

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.)

BILL: CS/SB 1626

SPONSOR: Fiscal Resource Committee and Senator Bronson

SUBJECT: World Bowling Village Facility

DATE: March 31, 1999 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Keating</u>	<u>Wood</u>	<u>FR</u>	<u>Favorable/CS</u>
2.	_____	_____	<u>CM</u>	_____
3.	_____	_____	<u>CA</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

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 bill also requires that the World Bowling Village create at least 30 new Florida jobs before qualifying for the sales tax distribution.

This bill substantially amends, creates, or repeals the following sections of the Florida Statutes: 212.20 and 288.1171

II. Present Situation:

Chapter 212.20, F.S., is the section of law dealing with sales and use tax funds collected; the disposition of such funds; additional powers of department; operational expense; and refund of taxes adjudicated unconstitutionally collected. The distribution of sales and use tax proceeds 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:
 - a. \$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. \$166,667 is distributed monthly for up to 300 months, by the Department of Revenue to an applicant certified by OTTED as the Professional Golf Hall of Fame. The Professional Golf Hall of Fame was certified in June, 1998.
 - c. \$83,333 is authorized to be distributed monthly for up to 180 months, by the Department of Revenue to an applicant certified by OTTED as the International Game Fish Association World Center. The International Game Fish Association World Center has yet to be certified.
6. All other proceeds shall remain with the General Revenue Fund.

III. Effect of Proposed Changes:

The bill amends s. 212.20(6)(f), F. S., providing that, beginning 30 days after notice by the Office of Tourism, Trade and Economic Development (OTTED) to the Department of Revenue that the applicant has been certified as the World Bowling Village facility pursuant to s. 288.1171, F.S., 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, F. S.

The bill creates s. 288.1171, F.S., which provides for the certification of the World Bowling Village facility. The bill 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.

The bill provides that in order to qualify for the sales tax distribution, the World Bowling Village must create at least 30 new Florida jobs. The term “new Florida jobs” is defined to mean a position filled with an existing Florida resident. OTTED must document the number of “new Florida jobs” created by the World Bowling Village and once 30 “new Florida jobs” have been created and document, certify to the Department of Revenue.

Provides an effective date of July 1, 1999.

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 World Bowling Village facility is open to the public, the bill requires a monthly distribution of \$166,667 from sales tax collections for a maximum of 240 months or \$2 million annually for 20 years for a total distribution of \$40 million. The \$2 million annually will come out of the General Revenue portion of sales tax collections. Every 10 years OTTED must recertify that the World Bowling Village facility is generating at least \$2 million of annual sales tax revenues. If the facility fails to generate the \$2 million annually, then the \$2 million distribution will be reduced until such time revenues generated by the facility in a 12 month period equal or exceed \$2 million.

B. Private Sector Impact:

The World Bowling Village proposes to consolidate the operations of Bowling, Inc. 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 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 to the area.

An analysis by the Florida Legislature, Office of Economic & Demographic Research, estimates that the World Bowling Village facility would increase sales tax revenues to state government by \$4 to \$5 million annually.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

HB 1071 is similar to CS/SB 1626.

VIII. Amendments:

None.