

STORAGE NAME: h0073s1z.tu  
DATE: May 6, 1998

**\*\*FINAL ACTION\*\***  
**\*\*SEE FINAL ACTION STATUS SECTION\*\***

**HOUSE OF REPRESENTATIVES  
AS REVISED BY THE COMMITTEE ON  
TOURISM  
FINAL BILL RESEARCH & 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

**COMPANION BILL(S):** SB 612 (S)

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

- (1) TOURISM YEAS 7 NAYS 0
- (2) FINANCE & TAXATION YEAS 11 NAYS 2
- (3) FINANCE & TAXATION W/D (1998)
- (4)
- (5)

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**I. FINAL ACTION STATUS:**

Committee Substitute for House Bill 73 became law without the Governor's signature on May 29, 1998, and is now cited as **Chapter 98-290, Laws of Florida.**

**II. SUMMARY:**

The 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 provisions of this legislation are estimated to reduce General Revenue Fund receipts by (\$0.2) million in both FY 1997-98 and FY 1998-99, and local government receipts by an insignificant negative amount in the same fiscal years. The provisions in section 5 are estimated to have an insignificant negative impact on Solid Waste Management Trust Fund receipts, also in FY 1997-98 and 1998-99. The Revenue Estimating Conference has provided an estimate of (\$.1) million for the Car Quest Bowl, of (\$.25) million the 2000 Baseball All-Star Game. 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.

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III. SUBSTANTIVE RESEARCH:

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:

The provisions of CS/HB 73 provide 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 legislation 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. STATUTE(S) AFFECTED:

s. 212.04, F.S.

E. SECTION-BY-SECTION RESEARCH:

A section-by-section is not required. See "Effect of Proposed Changes."

IV. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

<u>Revenues:</u>	<u>FY 1997-98</u>	<u>FY 1998-99</u>
General Revenue Fund	(\$0.2M)	(\$0.2M)
Solid Waste Management Trust Fund	(insig)	(insig)
Total	(\$0.2M)	(\$0.2M)

3. Long Run Effects Other Than Normal Growth:

The 2000 Major League Baseball All-Star Game will have a revenue impact of (\$.25) million on FY 1999-2000. The 2000 Women's FINAL Four Tournament could potentially be hosted by the City of Orlando, but the fiscal impact of this event was indeterminate.

4. Total Revenues and Expenditures:

<u>Revenues:</u>	<u>FY 1997-98</u>	<u>FY 1998-99</u>
General Revenue Fund	(\$0.2M)	(\$0.2M)
Solid Waste Management Trust Fund	(insig)	(insig)
Total	(\$0.2M)	(\$0.2M)

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

The fiscal impact to the local governments for both FY 1997-98 and 1998-99 is insignificant.

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:

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. There is also increased revenues for local business in the areas that host these events due to the influx of event attendees.

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 effect of the provisions of CS/HB 73 are estimated to reduce General Revenue Fund receipts by (\$0.2) million in both FY 1997-98 and FY 1998-99, and local government receipts by an insignificant negative amount in the same fiscal years. The effect of these provisions are estimated to have an insignificant negative impact on Solid Waste Management Trust Fund receipts, also in FY 1997-98 and 1998-99. The Revenue Estimating Conference has provided an estimate of (\$.1) million for the Car Quest Bowl, of (\$.25) million the 2000 Baseball All-Star Game. Projected negative impacts on local government receipts and the Solid Waste Management Trust Fund were insignificant.

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 of the Car Quest Bowl to be from \$15 to \$40 million annually for the county.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

The provisions of CS/HB 73 do not require counties or municipalities to expend funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

Although the provisions of CS/HB 73 will reduce the authority of municipalities and counties to raise revenues, the impact is expected to be insignificant and, therefore, the provisions of CS/HB 73 are exempt from the provisions of Article VII, Section 18(b), Florida Constitution.

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

While the effect of the provisions of CS/HB 73 will reduce the amount of the Local Government Half Cent Sales Tax shared with municipalities and counties, the provisions do not reduce the percentage of a state tax shared with municipalities and counties. Therefore, Article VII, Section 18(b), Florida Constitution does not apply.

VI. COMMENTS:

None.

VII. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

1997

**House Bill 73** was prefiled by Representative Bradley on December 4, 1996, and was referred to the Committees on Tourism and Finance and Taxation on January 9, 1997. The Committee on Tourism amended the bill and reported it favorably as a Committee Substitute on February 25, 1997. The **Committee Substitute for House Bill 73** differed 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. On March 20, 1997, the Committee on Finance and Taxation reported CS/HB 73 favorably and it was placed on the Economic Impact Council Calendar on March 26, 1997.

**Committee Substitute for House Bill 73** passed the House on April 2, 1997, by a vote of 110 YEAS to 3 NAYS and was sent to the Senate in Messages on April 3, 1997. The Senate referred the bill to the Committees on Commerce and Economic Opportunities, Community Affairs, and Ways and Means on April 4, 1997. The bill resided in the Senate upon adjournment of the Legislature on May 2, 1997, and pursuant to House rules was carried over to the 1998 Session and placed on the House Consent Calendar.

The provisions of CS/HB 73 also were included as section 5 in CS/CS/2ND ENG/SB 1660 which passed both houses of the Legislature on May 2, 1997. However, on May 23, 1997, the Governor vetoed CS/CS/2ND ENG/SB 1660. In the veto message, the Governor

referenced objections to the overly high cost of job creation projected as a result of the tax exemption incentives and the numerous tax breaks given to a very narrow group of special interests. The Governor did allow that the bill had some desirable measures, but also noted that it did not contain the provisions he recommended to close loopholes and insure the integrity of the tax base. Finally, the Governor pointed out that monies equal to the cost of this bill's proposed tax cuts could be used to fund some of the state's fundamental needs and while those needs remained unmet, he could not allow the bill to become law.

**Senate Bill 1660** by Senator Ostalkiewicz was filed in the Senate on March 4, 1997, and referred to the Committees on Commerce and Economic Opportunities and Ways and Means on March 12, 1997. The Committee on Commerce and Economic Opportunities passed the bill favorably as a committee substitute on March 31, 1997. The Ways and Means Committee amended the bill and passed it out as a committee substitute for a committee substitute on April 23, 1997. **CS/CS/SB 612** was placed on the Senate Calendar on April 25, 1997, and on Special Order Calendar on April 30, 1997, where it was further amended. **CS/CS/1ST ENG/SB 1660** passed the Senate on May 1, 1997, by a vote of 37 YEAS to 0 NAYS. At that time only one portion of CS/HB 73 was part of the Senate bill: post season collegiate games. The House received the bill on May 2, 1997, when it took up the bill and read it a second time, adopted amendments, read it a third time, and passed the bill as amended by a vote of 85 YEAS to 28 NAYS. The House amendment contained the entire CS/HB 73. On May 2, 1997, the Senate concurred in the House amendments and passed the bill as amended by a vote of 38 YEAS to 2 NAYS. The bill that passed became **CS/CS/2ND ENG/SB 1660**.

**Senate Bill 118**, the companion to HB 73, was prefiled by Senator Crist on December 30, 1996, and referred on January 10, 1997 to the Committees on Commerce and Economic Opportunities, Community Affairs, and Ways and Means. On February 19, 1997, the Committee on Commerce and Economic Opportunities reported the bill favorably with one amendment which corresponded to the provisions included in Committee Substitute for House Bill 73. Senate Bill 118 died in the Committee on Community Affairs on May 2, 1997.

## 1998

**Committee Substitute for House Bill 73** was carried over and on March 5, 1998, was available for the House Consent Calendar. The bill was referred to the Committee on Finance and Taxation on March 6, 1998. On April 15, 1998, CS/HB 73 withdrawn from the Committee on Finance and Taxation and placed on the Economic Impact Council Calendar on April 20, 1998. The bill was passed by the House by a vote of 110 YEAS to 6 NAYS on April 27, 1998. The Senate received the bill in Messages on April 28, 1998, and referred it to the Committees on Ways and Means, Commerce and Economic Opportunities and Community Affairs. On May 1, 1998, the bill was withdrawn from those committees, substituted for SB 612, read a second and third time, and passed by the Senate by a vote of 36 YEAS to 1 NAY. Committee Substitute for House Bill 73 became law without the Governor's signature on May 29, 1998, and is now cited as **Chapter 98-290, Laws of Florida**.

**Senate Bill 612** was prefiled on January 7, 1998, by Senator Crist and referred to Subcommittee E of the Committee on Ways and Means (Finance and Taxation) and the Committees on Ways and Means, Commerce and Economic Opportunities, and Community Affairs on January 23, 1998. The bill was withdrawn from all committees except Ways and

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Means which reported the bill favorably with one amendment on April 27, 1998. On April 28, 1998, the bill was placed on the Senate Special Order Calendar where it stayed until May 1, 1998. On that date, SB 612 was laid on the table and the companion measure, CS/HB 73, was taken up in lieu of SB 612 and passed by the Senate.

VIII. SIGNATURES:

**COMMITTEE ON TOURISM:**

Prepared by:

Legislative Research Director:

Susan F. Cutchins

Judy C. McDonald

**AS REVISED BY THE COMMITTEE ON FINANCE & TAXATION:**

Prepared by:

Legislative Research Director:

George T. Levesque

Keith G. Baker, Ph.D.

**FINAL RESEARCH PREPARED BY COMMITTEE ON TOURISM:**

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