



RICK SCOTT
GOVERNOR

STATE OF FLORIDA

Office of the Governor

THE CAPITOL
TALLAHASSEE, FLORIDA 32399-0001

www.flgov.com
850-717-9418

MEMO

Date: April 26, 2017

To: Governor Rick Scott

From: Christian Weiss, Policy Coordinator of Finance and Economics *CW*
Office of Policy Budget (OPB)

Re: Potential Impact of Visit Florida Reduction

Nearly 113 million tourists visited Florida in 2016 - an increase of 5.9% over the prior year and the sixth consecutive record year for Florida - and spent an estimated \$109 billion on goods and services in the state of Florida. These expenditures are felt throughout the state economy, spurring economic growth and employment in all areas of the state. Promoting and marketing the Florida brand to potential visitors is crucial to not only maintaining and but also increasing the number of visitors. More than half of the visitors are the direct result of such marketing efforts. Consequently, any decrease in advertising will negatively affect the state economy.

A study conducted by the Legislative Office of Economic and Demographic Research (EDR) reviewing the three year period from July 2010 through June 2013 determined that VISIT FLORIDA accounted for an estimated 8.43% of total tourism marketing expenditures and generated 17.3 million visitors. During the review period, VISIT FLORIDA received \$115.5 million in state funding and the \$11.2 billion spent by these visitors resulted in additional state revenues of \$488.9 million, producing a return of investment for VISIT FLORIDA's marketing and promotion services of 3.2. In addition, EDR estimated that the production of the goods and services consumed by the visitors attributable to VISIT FLORIDA's efforts increased Florida employment by an annual average of almost 20,000 jobs during the review period.

The EDR study does not attempt to estimate the effects of a reduction in the Visit Florida appropriation. However, using the study's rate of return findings, a reduction of Visit Florida funding by \$50 million is likely to reduce state revenues by about \$210 million, for a net reduction of \$160 million in state funds. According to the EDR study, about 2/3rd of the revenue reduction would be attributable to the sales tax, resulting in a probable reduction of \$125 million of general revenue receipts. The remainder are sales tax distributions to local governments, gas, rental car and other taxes.