

STORAGE NAME: h1071.tu

DATE: March 25, 1999

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
TOURISM
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)

I. SUMMARY:

House Bill 1071 provides for the use of General Revenue funds generated from the state sales tax to develop and operate the World Bowling Village facility. Pursuant to s. 288.1171, F.S., created by the bill, the Governor's Office of Tourism, Trade and Economic Development (OTTED) is authorized to certify one applicant to be the World Bowling Village facility. Section 288.1171, F.S., also provides the criteria that must be met prior to certification of a facility, provides the duties of OTTED regarding the certification and recertification determinations, provides the responsibilities of the Department of Revenue, and delineates penalties for failure to comply with certification requirements.

Subparagraph d. is added to s. 212.20(6)(f), F.S., to provide for further distributions of sales tax revenues from the General Revenue Fund. Subparagraph d., authorizes \$166,667 to be distributed monthly to the World Bowling Village facility for up to 240 months. This amount equals \$2 million annually for 20 years for a total of \$40 million.

The bill takes effect July 1, 1999.

II. SUBSTANTIVE ANALYSIS:

A. 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.

This original chapter law was amended by the Legislature in 1989, 1991, 1994, 1996, and 1997. The current law, s. 288.1162, F.S., requires the Governor's Office of Tourism, Trade, and Economic Development (OTTED) to carry out the applicant screening duties and certify the eligibility of the applicant's professional sports franchise under the category of either "new," "retained," or "new spring training." To date, no local government or organization has applied for certification to receive funds as a "new spring training franchise facility." The following franchises have applied for and been certified to receive funds as *new* professional sports franchise facilities: Florida Panthers, Florida Marlins, Jacksonville Jaguars, Tampa Bay Lightning, and the Tampa Bay Devil Rays. The Tampa Bay Buccaneers has applied for certification to receive funds as a "retained" professional sports franchise facility.

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 (IGFA) fishing museum, Hall of Fame, historical display, and educational exhibit facility. Applicants seeking designation as either of these facilities is also to be certified by the Department of Commerce. Chapter 96-320, L.O.F., or ss. 288.1168 and 288.1169, F.S., stipulate that OTTED will assume 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 general 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. The monthly distribution for 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., is \$166,667. Distributions begin 60 days following the certification and continue for 30 years.

B. EFFECT OF PROPOSED CHANGES:

House Bill 1071 provides for the use of General Revenue funds generated from the state sales tax to develop and operate the World Bowling Village facility. Pursuant to s. 288.1171, F.S., created by the bill, the Governor's Office of Tourism, Trade and Economic Development (OTTED) is authorized to certify one applicant to be the World Bowling Village facility. Section 288.1171, F.S., also provides the criteria that must be met prior to certification of a facility, provides the duties of OTTED regarding the certification and recertification determinations, provides the responsibilities of the Department of Revenue, and delineates penalties for failure to comply with certification requirements.

Subparagraph d. is added to s. 212.20(6)(f), F.S., to provide for further distributions of sales tax revenues from the General Revenue Fund. Subparagraph d. authorizes \$166,667 to be distributed monthly to the World Bowling Village facility for up to 240 months. This amount equals \$2 million annually for 20 years for a total of \$40 million.

The conditions for certification for this facility and that of the Golf Hall of Fame in s. 288.1168, F.S., and the International Game Fish Association World Center facility (IGFA) in s. 288.1169, F.S., are very similar. The following chart outlines the requirements for the World Bowling Village facility and compares them to the IGFA World Center facility.

World Bowling Village Facility	International Game Fish Association World Center Facility
<p>OTTED is to certify one facility in the state as the World Bowling Village facility.</p>	<p>OTTED is to certify one applicant as the International Game Fish Association World Center facility.</p>
<p>Before certification, OTTED must determine that:</p> <p>The facility is a bowling complex consisting of bowling lanes, stadium seating, offices, a national training center, and a research and development center.</p>	<p>Before certification, OTTED must determine that:</p> <p>The facility is the only fishing museum, Hall of Fame, and international administrative headquarters in the United States recognized by the IGFA.</p>
<p>Before certification, OTTED must determine that:</p> <p>Land on which the World Bowling Village facility will be constructed and operated is to be owned by a unit of local government.</p>	<p>Before certification, OTTED must determine that:</p> <p>One or more private-sector concerns have committed to donate to the IGFA land upon which the IGFA World Center will operate.</p>
<p>Before certification, OTTED must determine that:</p> <p>The applicant is a unit of local government as defined in s. 218.369, F.S., or a private sector group that has contracted to construct or operate the World Bowling Village facility.</p> <p>["A unit of local government" means a county, municipality, special district, local agency, authority, or consolidated city-county government or any other local governmental body or public body corporate and politic authorized or created by general or special law and granted the power to issue general obligation or revenue bonds.]</p>	<p>Before certification, OTTED must determine that:</p> <p>International Game Fish Association is a not-for-profit Florida corporation that has contracted to construct and operate the facility.</p>
<p>Before certification, OTTED must determine that:</p> <p>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 facility serves a public purpose.</p>	<p>Before certification, OTTED must determine that:</p> <p>Same for IGFA.</p>
<p>Before certification, OTTED must determine that:</p> <p>No requirements.</p>	<p>Before certification, OTTED must determine that:</p> <p>The IGFA facility and collocated facilities of the private-sector concerns must show a projected attraction of more than 1.8 million annually with at least 300,000 of those being from outside Florida.</p>
<p>Before certification, OTTED must determine that:</p> <p>There is an independent analysis or study that demonstrates that the project will generate at least \$2 million annually in sales or use taxes on the use and operation of the World Bowling Village facility.</p>	<p>Before certification, OTTED must determine that:</p> <p>There is an independent analysis or study that demonstrates that the project will generate more than \$1 million annually in sales or use taxes on the use and operation of the project.</p>

World Bowling Village Facility	International Game Fish Association World Center Facility
<p>Before certification, OTTED must determine that:</p> <p>No requirements.</p>	<p>Before certification, OTTED must determine that:</p> <p>The IGFA has submitted an agreement to provide \$0.5 million annually in national and international media promotion of the facility at the then-current commercial rates during the period of time the facility receives the state funds. 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.</p>
<p>Before certification, OTTED must determine that:</p> <p>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 World Bowling Village facility.</p>	<p>Before certification, OTTED must determine that:</p> <p>Same.</p>
<p>Before certification, OTTED must determine that:</p> <p>The application is signed by an official senior executive of the applicant and is notarized according to Florida law providing for penalties for falsification.</p>	<p>Before certification, OTTED must determine that:</p> <p>Same.</p>
<p>OTTED shall notify the applicant and the executive director of the Department of Revenue by official letter regarding the certification of the applicant. The applicant shall then have five years from such certification to open the facility to the public.</p>	<p>Same.</p>
<p>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 \$166,667 from General Revenue for up to 240 months (\$2 million annually over 20 years for a total of \$40 million).</p>	<p>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).</p>
<p>The funds may be used for the public purpose of paying for the construction, reconstruction, promotion, renovation, 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 the refinancing of bonds issued for such purpose.</p>	<p>Same.</p>
<p>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.</p>	<p>Same.</p>

World Bowling Village Facility	International Game Fish Association World Center Facility
<p>Every ten 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 recertified as meeting the minimum projections, funding will be abated until the criteria are met.</p> <p>If the project is not meeting the \$2 million sales tax revenue requirement, the monthly funding distribution will be reduced by that fraction of those revenues actually realized.</p> <p>The reduction will remain in effect until revenues in a 12-month period equal the tax revenue requirement.</p>	<p>Every ten years, OTTED must recertify that the facility is still the only international administrative headquarters, fishing museum, and Hall of Fame in the U.S. recognized by IGFA, that it is open, and that it is meeting the minimum projections for attendance or sales tax revenue. If the facility is not recertified as meeting the minimum projections, funding will be abated until the criteria are met.</p> <p>If the project is not meeting the \$1 million sales tax revenue requirement, the monthly funding distribution will be reduced by that fraction of those required revenues actually realized.</p> <p>Same.</p>

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 bill requires OTTED to review another type of not-for-profit entity for certification and recertification to receive public funding for a sports-related facility and provides for audits by the Department of Revenue.

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

Yes. An entity certified under the provisions of this bill would receive public funding. A certified "World Bowling Village facility" would be eligible to receive \$40 million over 20 years or \$166,667 per month for 240 months. If the project fails to generate \$2 million of sales tax 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. The reduction would remain in effect until revenues generated by the project in a 12-month period equal or exceed \$2 million.

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?

Bowling International (BI) proposes to pay \$4,772,000 for rights and fees to tournaments and \$4 million in relocation costs. BI proposes to make payments for leasing and managing the facility in a sufficient amount to pay the balance of the debt service financed by Osceola County and the Florida state sales tax distribution. BI proposes to operate and maintain the facility at its own cost and keep sufficient revenues to offset costs.

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?

No.

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:

Amends s. 212.20, F.S., 1998 Supplement

Creates s. 288.1171, F.S.

E. SECTION-BY-SECTION ANALYSIS:

Section 1. Amends paragraph (f) of subsection (6) of s. 212.20, F.S., 1998 Supplement. Provides that, beginning 30 days after notice by OTTED 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 will be distributed monthly, for up to 240 months, to the applicant. The distribution is subject to reduction pursuant to section 288.1171, F.S.

Section 2. Creates s. 288.1171, F.S., providing for certification of a World Bowling Village facility. Provides that OTTED will screen applicants for state funding under s. 212.20, F.S., and will certify one applicant as the World Bowling Village facility in the state. Prior to certifying the World Bowling Village facility as eligible to receive state funding, OTTED is required to determine if certain specific criteria are met. The allowable use of the funds, notification of certification, method of and criteria for release of funds to the applicant, Department of Revenue audits, recertification requirements, and penalties for failure to comply with certification requirements are also provided in the section. For details on the provisions contained in this section see the chart in Effect of Proposed Changes section of the analysis.

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:

Once certified, the applicant has up to 5 years to be open to the public and begin receiving funds. Depending upon when the distribution of state revenues begins, the bill will begin having a recurring fiscal impact of \$166,667 monthly or \$2 million annually for up to 240 months for a total of \$40 million, except that such amount is to be reduced if annual state revenues generated by the facility fall below \$2 million.

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

The bill has an annual estimated fiscal impact of \$2 million to be paid out in monthly installments of \$166,667 for a total twenty year expenditure of \$40 million except that such amount would be reduced if annual state revenues generated by the facility fall below \$2 million. Once certified, the applicant has up to 5 years to be open to the public and begin receiving General Revenue from the sales tax distribution.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

According to the Fishkind and Associates economic analysis of the proposed World Bowling Village facility that was prepared for Community Sports Development, Inc., and Bowling, Inc., Osceola County has agreed to share up to 65 percent of all net revenues it receives from the project to pay for project costs.

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:

According to supporting documentation prepared for the legislation, the World Bowling Village facility is to 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 World Bowling Village is to host national tournaments and expects to bring bowlers and guests into the area. During the tournaments, the Fishkind and Associates analysis that was prepared for Community Sports Development, Inc., and Bowling, Inc., estimates that more than 77,000 bowlers and guests will come to the area.

Also, the Fishkind & Associates analysis states that bringing the Bowling, Inc., national headquarters to Florida will directly create more than 300 jobs with an average wage of \$40,000. Direct spending by the village is estimated at approximately \$2.6 million annually.

There could be an increase in incidental sales for those businesses associated with or in close proximity to the World Bowling Village facility.

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

It is arguable that existing bowling facilities and perhaps other recreational facilities that compete for the leisure time of visitors and local residents in the area would be adversely affected by the establishment of this new competitive entity.

The Fishkind & Associates analysis estimates that the World Bowling Village would create more than 300 jobs. However, there may be ancillary business opportunities that would be derived from the establishment of the bowling facility leading to the expansion of the local employment market. The analysis also notes that tournaments, which prospectively will be a major activity of the bowling facility, will lead to an additional 700 jobs to staff hotels and other facilities supported by tournament participants and other visitors.

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:

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:

On March 1, 1999, an economic development analysis on the feasibility of locating in Florida a World Bowling Village facility as proposed in House Bill 1071 was finalized. The analysis, produced by Fishkind and Associates for Community Sports Development, Inc., and Bowling Inc., and other supporting documentation provided to the Committee by Bowling, Inc., provide specifics, not included in the legislation, which outline details of the proposed facility, the financing of the facility, and the potential economic impact. Some of the details contained in the reports are presented below:

- Bowling, Inc., (BI) proposes to consolidate its operations and its affiliated bowling organizations into a national headquarters in the World Bowling Village facility to be located in Osceola County. The World Bowling Village facility is to 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 World Bowling Village is to host national tournaments which are expected to bring a minimum of more than 77,000 bowlers and guests into the area.
- The construction of the facility is estimated to cost approximately \$50 million. BI proposes to pay \$4,772,000 for rights and fees to tournaments; to pay \$4 million 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 will issue \$48,065,000 in 20-year, tax exempt bonds at an estimated 5.5% to construct the facility. Annual debt service is estimated to be \$4,022,047.
- BI proposes three sources of funding for debt service: Florida state sales tax distribution, Osceola County shared revenues, and payments by BI. BI proposes that the state pay approximately 40 percent of the project costs, approximately \$2 million per year disbursed annually, in the form of sales tax revenue distributions over a 20-year period for a total of \$60 million. According to the Fishkind and Associates analysis that was prepared for Community Sports Development, Inc., and BI, 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 will lease and manage the facility under an agreement to pay sufficient lease or rent to make up the remainder of the debt service. BI is to operate and maintain the facility at its own cost and keep sufficient revenues to offset its costs.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON BUSINESS DEVELOPMENT & INTERNATIONAL TRADE:

Prepared by:

Staff Director:

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AS REVISED BY THE COMMITTEE ON TOURISM:

Prepared by:

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Judy McDonald