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Tourism group blocks bed tax diversion

By Chris Opfer

TALLAHASSEE - In response to heavy opposition from the tourism industry, the state representative sponsoring a workforce housing bill removed controversial language that would have allowed Florida counties to use bed tax proceeds to fund affordable housing initiatives.

Hours after a Feb. 10 press conference staged by the Florida Restaurant and Lodging Association assailing the diversion of bed tax funds, Rep. Gary Aubuchon (R-Cape Coral), sponsor of House Bill 161, announced that a provision allowing for the use of bed tax revenue for affordable housing activities had been removed from the proposed legislation.

In a written statement thanking members for traveling to Tallahassee to oppose the bill, FRLA President and CEO Carol Dover said, "Punishing our state's number one industry and job provider simply doesn't make sense. We are committed in keeping Florida's tourism industry healthy and in sustaining jobs and tourism activities that fuel the state's larger economy."

The Local Option Tourist Development Act authorizes counties to impose a tourist development tax (also known as the "bed tax") of no more than six percent of each

dollar charged for the rental of a hotel room. Revenue from the tax is required to be used to finance the acquisition, construction and operation of publicly owned tourist attractions and "promote and advertise tourism in the State of Florida."

Pinellas County imposes a five percent bed tax of which one percent is dedicated to fund costs associated with the construction of Tropicana Field.

The proposed bill was originally drafted to allow "high tourism impact count(ies)" to use a portion of the bed tax revenue to fund affordable housing projects. According to Aubuchon, the specific terms of the bill

would have limited application of the bed tax provision to Monroe County.

A similarly worded bill, also sponsored by Aubuchon, passed through the House unanimously last year only to be defeated by the Senate on issues unrelated to the use of bed tax proceeds. "Last year the House and Senate passed that language," Aubuchon told the Gazette.

The 2008 bill was driven largely by concerns from former Key West Mayor Morgan McPherson about the inability of

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Photo: ALP/eye

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service industry workers to find affordable housing. In December of last year however, the Key West City Commission voted against supporting any measure that would divert bed tax revenue.

"The folks that were advocating it a year ago were not advocating it this year," Aubuchon said.

Yet, opposition to the bill was not limited to the Florida Keys. About 50 FRLA members, including Texas Cattle Company Operations Manager Grant Piche, descended on the capital city for the press conference. Their mantra for the day: "Empty beds don't pay taxes."

Piche, who operates restaurants in St. Petersburg and Lakeland, stressed the



Photo courtesy of TradeWinds Island Resorts

importance of reinvesting in the state's tourism industry.

"Florida tourism is paramount to driving the only current viable economic engine left with the housing growth of Florida coming to a standstill," he told a crowd of reporters.

General Manager Keith Overton of the TradeWinds Island Resorts in St. Pete Beach (and incoming chairman of the FRLA Board of Directors), helped lead the staunch opposition to the proposed bill. During an interview with the Gazette, Overton cited

sagging tourism numbers and said that investing in the tourism industry is vital in order to bolster the state's economy.

"We don't want to do anything to further erode tourism in the state of Florida," he said.

According to Visit Florida (www.visitflorida.com), Florida saw nearly two million fewer visitors last year than in 2007, the first such decline since 2001.

Overton estimates that the Tradewinds hotel's total occupancy in 2009 will be less than 70 percent.

Nevertheless, tourism continues to bring in significant revenue. About 84.5 million people visited the Sunshine State in 2007. From July to September of last year, tourists spent roughly \$19.8 million statewide.

Tourism "drives the state's economy (and allows us to have no (state) income tax," Overton added.

Aubuchon is a former homebuilder and real estate broker elected to the House in 2006. The Florida Homebuilders Association dubbed him *Champion of Housing* in 2008. Although the Cape Coral lawmaker contends that he scrapped the bed tax provision largely in response to a lack of support from Monroe County, he also acknowledged the tourism industry's opposition.

"Certainly, I heard their cry," Aubuchon said.

FRLA's representatives made clear that they are not against public funding of affordable housing programs. They are however, opposed to the use of bed taxes funds for this purpose.

"Extending the use of this tax or raising this tax is the wrong thing to do at the wrong time," LXR Luxury Resorts and Hotels Director of Operations Carlos Molinet told reporters.