

STORAGE NAME: h0841.tu
DATE: March 19, 1997

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

BILL #: HB 841

RELATING TO: Game and Fresh Water Fish

SPONSOR(S): Representative Laurent

STATUTE(S) AFFECTED: Section 212.04, Florida Statutes, 1996 Supplement, and Section 372.0222, Florida Statutes

COMPANION BILL(S): SB 686 (I) SB 1370 (S)

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

- (1) TOURISM
- (2) FINANCE AND TAXATION
- (3) GENERAL GOVERNMENT APPROPRIATIONS
- (4)
- (5)

I. SUMMARY:

This bill provides exemptions to the sales tax on admissions for freshwater fishing tournament entry fees. The bill also provides that the Game and Fresh Water Fish Commission may sell advertising and collect fees for certain Commission sponsored activities and events and may enter into cooperative agreements with private concerns for financial support of Commission promotion activities. The bill provides that the proceeds of such activities may be used to offset advertising and promotional costs incurred by the Commission in the provision of information to the public related to fish, game, and wildlife. The Commission is further authorized to adopt rules regarding its advertising and promotional activities.

The bill is estimated to reduce General Revenue Fund receipts by (\$0.1) million in each of FY's 1997-98 and 1998-99. The Solid Waste Management Trust Fund and local governments are estimated to experience an insignificant revenue loss in each fiscal year.

If major freshwater fishing tournaments return to Florida, the local economies where they are held could experience an average direct infusion of \$290,000 per tournament, according to one economic impact study. Local purveyors of fishing equipment, lodging and food which supply tournament personnel, participants and spectators would benefit directly from these events.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Section 212.04, F.S., provides for the collection of taxes on admissions at the rate of 6 percent of the sales price or actual value received. Paragraph (a) of subsection (2) of this section provides for a number of exemptions to the admissions tax including certain student oriented sporting events, specified professional sporting events, and not-for-profit organization sponsored events.

The Department of Revenue, in a letter to the Florida Game and Fresh Water Fish Commission, unofficially estimates that less than \$100,000 annually in sales tax on admissions is collected on freshwater fishing tournament fees. The Game and Fresh Water Fish Commission reports that all anglers, including tournament fishermen, also pay federal excise taxes on fishing tackle and motor boat fuel which comes back to Florida via the Federal Aid in Sport Fish Restoration Program that annually provides the state with \$2.32 million to manage Florida's freshwater fisheries.

The Florida Game and Fresh Water Fish Commission provides permits for freshwater fishing tournaments in an effort to enforce practices, such as live-release, that will sustain Florida's bass population. Tournaments which have 100 or more participants or have 20 participants who want a temporary permit to provide exceptions to slot and size limits are required to obtain a permit. Commission representatives report that roughly 150 permits are issued a year. In 1992, the Department of Revenue began requesting information from the Commission on its permitted tournaments for the purpose of enforcing the admissions tax.

Beginning in 1972, the Bass Anglers Sportsman Society or BASS began holding 1 to 2 major freshwater fishing tournaments annually in Florida. The BASS Invitational Tournament registers 330 anglers, 80 percent of whom are usually from outside the state and subject to out-of-state fishing license fees. The entry fee for this tournament is \$600. The BASS Top 100 tournament registers 100 professional anglers for a fee of \$1500 and 100 amateurs for a fee of \$400. An economic impact study conducted on eleven of these types of major tournaments held in nine states reported that each tournament resulted in an average infusion of \$290,000 in direct expenditures to the economy of the tournament site due to the length of time tournament participants and their families, tournament personnel, and tournament spectators spend in an area.

According to a BASS representative in Montgomery, Alabama, this organization stopped bringing its Invitational, Top 100, and Megabucks tournaments to Florida in 1992, due to the enhanced enforcement of admissions tax collections on freshwater fishing tournament fees.

Although organizations such as BASS have suspended their large tournaments in the state, the Game and Fresh Water Fish Commission reports that fishing clubs in Florida hold local tournaments which average around 10 participants with entry fees typically ranging from \$20 - \$50. These smaller tournaments are not required to be permitted by the Commission so an accurate account of the number of tournaments has been unattainable.

The Game and Fresh Water Fish Commission currently produces a number of publications, including *The Florida Wildlife Magazine*, *What Have You Done for Wildlife Lately*, *Planting a Refuge for Wildlife*, *Checklist of Florida Birds*, and *Watchable Wildlife*. The Commission reports that these publications provide a great deal of information to Florida's citizens and Florida's visitors on recreational activities centered around fishing, hunting and other wildlife experiences. The Commission also uses special events and seminars to educate visitors and operators of nature-based recreation businesses as a non-regulatory way of promoting wildlife management.

During FY 1994/95, the Commission estimates that it spent approximately \$800,000 on publications. Event and seminar costs range from a few hundred dollars to \$30,000 a piece. Although the Commission is able to recoup some of these costs through subscriptions and registration fees, current statutes do not explicitly provide a means for the Game and Fresh Water Fish Commission to effectively leverage the higher dollar support offered by private for profit corporate partnerships.

B. EFFECT OF PROPOSED CHANGES:

This bill provides exemptions to the sales tax on admissions for freshwater fishing tournament entry fees. The bill is estimated to reduce General Revenue Fund receipts by (\$0.1) million in each of FY's 1997-98 and 1998-99. The Solid Waste Management Trust Fund and local governments are estimated to experience an insignificant revenue loss in each fiscal year. However, if major freshwater fishing tournaments return to Florida, the local economies where they are held could experience an average direct infusion of \$290,000 per tournament, according to one economic impact study. Local purveyors of fishing equipment, lodging and food which supply tournament personnel, participants and spectators would benefit directly from these events.

The bill also provides that the Game and Fresh Water Fish Commission may sell advertising and collect fees for certain Commission sponsored activities and events and may enter into cooperative agreements with private concerns for financial support of Commission promotion activities. The bill provides that the proceeds of such activities may be used to offset advertising and promotional costs incurred by the Commission in the provision of information to the public related to fish, game, and wildlife. The Commission is further authorized to adopt rules regarding its advertising and promotional activities.

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?

Yes. The bill increases the ability of the Game and Fresh Water Fish Commission to make rules to provide oversight of the Commission's additionally authorized promotional programs.

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(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. The bill authorizes an exemption on freshwater fishing tournament admission costs.

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?

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:

N/A

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. SECTION-BY-SECTION ANALYSIS:

A section-by-section is not required for this bill.

III. FISCAL ANALYSIS & 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	(\$100,000)	(\$100,00)
Solid Waste Management Trust Fund	(insig)	(insig)

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

<u>Revenues:</u>	<u>FY 1997-98</u>	<u>FY 1998-99</u>
General Revenue Fund	(\$100,000)	(\$100,00)
Solid Waste Management Trust Fund	(insig)	(insig)

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

Local Government Half-Cent Trust	(insig)	(insig)
Local Option Sales Surtaxes	(insig)	(insig)

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:

Admissions taxes on entry fees for freshwater fishing tournaments are reportedly not included in the entry fees and are borne by the tournament organizer. The BASS Top 100 tournament registers professional anglers for a fee of \$1,500 each, and 100 amateurs for a fee of \$400 each. If the BASS organization bears the cost of the admissions taxes on this event, an exemption would save the organization \$11,400. If such savings are a primary factor in the location chosen by the BASS and other organizations to conduct fishing tournaments, the exemption proposed by this bill could provide an incentive to bring the tournaments back to Florida.

If the tournaments returned to Florida, the local economies where they are held could experience an average direct infusion of \$290,000 per tournament, according to one economic impact study. Local purveyors of fishing equipment, lodging and food which supply tournament personnel, participants and spectators would benefit directly from these events.

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

According to major tournament organizers, the approximately \$11,000 in entry fee taxes has put Florida at a competitive disadvantage for attracting such tournaments to the state. Accordingly, the tax exemption proposed by this bill could put Florida freshwater fishing tournament locations back in the national market for major fishing tournaments.

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:

Although the bill will reduce the authority of municipalities and counties to raise revenues, the impact is expected to be insignificant and the bill is therefore 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:

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

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VII. SIGNATURES:

COMMITTEE ON TOURISM:

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