from March 27, 2020 through May 23, 2020. In August 2021, the COVID-19 Delta variant surged in Florida causing a record number of cases.

Revenue Comparison by Month



Tourist Tax

Revenue History by Month

FY 2022/2023

Revenues	FY 2013/2014 Actual	FY 2014/2015 Actual	FY 2015/2016 Actual	FY 2016/2017 Actual	FY 2017/2018 Actual	FY 2018/2019 Actual	FY 2019/2020 Actual	FY 2020/2021 Actual	FY 2021/2022 Actual	FY 2022/2023 Budget	FY 2022/2023 Actual
October	\$ 100,170.52	\$ 129,461.38	\$ 153,425.57	\$ 149,152.72	\$ 186,310.41	\$ 168,983.50	\$ 174,997.66	\$ 186,276.98	\$ 278,685.12	\$ 189,934.20	\$ 306,738.00
November	\$ 122,025.62	\$ 165,131.18	\$ 177,084.95	\$ 175,942.26	\$ 221,241.15	\$ 209,976.78	\$ 231,115.85	\$ 213,074.09	\$ 330,482.63	\$ 224,864.13	\$ 374,358.44
December	\$ 158,386.95	\$ 196,116.88	\$ 216,421.36	\$ 229,803.55	\$ 253,525.51	\$ 274,392.28	\$ 286,606.50	\$ 275,886.81	\$ 400,706.83	\$ 280,115.52	\$ 427,325.45
January	\$ 205,352.81	\$ 260,569.47	\$ 282,195.03	\$ 263,421.10	\$ 321,435.74	\$ 331,281.54	\$ 370,351.60	\$ 391,789.49	\$ 504,566.46	\$ 404,001.97	\$ 613,210.76
February	\$ 245,127.53	\$ 299,879.96	\$ 325,116.90	\$ 353,348.83	\$ 366,707.69	\$ 366,936.84	\$ 406,900.09	\$ 352,060.23	\$ 516,989.08	\$ 479,027.45	\$ 610,333.36
March	\$ 308,792.36	\$ 348,115.39	\$ 401,703.33	\$ 377,932.81	\$ 466,762.19	\$ 434,302.39	\$ 277,265.48	\$ 454,346.06	\$ 606,982.55	\$ 547,012.24	\$ 661,683.05
April	\$ 208,255.46	\$ 243,269.69	\$ 212,594.74	\$ 283,144.47	\$ 261,510.40	\$ 260,984.37	\$ 67,122.98	\$ 364,752.73	\$ 431,029.17	\$ 344,636.59	\$ -
May	\$ 142,100.09	\$ 174,790.63	\$ 172,198.14	\$ 187,333.08	\$ 197,151.51	\$ 200,148.29	\$ 141,130.21	\$ 310,731.40	\$ 319,634.82	\$ 251,423.46	\$ -
June	\$ 145,220.63	\$ 172,254.83	\$ 173,452.46	\$ 182,799.01	\$ 198,884.93	\$ 206,205.18	\$ 188,733.94	\$ 314,897.67	\$ 292,782.94	\$ 240,367.43	\$ -
July	\$ 160,417.31	\$ 173,307.55	\$ 187,374.41	\$ 213,080.17	\$ 209,769.68	\$ 208,447.90	\$ 188,569.49	\$ 336,101.98	\$ 321,764.02	\$ 253,448.03	\$ -
August	\$ 137,786.92	\$ 141,509.46	\$ 154,865.89	\$ 143,345.43	\$ 178,067.98	\$ 165,888.51	\$ 179,510.95	\$ 252,380.69	\$ 261,009.23	\$ 211,601.37	\$ -
September	\$ 101,314.09	\$ 118,491.35	\$ 91,575.64	\$ 158,948.40	\$ 156,517.00	\$ 126,822.63	\$ 166,102.86	\$ 215,080.43	\$ 243,717.29	\$ 173,567.61	\$ -
Total Fiscal Year	\$ 2,034,950.32	\$ 2,422,897.76	\$ 2,548,008.42	\$ 2,718,251.86	\$ 3,017,884.19	\$ 2,954,370.21	\$ 2,678,407.61	\$ 3,667,378.56	\$ 4,508,350.14	\$ 3,600,000.00	\$ 2,993,649.06

Tourist Tax Revenue Matrix
 FS 125.0104

	Cents			
	1st or 2nd	3rd*	4th	5th
Sports Stadium	x	x	x	x
Zoo	x	x		
Tourism Promotion	x	x	x	x
Beach Restoration	x	x		
Infrastructure	x	x		

Cumulatively, up to three cents can be used on all categories.

*shall not be used towards funding debt service payments

Previous IRC Breakdown	Cents		
	1st or 2nd	3rd	4th
Beach Restoration	0.5	1	
Tourism Promotion	0.5		1
Sports Stadium	1		

Current IRC Breakdown	Cents		
	1st or 2nd	3rd	4th
Beach Restoration	0.83	1	
Tourism Promotion	0.67		1
Sports Stadium	0.5		

Proposed Breakdown	Cents			
	1st or 2nd	3rd	4th	5th
Beach Restoration	1.83	1		
Tourism Promotion			1	0.67
Sports Stadium	0.17			0.33

Tourist Tax 5th Cent Analysis

Proceeds to Beach Restoration Fund

Fiscal Year	Total 4 Cents of Tourist Tax Proceeds	Value of 5th Cent	Total Value of all 5 Cents
18/19	\$ 2,954,370	\$ 738,593	\$ 3,692,963
19/20	\$ 2,678,408	\$ 669,602	\$ 3,348,010
20/21	\$ 3,667,379	\$ 916,845	\$ 4,584,224
21/22	\$ 4,507,722	\$ 1,126,931	\$ 5,634,653
22/23*	\$ 3,600,000	\$ 900,000	\$ 4,500,000

Fiscal Year	Beach Restoration Fund Budget	Value of 5th Cent	Increase
22/23	\$ 1,649,880	\$ 900,000	55%



Local Option Transient Rental Tax Rates (Tourist Development Tax Rates)

DR-15TDT
R. 01/23

Individual Florida counties and certain cities may impose a local option tax on the rental or lease of living, sleeping or housekeeping accommodations for a term of six months or less. These taxes, often called **local option transient rental taxes**, include the tourist development tax, convention development tax, tourist impact tax, and municipal resort tax. The local tax imposed is in addition to the 6% state sales tax and any applicable discretionary sales surtax.

For the counties shaded in **gray** in the chart below, the local option transient rental taxes are reported and remitted to the Florida Department of Revenue (DOR). For all other counties, the local option transient rental taxes are reported and remitted directly to the county; however, sales tax and discretionary sales surtax on transient rentals are always reported and remitted to the Department.

If the local option transient rental tax is collected by the county, contact that county to verify the tax rate. Not all counties notify the Department of changes in their local option transient rental tax rate.

County Name	Local Option Transient Rental Tax Rate	Collected By
Alachua	5.0%	County
Baker	3.0%	County
Bay (1)	5.0%	County
Bradford	4.0%	DOR
Brevard	5.0%	County
Broward	6.0%	County
Calhoun	0.0%	N/A
Charlotte	5.0%	County
Citrus	5.0%	DOR
Clay	5.0%	County
Collier	5.0%	County
Columbia	5.0%	DOR
Desoto	3.0%	DOR
Dixie	3.0%	DOR
Duval	6.0%	County
Escambia	5.0%	County
Flagler	5.0%	County
Franklin	3.0%	DOR
Gadsden	2.0%	DOR
Gilchrist	3.0%	DOR
Glades	2.0%	DOR
Gulf	5.0%	County
Hamilton	3.0%	DOR
Hardee	2.0%	DOR
Hendry	3.0%	DOR
Hernando	5.0%	County
Highlands	4.0%	DOR
Hillsborough	6.0%	County
Holmes	3.0%	DOR
Indian River	4.0%	County
Jackson	4.0%	DOR
Jefferson	3.0%	DOR
Lafayette	0.0%	N/A
Lake	4.0%	County

County Name	Local Option Transient Rental Tax Rate	Collected By
Lee	5.0%	County
Leon	5.0%	County
Levy	4.0%	DOR
Liberty	0.0%	N/A
Madison	5.0%	DOR
Manatee	5.0%	County
Marion	4.0%	County
Martin	5.0%	County
Miami-Dade (2)	6.0%	County
Monroe	5.0%	County
Nassau (3)	5.0%	County
Okaloosa (4)	*6.0%	County
Okeechobee	3.0%	DOR
Orange	6.0%	County
Osceola	6.0%	County
Palm Beach	6.0%	County
Pasco	5.0%	County
Pinellas	6.0%	County
Polk	5.0%	County
Putnam	4.0%	County
St. Johns	5.0%	County
St. Lucie	5.0%	County
Santa Rosa	5.0%	County
Sarasota	6.0%	County
Seminole	5.0%	County
Sumter	0.0%	N/A
Suwannee	3.0%	County
Taylor	5.0%	County
Union	0.0%	N/A
Volusia	6.0%	County
Wakulla	4.0%	DOR
Walton (5)	5.0%	County
Washington	3.0%	DOR

(1) Bay: Applies only to ZIP codes 32401, 32404, 32405, 32407, 32408, 32410, and Bay County portion of 32413.

(2) Miami-Dade: 4% for Surfside and Bal Harbour, 7% for Miami Beach, and 6% for the rest of the county.

(3) Nassau: Applies only to Amelia Island (ZIP code 32034).

(4) Okaloosa: *6% for the Okaloosa County Tourist Development Tax District and 5% for the Expansion District.

(5) Walton: 5% for ZIP codes 32459, 32550, 32454, 32461, and Walton County portion of 32413; and 2% for the rest of the county.