



J. BEN WATKINS III
DIRECTOR

STATE OF FLORIDA
DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD, SUITE 200
TALLAHASSEE, FLORIDA 32308

TELEPHONE: (850) 488-4782
TELECOPIER: (850) 413-1315

RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL
AS SECRETARY

JEFF ATWATER
CHIEF FINANCIAL OFFICER
AS TREASURER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

April 25, 2017

Representative Carlos Trujillo
Chair House of Appropriations Committee,
The Capitol; Room 418, CAP,
402 S. Monroe Street
Tallahassee, Florida 32399-1300

Senator Jack Latvala
Florida Senate
Senate Office Building, Room 412
404 South Monroe Street
Tallahassee, FL 32399-1100

As you are aware, the Florida House of Representatives is proposing to significantly reduce funding for Visit Florida, the State's tourism development agency. In recent years, we have invested an average of \$75 million per year to promote tourism. During that time, we have had record numbers of tourists, averaging over 100 million visitors per year. The State of Florida realizes a return on the Visit Florida investment not only through creating jobs and growing the economy, but by collecting various taxes on the money spent by visitors to our State.

The State of Florida has "AAA" bond ratings from two of the three nationally recognized credit rating agencies. We have maintained the highest general obligation bond ratings, even through the Great Recession, because of prudent budgetary decisions including maintaining adequate reserves, adopting a structurally balanced budget and investing in Florida's future economic growth. A significant part of the State's credit rating is dependent on the strength of our economy. Investments in promoting tourism has been an important investment in growing our economy and creating jobs, contributing to healthy revenue growth. We are very concerned that reduced funding to promote tourism would adversely affect revenues collected at the state and local level. Even a 2% reduction in visitors would result in a loss of \$2.2 billion in travel spending and \$225 million in tax revenue.

Other states that do not rely on tourism as much as our state have reduced or eliminated their tourist development efforts and have experienced drastic revenue losses as a result. For example, Colorado lost more than \$1 billion in travel related spending in one year. When Pennsylvania cut tourism development spending from \$30 million to \$7 million, they lost more than \$600 million in tax revenues.

If funding for Visit Florida is reduced as much as the Florida House has proposed, the credit rating on our cities and counties could be negatively impacted, especially for the communities that rely heavily on

tourism and tourist related revenues. Some cities and counties have leveraged tourism related taxes to make long term investments in infrastructure by issuing bonds secured by tourism based revenues. These bond ratings are particularly vulnerable to any adverse consequences from a reduction in tourism which may result from cutting funding for Visit Florida.

I believe it is important for policymakers to be informed about the important spending decisions and their financial and economic consequences. It is possible that any cut to Visit Florida could have negative impacts on bond ratings across the state. I hope that you will take this information into consideration in finalizing the state's budget. If you have any questions or if we can be helpful to you in providing information for your assessment, please let me know.

Sincerely,


J. Ben Watkins

cc:

Governor Rick Scott
Commissioner Adam Putnam
Attorney General Pam Bondi
CFO Jeff Atwater
Mike Hansen
JoAnne Leznoff
Amy Baker