

**STORAGE NAME:** h1071a.bdt

**DATE:** March 17, 1999

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
BUSINESS DEVELOPMENT & INTERNATIONAL TRADE  
ANALYSIS**

**BILL #:** HB 1071

**RELATING TO:** World Bowling Village Facility

**SPONSOR(S):** Representative Bronson

**COMPANION BILL(S):** SB 1626(s)

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

- (1) BUSINESS DEVELOPMENT & INTERNATIONAL TRADE YEAS 5 NAYS 0
- (2) TOURISM
- (3) FINANCE & TAXATION
- (4) TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS
- (5)

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**I. SUMMARY:**

This bill creates the World Bowling Village facility and provides for the distribution of a portion of revenues from the sales and use tax to the facility. The bill provides requirements for certification of the World Bowling Village facility by the Office of Tourism, Trade, and Economic Development of the Executive Office of the Governor; provides for the use of funds distributed to the facility and specifies when distribution of such funds begins; requires specified notice and provides a time limit for the opening of the facility; provides for audits by the Department of Revenue and periodic recertification; and reduces funding under certain circumstances.

The fiscal impact to the state is an estimated (\$2m) per year paid out in monthly installments of \$166,667.

The effective date of this bill is July 1, 1999.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Chapter 212.20, Florida Statutes, is the section of law dealing with tax funds collected; the disposition of such funds; additional powers of department; operational expense; and refund of taxes adjudicated unconstitutionally collected. The distribution of proceeds (all tax or fee revenue collected or received by the department, including interest and penalties) is as follows:

1. In any fiscal year, the greater of \$500 million, minus an amount equal to 4.6 percent of the proceeds of the taxes collected pursuant to chapter 201, or 5 percent of all other taxes and fees collected pursuant to the chapter is deposited in monthly installments into the General Revenue Fund.
2. Two-tenths of one percent is transferred to the Solid Waste Management Trust Fund.
3. 9.653 percent of the amount of sales taxes remitted by a dealer located within a participating county is transferred into the Local Government Half-cent Sales Tax Clearing Trust Fund.
4. 0.054 percent is transferred to the Local Government Half-cent Sales Tax Clearing Trust Fund and distributed pursuant to s. 218.65, F.S.
5. Of the remaining proceeds:

\$166,667 is distributed monthly by the Department of Revenue to each applicant that has been certified as a "facility for a new professional sports franchise" or a "facility for a retained professional sports franchise" pursuant to s. 288.1162, F.S., and \$41,661 is distributed monthly by the department to each applicant that has been certified as a "new spring training franchise facility" pursuant to s. 288.1162, F.S. Distributions begin 60 days following such certification and continue for 30 years.

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

Florida Panthers -- \$60,000,000 (Broward County)  
Florida Marlins -- \$60,000,000 (Joe Robbie Stadium)  
Jacksonville Jaguars -- \$60,000,000 (City of Jacksonville)  
Tampa Bay Lightning -- \$60,000,000 (Tampa Sports Authority)  
Tampa Bay Devil Rays -- \$60,000,000 (City of St. Petersburg)

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

Tampa Bay Buccaneers -- \$60,000,000 (Hillsborough County)

B. EFFECT OF PROPOSED CHANGES:

See Section by Section.

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?

N/A

- (2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

N/A

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

N/A

- 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?

N/A

- b. Does the bill require or authorize an increase in any fees?

N/A

- c. Does the bill reduce total taxes, both rates and revenues?

N/A

- d. Does the bill reduce total fees, both rates and revenues?

N/A

- e. Does the bill authorize any fee or tax increase by any local government?

N/A

3. Personal Responsibility:

- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

N/A

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

N/A

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

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

D. STATUTE(S) AFFECTED:

Section 212.20, Florida Statutes.

E. SECTION-BY-SECTION ANALYSIS:

**Section 1** Amends or section 212.20(6)(f), Florida Statutes, 1998 Supplement. Provides that, beginning 30 days after notice by the Office of Tourism, Trade and Economic Development to the Department of Revenue that the applicant has been certified as the World Bowling Village facility, and the facility is open to the public, \$166,667 would be distributed monthly, for up to 240 months, to the applicant. The distribution would be subject to reduction pursuant to section 288.1171, Florida Statutes.

**Section 2** Creates Chapter 288.1171, Florida Statutes, The World Bowling Village facility, and provides its duties. Provides that OTTED would serve as the state agency which would screen applicants for state funding pursuant to s. 212.20, F.S., and would certify one applicant as the World Bowling Village facility in the state. Provides that, prior to certifying the World Bowling Village facility as eligible to receive state funding, OTTED must determine the following:

1. The World Bowling Village facility is a bowling complex consisting of bowling lanes, stadium seating, offices, a national training center, and a research and development center.
2. The applicant is a unit of local government or a private sector group that has contracted to construct or operate the World Bowling Village facility on land owned by a unit of local government.
3. The municipality in which the World Bowling Village facility is located, or the county if the facility is located in an unincorporated area, has certified by resolution after a public hearing that the application serves a public purpose.
4. There is an independent analysis or study, using methodology approved by OTTED which demonstrates that the amount of the revenues generated by the taxes imposed under chapter 212, F.S., with respect to the use and operation of the World Bowling Village facility will equal or exceed \$2 million annually.
5. Documentation exists that demonstrates that the applicant has provided, is capable of providing, or has financial or other commitments to provide more than one-half of the costs incurred or related to the improvement and development of the facility.
6. The application is signed by an official senior executive of the applicant and is notarized according to Florida law providing for penalties for falsification.

The bill provides that the applicant may use funds provided to pay for the construction, reconstruction, renovation, furnishings, equipment, or operation of the World Bowling Village 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, build-out, or renovation of the facility; for the reimbursement of such costs; or for the refinancing of bonds issued for such purpose.

The bill provides that, upon determining that an applicant is or is not certifiable, OTTED would notify the applicant of his or her status by means of an official letter. If certifiable, OTTED would notify the executive director of the Department of Revenue and the applicant of such certification by means of an official letter granting certification. From the date of such certification, the applicant would have 5 years to open the World Bowling Village facility. The Department of Revenue would not begin distributing funds until 30 days following notice by OTTED that the World Bowling Village facility is open to the public.

The bill provides that the Department of Revenue may audit as provided in s. 213.34, F.S., to verify that the distributions have been expended as required.

The bill provides that every 10 years OTTED must recertify that the facility is open and is meeting the minimum projections for sales tax revenues as required at the time of original certification. If the facility is not certified as meeting the minimum projections, then funding would be abated until certification criteria are met. If the project fails to generate \$2 million of annual revenues, the distribution of revenues would be reduced to an amount equal to \$166, 667 multiplied by a fraction, the numerator of which is the actual revenues generated and the denominator of which is \$2 million. Such reduction would remain in effect until revenues generated by the project in a 12-month period equal or exceed \$2 million.

**Section 3** Provides an effective date of July 1, 1999.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

Indeterminate.

2. Recurring Effects:

The bill has a recurring fiscal impact of (\$166,667) monthly for up to 240 months except that such amount would be reduced if annual state revenues generated by the facility fall below \$2m.

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

The bill has an annual estimated fiscal impact of (\$2m) to paid out in monthly installments of \$166,667.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

N/A

2. Direct Private Sector Benefits:

N/A

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

N/A

D. **FISCAL COMMENTS:**

The World Bowling Village proposes to consolidate the operations of Bowling, Inc., (BI) and its affiliated bowling organizations into a national headquarters located in Osceola County. The World Bowling Village facility would consist of a 60 lane stadium with seating for 2,000 spectators; a 16 lane training center devoted to training of the U.S. national bowling team and for bowling camps and clinics; and a research and development center for the testing of new technology to the bowling industry. The village would host national tournaments and expects to bring a large number of bowlers and guests into the area.

According to an analysis of the economic impact of the World Bowling Village prepared by Fishkind & Associates, bringing the national headquarters to Florida would create more than 300 jobs with an average wage of \$40,000. Direct spending by the village is estimated at approximately \$2.6m annually.

The construction of the facility is estimated to cost approximately \$50m. BI proposes to pay \$4,772,000 for rights and fees to tournaments; \$4,000,000 in relocation costs; and to finance the remaining \$41,470,000. BI proposes to form a community development district (CDD) pursuant to Chapter 190, F.S., which will own and operate the facility. The CDD would issue \$48,065,000 in 20-year, tax exempt bonds at an estimated 5.5% to construct the facility. Annual debt service is estimated at \$4,022, 047.

BI proposes three sources of funding for debt service: Florida state sales tax rebates, Osceola County shared revenues, and payments by BI. BI proposes that the state pay approximately 40 percent of the project costs, approximately \$2m per year disbursed monthly, in the form of sales tax rebates over a 20 year period. According to the Fishkind analysis, Osceola has agreed to share up to 65 percent of all net revenues it receives from the project to pay for project costs. The third source of revenue takes the form of lease and other payments made by BI which would lease and manage the facility under an agreement to pay sufficient lease or rent to make up the remainder of the debt service. BI would operate and maintain the facility at its own cost and keep sufficient revenues to offset its costs.

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

A. **APPLICABILITY OF THE MANDATES PROVISION:**

N/A

B. **REDUCTION OF REVENUE RAISING AUTHORITY:**

N/A

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

N/A

V. COMMENTS:

N/A

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VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON BUSINESS DEVELOPMENT & INTERNATIONAL TRADE:

Prepared by:

Staff Director:

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Victoria A. Minetta

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J. Paul Whitfield, Jr.