

**STORAGE NAME:** h0073s1.tu  
**DATE:** February 26, 1997

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

**BILL #:** CS/HB 73

**RELATING TO:** Admissions to Collegiate Tournament & Post Season Games and Baseball All-Star Games

**SPONSOR(S):** Committee on Tourism, Representative Bradley and Others

**STATUTE(S) AFFECTED:** Section 212.04, Florida Statutes, 1996 Supplement

**COMPANION BILL(S):** SB 118 (S)

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

- (1) TOURISM YEAS 7 NAYS 0
- (2) FINANCE AND TAXATION
- (3)
- (4)
- (5)

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**I. SUMMARY:**

This bill provides an exemption from sales tax on admissions to any semifinal or championship game of a national collegiate tournament or collegiate post season football game and on admissions to a Major League Baseball all-star game.

The bill is estimated to reduce General Revenue Fund receipts by (\$0.2) million in FY 1998-99, and local government receipts by an insignificant negative amount in the same fiscal year. The bill is estimated to have an insignificant negative impact on Solid Waste Management Trust Fund receipts, also in FY 1998-99. The Revenue Estimating Conference has not provided an estimate for the Car Quest Bowl, the 2000 Baseball All-Star Game, nor the 2000 Women's Final Four Basketball Tournament. In 1996, the estimated General Revenue loss due to the Baseball All-Star Game tax exemption for FY 1998-99 was (\$0.25) million. Projected negative impacts on local government receipts and the Solid Waste Management Trust Fund were insignificant.

Representatives for the Car Quest Bowl report that tax payments for that bowl have been between \$50,000 and \$100,000 annually. Other post season collegiate football games currently held in Florida have been exempted from admissions tax because the sponsoring organizations hosting these games are not-for-profit, 501(c)(3) organizations.

The Florida Sports Foundation estimates a positive fiscal impact to the local economies holding these sporting events of approximately \$100 million in direct revenues and \$40 million in indirect revenues for the 1999 NCAA Men's Final Four Basketball Tournament, and \$80 million in direct revenues and \$20 million in indirect revenues for the 2000 Major League Baseball all-star game. The Broward Economic Development Council estimates the economic impact derived from the Car Quest bowl to be from \$15 to \$40 million annually for the county.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Section 212.04(1), F.S., 1996 Supplement, provides for a tax levy of 6 percent on the sales price of admissions. Section 212.04(2)(a), F.S., 1996 Supplement, provides exemptions to this tax levy for a variety of athletic events sponsored by certain schools and state facilities. In addition, the statute grants a tax exemption on admissions to the National Football League championship game (Super Bowl). Admissions to athletic events sponsored by universities within the State University System are taxed, with the proceeds on the tax retained and used by each institution to support women's athletics.

Generally, tournament organizers set the price of admission and print admission tickets. The price printed on the tickets is the actual amount paid by the attendees. Consequently, any sales tax due on such ticket sales is borne by either the tournament organizer or the host organization or facility.

The Tampa Bay area has been selected as the site for the 1999 NCAA Men's Final Four Basketball Tournament. This event features two national semifinal games and the national championship game, all of which will be played at the Thunderdome in St. Petersburg. The Florida Sports Foundation estimates that, unless a Florida collegiate team makes it to the Final Four, most of the 70,000 attendees will be out-of-state visitors who will spend 4 days and approximately \$140 million in Florida. The city of Orlando is currently bidding to host the Women's Final Four Basketball Tournament in 2000.

The Major League Baseball all-star game will be played in Pro Player Stadium (formerly Joe Robbie Stadium) in 2000. This event will last 4 days and have approximately 45,000 attendees. The Florida Sports Foundation estimates that most of the attendees will be visitors from outside of Florida and that the event will bring about \$100 million to the State.

Other post season collegiate football games currently held in Florida have been exempted from admissions tax because the sponsoring organizations hosting these games are not-for-profit, 501(c)(3) organizations. The post season collegiate football game known as the Car Quest Bowl is hosted by a not-for-profit corporation based in Ft. Lauderdale which does not have a 501(c)(3) tax status. Therefore, it is not exempted from paying the sales tax on admissions pursuant to s. 212.04(1), F.S., 1996 Supplement. Representatives for the Car Quest Bowl report that tax payments for that bowl have been between \$50,000 and \$100,000 annually. The Broward Economic Development Council estimates the economic impact derived from this bowl to be from \$15 to \$40 million annually for the county.

B. EFFECT OF PROPOSED CHANGES:

This bill provides an exemption from sales tax for admissions to any semifinal game or championship game of a national collegiate tournament, admissions to a Major League Baseball all-star game, and admissions to post season collegiate football games sanctioned by the National Collegiate Athletic Association. Since current ticket pricing practices usually put the admissions tax burden on the sports event sponsoring

organization, the organizations sponsoring the events named by this bill will be relieved of the cost of covering the admissions tax.

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?

No.

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

No.

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

(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?

Yes. See fiscal analysis for details.

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?

Yes. By not having to contend with an additional sales tax on admissions, organizations sponsoring affected sporting events retain control over ticket prices.

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?

N/A

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

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D. SECTION-BY-SECTION ANALYSIS:

N/A

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

The Revenue Estimating Conference has not provided an official estimate for the amount of admissions tax which would annually be lost due to the exemption for post season collegiate football games. (\*See Fiscal Comments)

3. Long Run Effects Other Than Normal Growth:

<u>Revenues:</u>	<u>FY 1997-98</u>	<u>FY 1998-99</u>
1999 NCAA Men's Basketball Final Four		
General Revenue Fund	(\$0.0)	(\$0.2M)
Solid Waste Management Trust Fund	(\$0.0)	(insig)
2000 Major League Baseball all-star game		
General Revenue Fund*	(\$0.0)	(\$0.0)
Solid Waste Management Trust Fund*	(\$0.0)	(\$0.0)
Total		
General Revenue Fund	(\$0.0)	(\$0.2M)
Solid Waste Management Trust Fund	(\$0.0)	(insig)

4. Total Revenues and Expenditures:

The bill is estimated to reduce General Revenue Fund receipts by (\$0.2M) million in FY 1998-99, and local government receipts by an insignificant amount in the same fiscal year. The bill is estimated to have an insignificant negative impact on Solid Waste Management Trust Fund receipts, also in FY 1998-99. (\*See Fiscal Comments.)

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

The Revenue Estimating Conference has not provided an official estimate for the amount of admissions tax which would annually be lost due to the exemption for post season collegiate football games. (\*See Fiscal Comments)

3. Long Run Effects Other Than Normal Growth:

<u>Revenues:</u>	<u>FY 1997-98</u>	<u>FY 1998-99</u>
Local Government Half Cent Trust Fund	(\$0.0)	(insig)
Local Option Sales Surtaxes	(\$0.0)	(insig)

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

Tournament, post season collegiate football, and all-star game organizers or hosts will benefit by the amount of sales tax saved on the tickets sold.

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

In the bid to secure the 2000 Women's Final Four basketball games for Florida, the game organizers could better compete with those in states where there is no sales tax on admissions.

The organizers of the Car Quest Bowl would realize a cost savings equal to the amount of admissions tax the organization has been paying annually, which could be put towards the development and promotion of the event.

D. FISCAL COMMENTS:

The Revenue Estimating Conference has not provided an estimate for the Car Quest Bowl, the 2000 Baseball All-Star Game, nor the 2000 Women's Final Four Basketball Tournament. In 1996, the estimated General Revenue loss due to the Baseball All-Star Game tax exemption for FY 1998-99 was (\$0.25) million. Projected negative impacts on local government receipts and the Solid Waste Management Trust Fund were insignificant. Representatives for the Car Quest Bowl report that tax payments for that bowl have been between \$50,000 and \$100,000 annually.

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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:

Although the bill will reduce the authority of municipalities and counties to raise revenues, the impact is expected to be insignificant and, therefore, the bill is exempt from the provisions of Article VII, Section 18(b), Florida Constitution.

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

While the bill will reduce the amount of the Local Government Half Cent Sales Tax shared with municipalities and counties, it does not reduce the percentage of a state tax shared with municipalities and counties. Therefore, Article VII, Section 18(b), Florida Constitution does not apply.

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

The Committee Substitute for House Bill 73 differs from the original bill by providing an exemption from sales tax on admissions to post season collegiate football games sanctioned by the National Collegiate Athletic Association.

VII. SIGNATURES:

COMMITTEE ON TOURISM:

Prepared by:

Legislative Research Director:

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Susan F. Cutchins

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Judy C. McDonald