

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

Date: April 1, 1998 Revised: 04/07/98 _____

Subject: Motorsports Museum

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Givens</u>	<u>Austin</u>	<u>CM</u>	<u>Fav/1 amendment</u>
2.	<u>_____</u>	<u>_____</u>	<u>CA</u>	<u>_____</u>
3.	<u>_____</u>	<u>_____</u>	<u>WM</u>	<u>_____</u>
4.	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
5.	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

I. Summary:

This bill provides a rationale for state action by indicating the economic benefits to be derived from the presence of an international motorsports museum in a Florida community. The bill authorizes the use of funds generated from the state sales tax to develop and operate the International Motorsports Museum facility. Authorization is given to the Office of Tourism, Trade, and Economic Development (OTTED) to conduct an initial application review and certify an International Motorsports Museum facility.

OTTED has the responsibility for insuring that the annual advertising requirements are met by the facility and for recertifying the facility every ten 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 Work and Gain Economic Self-sufficiency (WAGES) Program.

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).

This bill amends sections 212.20, 218.65, and 288.1169, and creates sections 288.11695 of the Florida Statutes.

II. 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.

The law was amended by the Legislature in 1989, 1991, 1994, and 1996. This law, currently codified in s. 288.1162, F.S., requires the Office of Tourism, Trade, and Economic Development (OTTED), to carry out applicant screening duties and certify the eligibility of an 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's (IGFA) Fishing Museum Hall of Fame, historical display, and educational exhibit facility. Applicants seeking designation as either of these facilities must also be certified by the Department of Commerce. OTTED, as authorized by chapter 96-320, L.O.F., or ss. 288.1168 and 288.1169, F.S., assumed 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., 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 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.

III. 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 OTTED to certify an International Motorsports Museum facility. Prior to certifying the facility, OTTED must determine that:

- 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;
- One or more private-sector concerns have committed to donate land to the museum upon which the facility will operate;
- The Grand Prix Foundation, Inc., (applicant) is a not-for-profit Florida corporation that has contracted to construct and operate the facility;

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- The local government has certified by resolution after a public hearing that the facility serves a public purpose;
 - 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 one million annually, of whom more than 100,000 are not Florida residents;
 - The applicant has agreed to provide \$500,000 annually in national and international media promotion of the facility, the Metro-Dade Homestead area, or the Motorsports Complex, or other similar attractions in the Metro-Dade Homestead area 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.;
 - 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; and
 - The application is signed by senior officials of the Grand Prix Foundation, Inc., and is notarized.

OTTED shall notify the applicant and the executive director of the Department of Revenue of the certification of the applicant. If the applicant is certified by OTTED, the applicant shall have 5 years from such certification to open the facility to the public.

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).

The funds may be used for the purpose of paying for the construction, reconstruction, renovation, promotion, 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 by refinancing of bonds issued for such purpose.

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.

Every 10 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.

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 participants.

The bill amends ss. 212.20 and 288.1162, F.S., by revising references in current language to reflect the assumption of the Department of Commerce's certification duties by OTTED. Also, sub-subparagraph d. is added to s. 212.20(6)(f)5., F.S., to provide for further distributions of sales tax revenues from the General Revenue Fund. The provision in sub-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., relating to the emergency distribution of the half-cent sales tax distribution is amended to correct a reference in s. 212.20, F.S.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

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).

B. Private Sector Impact:

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

C. Government Sector Impact:

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

VI. Technical Deficiencies:

None.

VII. Related Issues:

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.

VIII. Amendments:

#1 by Commerce and Economic Opportunities:

Provides that if the specified project fails to generate \$1 million in annual revenues from the states sales and use taxes, the amount of the distribution of revenues shall be reduced to \$83,333, multiplied by a fraction. The numerator of the fraction shall be the actual revenue generated from the project and the denominator shall be \$1 million. The reduction shall remain in effect until revenues from the project equal or exceed \$1 million for 1 year.