

RESORT TAX

BACKGROUND

In 1967, the Legislature of Florida passed House Bill No. 2394 of Chapter 67-930 of the Laws of Florida. This legislation empowered cities and towns in all counties within the state of a specific population to impose, levy, and collect a municipal resort tax. In 1968, the City of Miami Beach commenced with the levy of a two percent (2%) tax on the rent of a room or rooms in any hotel, motel, rooming house or apartment house. This two percent (2%) tax was also levied upon the total sales price of all food and beverages (including beer and wine as of 1993 – per Chapter 93-286 Laws of Florida).

On November 3, 1992, an additional one percent (1%) tax on the rent of a room or rooms in any hotel, motel, rooming house or apartment house was approved by referendum. This additional tax became effective October 1, 1996 after the City entered into an agreement with a developer for a convention center headquarters hotel.

Another one percent (1%) tax on the rent of a room or rooms in any hotel, motel, rooming house or apartment house was implemented in December 2015 to partially fund the renovation and expansion of the Miami Beach Convention Center project. This project included re-orientation of the exhibit halls, exterior façade modifications, improvements along the canal and along all roadways, the addition of a multi-story ballroom and meeting rooms, as well as two levels of parking. The interior renovation included a re-configured division of the four main exhibition halls, additional programming of more flexible arrangements of private meeting rooms, and additional indoor/outdoor exhibition spaces.

All registered businesses must file on/or before the twentieth day of the month following the close of each calendar month a report with the City of the total rents or sales prices charged and received and the amount of tax collected.

No resort tax is imposed upon:

- Federal, state or city governments, or any agency thereof;
- Any nonprofit religious, nonprofit educational or nonprofit charitable institutions when engaged in carrying on the customary nonprofit religious, non-profit educational or nonprofit charitable activities;
- Rents paid by a permanent resident on his permanent place of abode;
- Rents paid by a lessee with a lease term longer than six months provided lease is not broken;
- School lunches served to students and teachers;
- All hospital meals and rooms;
- All premises and transactions exempted under the provisions of F.S. 212.03; and
- Any transaction involving rent or sales price of less than \$0.50

ALLOWABLE USES

Allowable uses of the municipal resort tax are spelled out in Chapter 67-930 (Section 6) of the Laws of Florida, as amended, and Section 5.03 of the City of Miami Beach Charter, as amended, as follows: the promotion of the tourist industry, which includes, but is not restricted to publicity, advertising, news bureau, promotional events, convention bureau activities, capital improvements, and the maintenance of all physical assets in connection therewith; and for the payment of the reasonable and necessary expenses of collecting, handling, and processing of said tax. These allowable uses have led to increased tourist activities, such as Art Basel, the Air and Sea Show, and various other special events.

Initially, fifty percent (50%) of the first one percent (1%) tax was committed to the repayment of a portion of the debt service on the Miami Beach Redevelopment Agency – City Center/Historic Convention Village bonds. These bonds were used for the development, improvement, and construction of certain public areas, including a portion of the Cultural Center facilities located within the City Center Redevelopment Agency.

The remaining fifty percent (50%) was allocated equally among North Beach, Middle Beach, and South Beach for the maintenance and enhancement of Miami Beach's tourist related areas, which were to be used for the following: beautification and landscaping within these areas, various art and cultural programs, and public safety. Effective 2005, this fifty percent (50%) was re-allocated equally among North Beach, Middle Beach, and South Beach for capital projects that enhance Miami Beach's tourist related areas and various arts and cultural programs. Commencing 2014, a fifth category was added for Transportation.

In FY 2015, the fifty percent (50%) of the 1 percent (1%) tax that was committed to the repayment of a portion of the debt service on the Miami Beach Redevelopment Agency – City Center/Historic Convention Village bonds was released from covering debt service obligations and became available for appropriation as a result of the extension of the City Center Redevelopment Agency. In addition, the funding splits of the additional one percent tax were modified as follows: 10 percent (10%) for the Arts, forty five percent (45%) for Transportation, and fifteen percent (15%) each in North, Middle, and South Beach for tourism-related capital projects. Actuals for the FY 2017 and FY 2018 1 percent tax reflect these funding allocations. Commencing FY 2019, the adopted budget included a subsequent change to the funding allocation of the one percent (1%) tax as follows: 60 percent (60%) for Transportation, 10 percent (10%) for the Arts, and 10 percent (10%) each in North, Middle, and South Beach for tourism-related capital projects. The FY 2025 adopted budget is reflective of the updated allocation adopted by the City Commission commencing FY 2019.