

STORAGE NAME: h1135s1.tu

DATE: April 2, 1997

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
TOURISM
BILL ANALYSIS & ECONOMIC IMPACT STATEMENT**

BILL #: CS/HB 1135

RELATING TO: The International Motorsports Museum Facility

SPONSOR(S): Committee on Tourism and Representatives Cosgrove, Barreiro, Garcia, Mackenzie, Logan, Meek, Lippman, Morse, Villalobos, and Bullard

STATUTE(S) AFFECTED: Sections 212.20, 218.65, and 288.1169, Florida Statutes, 1996 Supplement, and Section 288.11695, Florida Statutes

COMPANION BILL(S): SB 1324 (S)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) TOURISM YEAS 7 NAYS 1
- (2) COMMUNITY AFFAIRS
- (3) FINANCE & TAXATION
- (4) TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS
- (5)

I. SUMMARY:

The Committee Substitute for House Bill 1135 provides WHEREAS clauses indicating the economic benefits to be derived from the presence of international motorsports in a community. The bill then provides for the use of General Revenue funds generated from the state sales tax to develop and operate the International Motorsports Museum facility in Florida. Authorization is given to the Governor's Office of Tourism, Trade, and Economic Development (OTTED) to conduct an initial application review and certify one applicant to be the International Motorsports Museum facility.

Definitions are provided for the "facility" itself and for a "project" consisting of the facility and new co-located private-sector improvements. OTTED must make certain determinations before the applicant is eligible to receive state assistance. These determinations include an independent analysis that demonstrates that the project will attract more than 1 million visitors annually, 100,000 of whom will not be from Florida; that the applicant has submitted an agreement to provide \$0.5 million annually in national and international media promotion of the facility or the Motorsports Complex; and, that the applicant can provide more than one-half of the costs related to the facility.

OTTED has the responsibility for insuring that the annual advertising requirements are met by the facility and for recertifying the facility every 10 years based on the maintenance of the initial certifying criteria. Additionally, OTTED must determine that an applicant seeking certification as the International Motorsport Museum facility must be under contract with the Department of Labor and Employment Security to execute certain hiring practices at the facility under the WAGES Program. However, this requirement also provides that certain labor market variables may factor into determining the degree to which the applicant must hire WAGES Program employees.

Upon certification that the facility is open to the public, the bill requires a monthly distribution of \$83,333 from general revenue for 180 months (\$1 million annually over 15 years for a total of \$15 million).

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Chapter 88-226, L.O.F., established a funding mechanism for state support of the construction of professional sports facilities within Florida. Under this act, the Department of Commerce was assigned the duties of screening applicants, developing rules for processing applications, and presenting the applications to the Legislature. The Department of Commerce was dissolved by Chapter 96-320, L.O.F.

This original chapter was amended by the Legislature in 1989, 1991, 1994, and 1996. The latest version of the law, Chapter 96-320, L.O.F., or s. 288.1162, F.S., 1996 Supplement, requires the Governor's Office of Tourism, Trade, and Economic Development (OTTED), to carry out the applicant screening duties and certify the eligibility of the applicant's professional sports franchise under the category of either "new," "retained," or "new spring training."

In 1993, the Legislature authorized the same type of funding mechanism for the Professional Golf Hall of Fame, and in 1996, for the International Game Fish Association (IGFA) fishing museum, Hall of Fame, historical display, and educational exhibit facility. Applicants seeking designation as either of these facilities is also to be certified by the Department of Commerce. Chapter 96-320, L.O.F., or ss. 288.1168 and 288.1169, F.S., 1996 Supplement, stipulates that OTTED will assume the former duties of the Department of Commerce related to the annual tourism advertising agreements required of the sponsoring organizations of these facilities in order for funding of the facility to continue.

Section 212.20, F.S., 1996 Supplement, authorizes \$166,667 of general sales tax revenues to be distributed monthly to a "certified" professional golf hall of fame. This distribution is to continue for up to 300 months. The annual distribution equals \$2 million and the total distribution over 25 years will equal \$50 million. This same section authorizes \$83,333 of general sales tax revenues to be distributed monthly to the certified International Game Fish Association World Center facility for 180 months (\$1 million annually over 15 years for a total of \$15 million). Currently, the authorized distribution of general sales tax revenues for professional sports related facilities in Florida equals \$18 million annually, and the total potential pay out equals \$545 million over 30 years.

B. EFFECT OF PROPOSED CHANGES:

This bill provides for the use of general revenue funds generated from the state sales tax to develop and operate the International Motorsports Museum facility in Florida. The bill authorizes the Governor's Office of Tourism, Trade, and Economic Development (OTTED) to certify one applicant to be the International Motorsports Museum facility. The conditions for certification for this facility are very similar to those required of the International Game Fish Association facility (IGFA) in s. 288.1169, F.S., 1996 Supplement. The following chart outlines the requirements for the Motorsports Museum and compares them to the IGFA facility:

STORAGE NAME: h1135s1.tu

DATE: April 2, 1997

PAGE 3

International Motorsports Museum Facility	International Game Fish Association Facility
The facility is headquartered in Homestead, Florida, and has been awarded and designated as the official museum of at least one nationally recognized motorsport sanctioning body.	The facility is the only fishing museum Hall of Fame and headquarters recognized by the IGFA;
One or more private-sector concerns have committed to donate land to the museum upon which the facility will operate.	Same.
The Grand Prix Foundation, Inc., (applicant) is a not-for-profit Florida corporation that has contracted to construct and operate the facility;	Same for IGFA as applicant.
The local government has certified by resolution after a public hearing that the application serves a public purpose;	Same.
There are existing projections that the museum facility and the co-located facilities of the private-sector concerns will attract an attendance of more than 1 million annually. An additional stipulation is that there be existing projections for out of state visitors to reach 100,000 or more;	The IGFA facility and co-located facilities of the private-sector concerns must show a projected attraction of more than 1.8 million annually with at least 300,000 of those being from outside Florida;
No requirements.	There is an independent analysis or study that demonstrates that the project will generate more than \$1 million annually in sales or use taxes on the use and operation of the project;
The applicant has agreed to provide \$0.5 million annually in national and international media promotion of the facility or the Motorsports Complex during the period of time the facility receives the state funds. This section provides that failure on the part of the facility to provide the required annual advertising shall result in the termination of funding as provided in s. 212.20, F.S., 1996 Supplement;	The IGFA must provide \$0.5 million annually in national and international media promotion of the facility at the then-current commercial rates during the period of time the facility receives the state funds. This section provides that failure on the part of the facility to provide the required annual advertising shall result in the termination of funding as provided in s. 212.20, F.S., 1996 Supplement;
The applicant has financial or other commitments to provide more than one-half the costs incurred or related to the improvement and development of the facility;	Same.
The application is signed by an official senior executive of the applicant and is notarized; and,	Same.
No requirement.	The applicant has filed a public entity crime affidavit.
OTTED shall notify the applicant and the executive director of the Department of Revenue by official letter regarding the certification of the applicant. The applicant shall then have 5 years from such certification to open the facility to the public.	Same.
Beginning 30 days after notice by OTTED to the Department of Revenue that the certified facility is open to the public, the bill requires a monthly distribution to the applicant of \$83,333 from general revenue for 180 months (\$1 million annually over 15 years for a total of \$15 million).	Same.

STORAGE NAME: h1135s1.tu

DATE: April 2, 1997

PAGE 4

<p>The funds may be used for the public purpose of paying for the construction, reconstruction, promotion, renovation, or operation of the facility, or to pay or pledge for payment of debt service on, or to fund debt service reserve funds, arbitrage rebate obligations, or other amounts payable with respect to, bonds issued for the construction, reconstruction, or renovation of the facility or for the reimbursement of such costs or the refinancing of bonds issued for such purpose.</p>	<p>Same.</p>
<p>The Department of Revenue is authorized to audit the distribution and expenditure of these funds, subject to the confidentiality requirements of Chapter 213, F.S.</p>	<p>Same.</p>
<p>Every ten years, OTTED must recertify that the facility is open, has continued designation by the sanctioning body, and is meeting the minimum certification projections. If the facility is not recertified as meeting the minimum projections, funding will be abated until the criteria are met.</p>	<p>Every ten years, OTTED must recertify that the facility is open and meeting the minimum projections for attendance or sales tax revenue. If the facility is not recertified as meeting the minimum projections, funding will be abated until the criteria are met. If the project is not meeting the \$1 million sales tax revenue requirement, the monthly funding distribution will be reduced by that fraction of those required revenues actually realized.</p>
<p>The term "project" in the bill refers to the museum facility and the co-located private-concern improvements;</p>	<p>The term "project" in the bill refers to the IGFA facility and the co-located private-concern facilities;</p>
<p>An applicant seeking certification as the International Motorsport Museum facility must be under contract with the Department of Labor and Employment Security to execute certain hiring practices at the facility under the WAGES Program. However, this requirement also provides that certain labor market variables may factor into determining the degree to which the applicant must hire WAGES Program employees.</p>	<p>No Requirement.</p>

As noted in the chart, the term "project" in the bill refers to the museum facility and the co-located private concern improvements; consequently, the attendance figures used to meet the criteria will include not only those generated by the publicly funded facility, but also those generated by the private concerns. It would appear that the performance of the museum public facility has not been isolated as a factor in meeting the criteria for public funding.

The bill amends ss. 212.20, and 288.1162, F.S., 1996 Supplement, by revising references in current language to reflect the assumption of the Department of Commerce's certification duties by OTTED. Also, subparagraph d. is added to s. 212.20(6)(f), F.S., 1996 Supplement, to provide for further distributions of sales tax revenues from the General Revenue Fund. The provision in subparagraph d., authorizes \$83,333 to be distributed monthly to the International Motorsports Museum for up to 180 months. This amount equals \$1 million annually for 15 years. Finally, s. 218.65, F.S., 1996 Supplement, relating to the emergency distribution of the half-cent sales tax distribution is amended to correct a reference in s. 212.20, F.S., 1996 Supplement.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

Yes. The bill requires OTTED to initially and continually review another type of not-for-profit entity for certification to receive public funding for a sports related facility.

(3) any entitlement to a government service or benefit?

Yes. An entity certified under the provisions of this bill would receive public funding.

b. If an agency or program is eliminated or reduced:

No.

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

No.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No.

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

No.

b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

a. If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

b. Does the bill directly affect the legal rights and obligations between family members?

No.

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. SECTION-BY-SECTION ANALYSIS:

Section 1 - amends s. 212.20(6)(f), F.S., 1996 Supplement, to require that upon certification the facility is open to the public there will be a monthly distribution of \$83,333 from general revenue for up to 180 months. The distribution is subject to reduction pursuant to s. 288.11695. Technical changes are also made to the paragraph.

Section 2 - creates s. 288.11695, F.S., authorizing the Governor's Office of Tourism, Trade, and Economic Development (OTTED) to conduct an initial application review and certify one applicant to be the International Motorsports Museum facility. The facility is to be headquartered in Homestead, Florida and must be designated as the official museum of at least one nationally recognized motorsport sanctioning body. One or more private sector concerns must commit to donate land to the museum upon which the facility will operate. The Grand Prix Foundation, Inc., the applicant, must be a not-for-profit Florida corporation that has contracted to construct and operate the facility. The local government must certify by resolution after a public hearing that the application serves a public purpose.

Definitions are provided for the "facility" itself and for a "project" consisting of the facility and new co-located private-sector improvements.

OTTED must make certain determinations before the applicant is eligible to receive state assistance. These determinations include such things as an independent analysis that demonstrates that the project will attract more than 1 million visitors annually, 100,000 of whom will not be from Florida; that the applicant has submitted an agreement to provide \$0.5 million annually in national and international media promotion of the facility or the Motorsports Complex; and, that the applicant can provide more than one-half of the costs related to the facility.

OTTED has the responsibility for insuring that the annual advertising requirements are met by the facility and for recertifying the facility every 10 years based on the maintenance of the initial certifying criteria. Additionally, OTTED must determine that an applicant seeking certification as the International Motorsport Museum facility must be under contract with the Department of Labor and Employment Security to execute certain hiring practices at the facility under the WAGES Program. However, this requirement also provides that certain labor market variables may factor into determining the degree to which the applicant must hire WAGES Program employees.

Once notified of certification, the applicant has 5 years to open the facility to the public. Thirty days after notification of being open the Department will begin distributing funds. The Department of Revenue may audit to verify contributions required by this section.

Section 3 - amends s. 218.65(5) and (6), F.S., 1996 Supplement, to make cross reference corrections.

Section 4 - amends s. 288.1169(6), F.S., 1996 Supplement, to make technical reference and cross reference corrections.

Section 5 - provides an effective date of October 1, 1997.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

<u>Expenditures</u>	<u>1997/98</u>	<u>1998/99</u>
General Revenue Fund	(\$1 M)	(\$1 M)

Upon certification that the facility is open to the public, the bill requires a monthly distribution of \$83,333 from the General Revenue Fund for 180 months (\$1 million a year for 15 years).

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

<u>Expenditures</u>	<u>1997/98</u>	<u>1998/99</u>
General Revenue Fund	(\$1 M)	(\$1 M)

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

There could be an increase in incidental sales for those businesses associated with or in close proximity to the International Motorsports Museum.

3. Effects on Competition, Private Enterprise and Employment Markets:

Businesses which do experience any increase in sales might find it necessary to increase their employment bases.

To the extent the facility lures additional out-of-state visitors who would not otherwise visit the area where the facility is located, the facility will have a positive impact on the local economy. However, the facility will compete for entertainment dollars that could otherwise be spent on entities that are not the beneficiaries of state funding.

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to expend funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority of counties or municipalities to raise revenue.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties and municipalities.

V. COMMENTS:

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

The Committee on Tourism adopted one amendment and incorporated it into the Committee Substitute for House Bill 1135. The amendment requires the applicant to be under contract with the Department of Labor and Employment Security to execute certain hiring practices at the certified facility under the WAGES Program.

STORAGE NAME: h1135s1.tu

DATE: April 2, 1997

PAGE 11

VII. SIGNATURES:

COMMITTEE ON TOURISM:

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