FTA-10 TOURISM TAX FOR ECONOMIC DEVELOPMENT
STAFF ANALYSIS

PROPOSAL INFORMATION			
SUBMITTING COUNTY:	Hernando County		
SPONSOR CONTACT:	Dominique Holmes, Director of Communications & Government Affairs; dholmes@hernandocounty.us; 352-277-1069		
FAC COMMITTEE:	Finance, Tax & Administration	**CROSS-CLAIMS:**	CUA
FAC STAFF:	M. Black	**DATE:**	October 3, 2026

This staff analysis is based on the proposal as submitted and does not reflect an adopted position of the Florida Association of Counties.

POLICY PROPOSAL:

FAC supports legislation authorizing counties, at local option and subject to voter approval, to levy an additional 0.5 percent or 1 percent Tourist Development Tax dedicated to publicly owned or controlled tourism-related infrastructure and economic development projects, without reducing or redirecting existing Tourist Development Tax revenues.

I. SUMMARY:

Hernando County asks FAC to support an additional voter-approved 0.5- or 1-percent tourist development tax (TDT). The new TDT would be dedicated to publicly owned or controlled tourism-related infrastructure and economic development projects and would allow counties to levy in addition to existing levies.

A significant number of counties, including Hernando, are currently at full TDT rate capacity. In addition, the existing public facilities use in s. 125.0104(5)(a)6., F.S. (which allows county to acquire, construct, extend, remodel, repair, and improve public facilities to increase tourist related business) is limited to counties with at least $10 million in annual TDT revenue or fiscally constrained coastal counties. The proposed language allows a 0.5% or 1% levy, adopted by ordinance, and approved by referendum to fund a list of similar uses, like tourism-related infrastructure and economic development projects. The list of eligible capital uses includes transportation facilities, water and sewer capacity facilities, public site improvements, and visitor-serving public facilities.

II. PRESENT SITUATION:

Tourist Development Taxes

Section 125.0104, F.S. allows counties to impose local option transient rental taxes (or tourist development taxes) on rentals or leases of accommodations in hotels, motels, apartments, rooming houses, mobile home parks, RV parks, condominiums, or timeshare resorts for a term of six months or less. The approved uses for revenues vary according to the particular levy.

Depending on a county's eligibility, the maximum tax rate varies from a minimum of 3% to a maximum of 6%.[1]

Section 125.0104, F.S., authorizes five tourist development taxes on transient rentals of six months or less: the original 1- or 2-percent tax; an additional 1 percent; two professional sports franchise facility taxes of up to 1 percent each; and the 1-percent High Tourism Impact Tax. Some counties are also authorized to levy a convention development tax under s. 212.0305, F.S. which are generally capped at 2 percent.

1% or 2% Tax
This tourist development tax may be levied by the county's governing body at a rate of 1% or 2% on the total amount charged for transient rental transactions. Generally, the revenues may be used for capital construction of tourist-related facilities, tourist promotion, and beach and shoreline maintenance.[2]

Additional 1% Tax
In addition to the 1% or 2% tax, the county's governing body may levy an additional 1% tax on the total amount charged for transient rental transactions. Generally, the revenues may be used for capital construction of tourist-related facilities, tourist promotion, and beach and shoreline maintenance. To be eligible to levy the tax, a county must have levied the 1% or 2% tax for a minimum of 3 years before the effective date of the levy and imposition of this additional 1% tax. If the 1% or 2% tax is levied within a subcounty special district, then this additional tax can be levied only in the district.[3]

TDT Rate Capacity
Maximum potential rates are 5 percent for most counties and 6 percent for high tourism impact counties. Every levy requires an ordinance approved by a majority of electors at a referendum held at a general election. The original tax also requires a nine-member tourist development council (TDC) and a council-prepared plan adopted with the ordinance; the TDC reviews expenditures quarterly and reports suspected unauthorized uses to the board and the Department of Revenue.

Authorized Uses of TDT taxes
Authorized uses of TDT taxes are limited to those listed in s. 125.0104(5); any other use is prohibited. Specifically, subparagraph (5)(a)6. permits TDT for public facilities — major capital improvements with a five-year or longer life, including transportation, sanitary sewer, solid waste, drainage, potable water, and pedestrian facilities — needed to increase tourist-related business activities and recommended by the TDC, but only if: the county received at least $10 million in TDT in the prior fiscal year or is a fiscally constrained county under s. 218.67(1), F.S., adjacent to the Gulf of America or Atlantic Ocean and the board approves by two-thirds vote. TDT covers no more than 70 percent of cost; at least 40 percent of all TDT is spent on promotion; and an independent analysis shows a positive impact on tourist-related businesses.

[1] Section 125.0104, Florida Statutes (F.S.)
[2] Section 125.0104(3)(c), F.S.
[3] Section 125.0104(3)(d), F.S.

III. EFFECT OF THE PROPOSAL:

The proposal would expand s. 125.0104(3) (c), F.S., to authorize an additional 0.5- or 1-percent tax by ordinance approved by referendum under subsection (6). The authorized uses in subsection (5) would be expanded to allow publicly owned or controlled tourism-related infrastructure and economic development projects. The maximum potential rate would rise to 6 percent for most counties and 7 percent for high tourism impact of counties.

IV. COUNTY IMPACT:

- Counties may levy an additional 0.5- or 1-percent TDT by ordinance approved at referendum and apply proceeds to qualifying publicly owned or controlled capital projects.
- Counties must (only if a county elects to levy): adopt the ordinance, place the question on a general election ballot, and comply with any plan, TDC review, reporting, and non-supplanting requirements the bill imposes.
- Counties should consider referendum timing — legislation effective in mid-2027 would permit a first referendum no earlier than the November 2028 general election.
- Scope: available to all 67 counties as drafted; practical demand is concentrated among the 35 counties at full capacity.
- Counties should monitor aggregate tax rates on transient rentals, stakeholder response, and any conditions the Legislature attaches to new rate authority.

Protective of Home Rule: Yes — the proposal expands local revenue options on a voter-approved, local-option basis, imposes no preemption, and restricts no existing county authority.

V. FISCAL IMPACT:

- State revenue: no direct General Revenue effect; the Department of Revenue deducts administrative costs from collections in counties that do not self-administer (s. 125.0104(3)(i)). Hernando self-administers.
- County revenue: indeterminate positive, contingent on referendum adoption. The submission's illustration (about $243,000 at 0.5 percent and $486,000 at 1 percent) is arithmetically consistent with its budgeted $2.43 million at 5 percent, but rests on budgeted collections and assumes no change in lodging demand.
- Statewide order of magnitude: FY 2023-24 original-tax collections of about $709 million at 2 percent imply roughly $350 million per percentage point in levying counties; actual yield depends on local adoption. The Revenue Estimating Conference has not evaluated the proposal.

Unfunded Mandate (Art. VII, s. 18, Fla. Const.): No — the authority is permissive, requires no county or municipal expenditure, and does not reduce county revenue-raising authority or state tax sharing.

VI. LEGISLATIVE & FAC HISTORY:

- Enacted: HB 7031 (2025), ch. 2025-208, L.O.F., let fiscally constrained coastal counties use TDT for (5)(a)6. public facilities and coastal counties fund beach lifeguards (final votes: House 93–7, Senate 32–2). Chapter 2023-157, L.O.F., requires local tax referenda to be held at specified elections.
- 2025: CS/CS/HB 1221 (Miller, Basabe) passed the House 62–45; it would have converted TDT to general revenue, required prior-year TDT collections to be credited against

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county property taxes beginning in 2026, and dissolved TDCs. It died in Senate Appropriations; CS/CS/SB 1664 (Trumbull) died on the Senate Calendar. HB 6031 (Eskamani) died in House Ways & Means.

- 2026: SB 454, 456, 458, and 976 (Smith), reducing the promotion floor and adding public safety, housing, and commuter rail uses, each died unheard in Senate Commerce and Tourism; House companion HB 6007 (Eskamani) was filed. The 2026E tax package (HB 7031-E, ch. 2026-239, L.O.F.) did not amend s. 125.0104.
- Guiding Principles coverage: FTA—Revenue, (Local Revenue Authority)- “FAC supports tourist development taxes. Counties rely on tourist development taxes to meet local service, infrastructure and community needs.
- BoCC action: the Hernando County BoCC has voted to support the proposal, as stated in the submission.

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