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

BILL #: HB 943

RELATING TO: Spring Training Franchise Facilities

SPONSOR(S): Representative Dawson-White

STATUTE(S) AFFECTED: ss. 288.1162 and 212.20, Florida Statutes, 1996 Supplement

COMPANION BILL(S): SB 1182 (I)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:
(1) TOURISM
(2) FINANCE & TAXATION
(3) TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS
(4)
(5)

I. SUMMARY:

House Bill 943 adds a new classification to the list of applicant types seeking eligibility to receive sales tax rebate funds for professional sports franchise facilities. The new classification is referred to as a “retained spring training franchise.” An applicant which has been certified under this classification by the Governor’s Office of Tourism, Trade, and Economic Development is authorized to receive $116,667 a month for 30 years.

In order to accommodate this new classification of applicant, House Bill 943 raises the current cap on the total number of applicants which may be certified to receive funds, from eight to nine. Currently, six applicants have been certified to receive $2 million a year for 30 years. This bill would raise the potential annual pay out of General Revenue funds for professional sports franchise facilities from $16 million to $18 million and the total from $480 million to $540 million.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Chapter 88-226, Laws of Florida, established a funding mechanism for state support of the construction of new professional sports franchise 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.

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 Florida Sports Foundation (FSF), a direct support organization under the Governor's Office of Tourism, Trade, and Economic Development (OTTED), to carry out the applicant screening duties. The FSF submits the applications to OTTED which certifies the eligibility of the applicant's professional sports franchise under the category of either "new," "retained," or "new spring training." Chapter 96-320, L.O.F., also raised the cap on potentially eligible applicants from six to eight and rolled the eligibility dates back to effectively include two additional franchises currently existing in Florida. An applicant may only have one certification per facility.

Once an applicant's facility is certified by OTTED as one of these types of professional sports franchise facilities it is eligible to receive funding from the General Revenue Fund under s. 212.20(5)(f)5., F.S., 1996 Supplement. These General Revenue funds are generated from tax on sales or use of tangible personal property, admissions, rentals, and services. An applicant whose professional sports franchise is certified as "new or retained" can receive $2 million annually for 30 years ($60 million), and an applicant whose franchise is certified as a "new spring training franchise" can receive $500,000 annually for 30 years ($15 million). The current potential amount of General Revenue which could be rebated to professional sports franchise facility applicants through this program is $16 million annually, with a total 30 year potential pay out of $480 million.

The Department of Revenue is authorized to audit the distribution and expenditure of the funds, subject to the confidentiality requirements of Chapter 213, F.S. The funds may only be used for the public purpose of paying for the construction, reconstruction, or renovation of the eligible facility or to pay for debt service on bonds issued to finance such expenditures.

A "new professional sports franchise" is described as one that is not based in this state prior to April 1, 1987. A "retained" franchise is described as one that has had a league-authorized location in this state on or before December 31, 1976, has continuously remained at that location, and has never been located at a facility that has been previously certified under s. 288.1162, F.S., 1996 Supplement.

The following franchises have applied for and been certified to receive funds as new professional sports franchise facilities:

Florida Panthers -- $60,000,000 for Broward County;
Florida Marlins -- $60,000,000 for Joe Robbie Stadium;
Jacksonville Jaguars -- $60,000,000 for the City of Jacksonville;
Tampa Bay Lightening -- $60,000,000 for the Tampa Sports Authority;

Tampa Bay Devil Rays -- $60,000,000 for the City of St. Petersburg;

The following franchise has applied for certification to receive funds as retained professional sports franchise facility:

Tampa Bay Buccaneers -- $60,000,000 for Hillsborough County.

A "new spring training franchise" is described as one that is not based in this state prior to July 1, 1990.

For "new spring training franchise facilities," OTTED must determine that:

(1) The local governmental entity is responsible for the construction, management, or operation of the facility, or holds title to the property on which the facility is located.

(2) The applicant has a verified copy of a signed agreement with a new spring training franchise for the use of the facility for a term of at least 15 years.

(3) The applicant has a financial commitment to provide 50 percent or more of the funds required by an agreement for the use of the facility by the new spring training franchise.

(4) The proposed facility is located within 20 miles of an interstate or other limited-access highway system.

(5) The applicant's projections that the facility will attract more than 50,000 annual paying attendants are valid.

(6) The facility is located in a county that is levying a total of 4 percent local option tourist taxes under s. 125.0104, F.S., 1996 Supplement, by March 1, 1992; the county is levying the specific provisions of such a tax which authorize revenue to be used for professional sports franchise facilities; and, 87.5 percent of this levy is used for the spring training complex.

To date, no local government or organization has applied for certification to receive funds as a "new spring training franchise facility."

B. EFFECT OF PROPOSED CHANGES:

House Bill 943 adds a new classification to the list of applicant types seeking eligibility to receive sales tax rebate funds for professional sports franchise facilities. The new classification is referred to as a "retained spring training franchise." There are several differences between this new classification and the current classification for a "new spring training franchise." These differences are illustrated in the following chart:

New Spring Training Franchise Facility	Retained Spring Training Franchise Facility
Not based in the state prior to July 1, 1990.	Located in the state in 1955, replaced a spring training franchise which had been continuously at the same publicly owned stadium for 33 years, and does not play regular major league baseball season games in the same city in which it trains.
The local government entity is responsible for the construction, management, or operation of the facility, or holds title to the property on which the facility is located.	Same
The applicant has a verified copy of a signed agreement with a new professional sports spring training franchise for the use of the facility for a term of at least 15 years.	Same with allowance for completion of current lease agreement.
The applicant has a financial commitment to provide 50 percent or more of the funds required by an agreement for the use of the facility by the new professional sports spring training franchise.	OTTED must allow the value of the land and the existing stadium to be counted towards any required contribution by the applicant for costs incurred or related to facility improvement and development.
The proposed facility is located within 20 miles of an interstate or other limited-access highway system.	No requirement.
OTTED verifies the applicant's projections that the facility will attract more than 50,000 annual paying attendants.	OTTED verifies the applicant’s projections that sales tax revenues generated by the use and operation of the facility will equal $1.4 million annually - an amount equal to the authorized rebate.
The facility is located in a county that is levying a total of 4 percent local option tourist taxes under s. 125.0104, FS, by March 1, 1992; the county is levying the specific provisions of such a tax which authorize revenue to be used for professional sports franchise facilities; and, 87.5 percent of this levy is used for the spring training complex.	No requirement.
No requirement.	The retained spring training franchise will conduct additional training activities at a different site within the county housing the retained franchise.
May only use tax rebate funds to pay for or finance the construction, reconstruction or renovation of a “new” spring training franchise facility.	Same for a “retained” spring training franchise facility.
Authorized to receive $500,000 annually for 30 years for a total of $15 million.	Authorized to receive $1.4 million annually for 30 years for a total of $42 million.

There are two significant differences in the requirements for these two categories. A new spring training franchise facility applicant must provide at least half of the costs for the facility and is limited to a total cost of $15 million. On the other hand, a retained spring training franchise applicant may receive a total of $42 million and does not have a stated requirement for any facility construction contribution. However, this bill does provide that OTTED must allow the value of the land and the existing stadium to be counted towards any required contribution by the applicant for costs incurred or related to facility improvement and development.

To facilitate the distribution of General Revenue funds for this new category of professional sports franchise facility, the bill increases from eight to nine the total number of facilities which may receive such funds. This has the effect of increasing the annual potential pay out of General Revenue funds for professional sports franchise facilities to $18 million.

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 Florida Sports Foundation and OTTED, respectively, would be required to review and certify applicants seeking to receive funds for retained spring training franchise facilities.

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

Yes. A certified applicant would be eligible to receive a total of $42 million in General Revenue funds from the state.

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?

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?

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

D. SECTION-BY-SECTION ANALYSIS:

Section 1 amends s. 288.1162, F.S., 1996 Supplement, to add a new classification to the list of applicant types seeking eligibility to receive sales tax rebate funds for professional sports franchise facilities. The new classification is referred to as a "retained spring training franchise." The bill requires that applicants be certified by OTTED, and provides a list of qualifying criteria. The bill also provides that OTTED may only make one certification for a retained spring training facility.

Section 2 amends s. 212.20(6)(f), F.S., 1996 Supplement, to provide additional directions for disbursement of sales tax revenues from the General Revenue Fund. These directions authorize a monthly disbursement of $116,667 for 30 years to each applicant that has been certified as a facility for a retained spring training franchise under s. 288.1162, F.S., 1996 Supplement.

Section 3 makes this act effective July 1, 1997.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

Revenues	1997/98	1998/99
General Revenue	($1.4 M)	($1.4 M)

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

Revenues	1997/98	1998/99
General Revenue	($1.4 M)	($1.4 M)

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

   None.

2. Recurring Effects:

   A local government seeking to retain a spring training franchise could be assisted in its efforts through commitments to upgrade the franchise's facility.

3. Long Run Effects Other Than Normal Growth:

   The long range effects of either retaining or losing a professional sports franchise are indeterminate.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

   None.

2. Direct Private Sector Benefits:

   A spring training franchise electing to remain in a host city which enhanced the franchise's facilities under the provisions of this bill could receive financial benefits through increased attendance revenues without incurring the costs associated with enhancing the facility.

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

   The provisions of this bill could be utilized by a host community to increase its competitive advantage in retaining a spring training franchise.

   Many of the sales at a facility financed with rebated sales tax revenues from the General Revenue Fund could otherwise happen in places that are not built with public dollars.

D. FISCAL COMMENTS:

The facility must certify to OTTED that it will generate at least $1.4 million in sales tax revenues related to the operation of the facility. Arguments for using public funds for helping to retain a sports franchise indicate that these sales tax dollars could be lost to the state if the team relocates. However, these funds may not necessarily be lost if they are displaced as sales tax revenues related to the operation of other entertainment facilities in the area which are not built with public funds.

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:

Report No. 96-31, "Review of the Florida Sports Foundation," by the Office of Program Policy Analysis and Governmental Accountability (OPPAGA) states that, "The State may be providing financial support to major sports facilities' construction based on overstated economic impact projections." This statement is based on the finding that facilities receiving state financial assistance have not included "substitution effects" in their economic impact projections.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

VII. SIGNATURES:

COMMITTEE ON TOURISM:

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