



MIAMI BEACH

OFFICE OF THE CITY MANAGER
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LETTER TO COMMISSION

TO: Mayor Mattie Herrera Bower and Members of the City Commission
FROM: Jorge M. Gonzalez, City Manager
DATE: March 2, 2010
SUBJECT: FY 2009/10 Resort Tax Budget

The purpose of this LTC is to transmit the FY 2009/10 Resort Tax Budget, as requested, at the January Commission Retreat.

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 2% tax was also levied upon the total sales price of all food beverages, alcoholic beverages (including beer and wine) sold at retail in any restaurant.

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

All registered businesses 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;
- Nonprofit organizations;
- 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; and
- School lunches served to students and teachers; all hospital meals and rooms.

FY 2009/10 Resort Tax Budget

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Allowable Uses

Allowable uses of the municipal resort tax are as follows: the promotion of the tourist industry, which includes, but is not restricted to the following: 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 special events and , Art Basel. In addition to the uses listed above, the proceeds of the additional one percent (1%) tax are used as follows. Fifty percent of the amount earned is committed to the payment 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 District. The remaining fifty percent is 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.

Below is a summary of the FY 2009/10 Resort Tax Budget, totaling \$38.9 million Resort Tax Budget for tourism-related expenditures, a decrease from \$39.4 million budgeted in FY 2008/09.

2% Resort Tax: \$31.97 million budgeted expenditures

- \$22.47 million Contribution to the general fund
- \$5.0 million Greater Miami Convention and Visitors Bureau
- \$1.5 million Visitor and Convention Authority
- \$0.1 million Marketing
- \$1.57 million Debt Service (North Shore and Lincoln Road Streetscape Projects)
- \$1.15 million Operating
- \$0.08 million Contingency
- \$0.1 million Superbowl

1% Resort Tax: \$6.92 million budgeted expenditures

- \$3.46 million in Quality of Life expenditures
 - South Beach - capital \$865,000
 - North Beach - capital \$865,000
 - Middle Beach - capital \$865,000
 - Arts \$865,000
- \$3.46 million for Debt Service (City Center/ Historic Convention Village Bands)

Attached is the detail of the Resort Tax budget, as provided in the budget book.

If you have any questions or need additional information, please feel free to contact me.

JMG/KGB/par

**CITY OF MIAMI BEACH
ADOPTED FISCAL YEAR 2009/10 RESORT TAX FUND BUDGET**

	FY 07/08 Actual	FY 08/09 Budget	FY 08/09 Proj	Inc/(Dec)	FY 09/10 Budget	Budget Variance
2% Revenues:						
Resort Tax	\$ 31,177,551	\$ 31,817,000	\$ 31,180,000	\$ (637,000)	\$ 31,180,000	\$ (637,000)
Special Assessment-North Shore	292,584	255,600	320,000	64,400	253,000	(2,600)
Special Assessment-Lincoln Road	596,033	151,600	345,000	193,400	335,000	183,400
Interest Income	203,860	165,000	200,000	35,000	200,000	35,000
Registration Fees, Filing Fees & Misc.	10,955	3,000	0	(3,000)	0	(3,000)
Total 2% Revenue	\$ 32,280,983	\$ 32,392,200	\$ 32,045,000	\$ (347,200)	\$ 31,968,000	\$ (424,200)
2% Expenditures:						
Personnel Costs:						
Salaries & Wages	\$ 167,668	\$ 175,061	\$ 234,040	\$ 58,979	\$ 241,689	\$ 66,628
Health, Life & Dental Insurance	7,289	11,219	11,219	0	11,219	0
Pension Contributions & Other Benefits	72,940	62,515	67,094	4,579	85,879	23,364
Total Personnel Costs	\$ 247,897	\$ 248,795	\$ 312,353	\$ 63,558	\$ 338,787	\$ 89,992
Operating Costs:						
Professional Services	\$ 0	\$ 10,000	\$ 10,000	\$ (0)	\$ 10,000	\$ (0)
Internal Audit/Resort Tax Auditors' Exp.	642,578	693,057	694,889	1,832	706,632	13,575
Telephone	851	1,500	1,500	0	1,500	0
Postage	20	500	500	0	7,300	6,800
Administrative Fees	26,450	26,450	26,450	0	26,450	0
Rent-Building & Equipment	230	3,600	3,600	0	3,600	0
Printing	100	100	100	0	100	0
Office Supplies	651	750	750	0	750	0
Other Operating Expenditures	1,237	1,000	1,000	0	1,000	0
Local Mileage	0	50	50	0	50	0
Training	0	1,000	1,000	0	1,000	0
Internal Service - Central Service	12,959	13,570	13,570	0	12,529	(1,041)
Internal Service - Property Management	6,022	9,736	9,736	0	1,802	(7,934)
Internal Service - Communications	4,280	4,738	4,738	0	11,120	6,382
Internal Service - Self Insurance	13,640	14,966	14,966	0	14,898	(68)
Internal Service - Computers	10,327	11,132	11,132	0	13,299	2,167
Internal Service - Prop. Management/Electrical	2,389	2,956	2,956	0	2,418	(538)
Total Operating Costs	\$ 721,734	\$ 795,105	\$ 796,937	\$ 1,832	\$ 814,448	\$ 19,343
Total 2% Operating Expenditures	\$ 969,631	\$ 1,043,900	\$ 1,109,290	\$ 65,390	\$ 1,153,235	\$ 109,335
2% Other Uses:						
Contribution to VCA	\$ 1,504,293	\$ 1,527,216	\$ 1,496,640	\$ (30,576)	\$ 1,496,640	\$ (30,576)
Contribution to Bureau	4,968,245	5,627,544	5,627,544	0	5,000,000	(627,544)
Marketing	126,467	400,000	200,000	(200,000)	100,000	(300,000)
Super Bowl	0	0	0	0	100,000	100,000
Debt Service - North Shore	975,100	975,100	975,100	0	1,014,000	38,900
Debt Service - Gulf Breeze	553,000	553,000	553,000	0	553,000	0
Contingency	0	400,000	100,000	(300,000)	85,685	(314,315)
Transfer to Capital Projects	264,030	0	0	0	0	0
General Fund Contribution	20,696,310	21,865,440	21,865,440	0	22,465,440	600,000
Total 2% Other Uses	\$ 29,087,445	\$ 31,348,300	\$ 30,817,724	\$ (530,576)	\$ 30,814,765	\$ (533,535)
Net 2%	\$ 2,223,907	\$ 0	\$ 117,986	\$ 117,986	\$ 0	\$ 0
1% Revenues:						
Resort Tax	\$ 6,922,709	\$ 7,011,000	\$ 6,920,000	\$ (91,000)	\$ 6,920,000	\$ (91,000)
Total 1% Revenue	\$ 6,922,709	\$ 7,011,000	\$ 6,920,000	\$ (91,000)	\$ 6,920,000	\$ (91,000)
1% Expenditures:						
Other Designated Expenditures						
South Beach - Quality of Life Capital	\$ 865,339	\$ 876,375	\$ 865,000	\$ (11,375)	\$ 865,000	\$ (11,375)
Middle Beach - Quality of Life Capital	865,339	876,375	865,000	(11,375)	865,000	(11,375)
North Beach - Quality of Life Capital	865,339	876,375	865,000	(11,375)	865,000	(11,375)
Arts	865,339	876,375	865,000	(11,375)	865,000	(11,375)
Total 1% Other Uses	\$ 3,461,355	\$ 3,505,500	\$ 3,460,000	\$ (45,500)	\$ 3,460,000	\$ (45,500)
Debt Service - TIF Bonds	\$ 3,461,355	\$ 3,505,500	\$ 3,460,000	\$ (45,500)	\$ 3,460,000	\$ (45,500)
Total 1% Expenditures	\$ 6,922,709	\$ 7,011,000	\$ 6,920,000	\$ (91,000)	\$ 6,920,000	\$ (91,000)
Net 1%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total 1% and 2% Revenues	\$ 38,100,260	\$ 38,828,000	\$ 38,100,000	\$ (728,000)	\$ 38,100,000	\$ (728,000)
Total Resort Tax Revenues:	\$ 39,203,692	\$ 39,403,200	\$ 38,965,000	\$ (438,200)	\$ 38,888,000	\$ (515,200)
Total Resort Tax Expenditures:	\$ 36,979,785	\$ 39,403,200	\$ 38,847,014	\$ (556,186)	\$ 38,888,000	\$ (515,200)
Net	\$ 2,223,907	\$ 0	\$ 117,986	\$ 117,986	\$ 0	\$ (0)