

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 1940

SPONSOR: Comprehensive Planning, Local and Military Affairs Committee and Senator Kurth

SUBJECT: Spring Training Franchise Facilities

DATE: April 5, 1999 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Cooper</u>	<u>Yeatman</u>	<u>CA</u>	<u>Favorable/CS</u>
2.	<u>Olafson</u>	<u>Maclure</u>	<u>CM</u>	<u>Favorable</u>
3.	_____	_____	<u>FR</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

This bill authorizes counties to impose the additional local option tourist development taxes presently authorized to finance the construction or renovation of a professional sports franchise facility to be used to finance the acquisition, construction, or renovation of a “retained spring training franchise facility.”

This bill also appropriates, under certain conditions, \$7.5 million from General Revenue, over a two-year period, to any county to acquire, construct, reconstruct, or renovate any privately owned spring training franchise facility.

This bill substantially amends s. 125.0104, Florida Statutes, 1998 Supplement.

II. Present Situation:

Sport Facilities / Local Tourist Taxes

The initial concept for levying a local option tourist development tax or “bed tax” was to generate a dedicated source of funds to advertise and otherwise promote the growth of tourism in a specific area in order to fill more hotel and motel beds. The majority of substantive amendments to the original tourist-related tax statutes have been directed at the percentage of taxation and authorized uses of tax revenues.

The primary base on which these taxes are levied is the transient rental trade. A transient rental transaction is described in s. 212.0305, F.S., and s. 125.0104, F.S., 1998 Supplement, as “any payment made by any person to rent, lease, or use for a period of 6 months or less any living quarters or accommodations in a hotel, apartment hotel, motel, resort motel, apartment, apartment motel, roominghouse, tourist or trailer camp, mobile home park, recreational vehicle park, or condominium.”

Counties are authorized to levy five separate taxes on transient rental transactions. Depending on the particular tax, the levy may be authorized by vote of the governing body or by referendum. Tax rates vary by county depending on a county's eligibility to levy particular taxes; however, the absolute maximum tax rate is 6 percent.

Current law, s. 125.0104(3)(c), F.S., 1998 Supplement, provides for a local option tourist development tax on transient rental transactions at a rate of 1 or 2 percent. As of June 1998, 42 counties levied the tax and all at the 2 percent rate, including Alachua, Bay, Bradford, Brevard, Broward, Charlotte, Citrus, Clay, Collier, Columbia, Dade, Duval, Escambia, Flagler, Hamilton, Hernando, Hillsborough, Indian River, Lake, Lee, Leon, Manatee, Monroe, Nassau, Okaloosa, Okeechobee, Orange, Osceola, Palm Beach, Pasco, Pinellas, Polk, Putnam, St. Johns, St. Lucie, Santa Rosa, Sarasota, Seminole, Suwannee, Volusia, Wakulla, and Walton. In addition to any 1 or 2 percent tourist development tax, s. 125.0104(3)(d), F.S., 1998 Supplement, provides for an additional 1 percent tourist development tax by the extraordinary vote of the governing board of the county or by referendum approval by the registered electors within the county or subcounty special district. Of the 38 counties eligible to levy the tax, 24 were levying the additional tax as of June 1998. Those counties are Alachua, Bay, Brevard, Broward, Charlotte, Collier, Escambia, Hillsborough, Indian River, Lee, Leon, Manatee, Monroe, Okeechobee, Orange, Osceola, Palm Beach, Pinellas, Polk, St. Johns, St. Lucie, Santa Rosa, Sarasota, and Seminole.

In addition to the tax sources referred to above, a local government is eligible to levy a professional sports franchise facility/convention center tax on transient rental transactions, as provided in s. 125.0104(3)(l), F.S., 1998 Supplement, by a majority vote of the governing board of the county. However, since the proceeds are only to be used to pay debt service on bonds issued to finance the construction, reconstruction, or renovation of a professional franchise facility or a convention center and to pay the planning and design costs incurred prior to the issuance of those bonds, the number of counties able to participate is limited. As of June 1998, 12 counties, Brevard, Broward, Dade, Duval, Escambia, Hillsborough, Orange, Osceola, Palm Beach, Pinellas, Polk, and St. Lucie, levied this tax.

Finally, s. 125.0104(3)(n), F.S., 1998 Supplement, provides for an additional professional sports franchise facility tax on transient rental transactions of 1 percent to be imposed by a majority plus one vote of the membership of the governing board of a county that has imposed the tax under paragraph (l). The 1 percent additional professional sports franchise facility tax is available to pay the debt service on bonds issued to finance the construction, reconstruction, or renovation of a facility either publicly owned and operated, or publicly owned and operated by the owner of a professional sports franchise or other lessee with sufficient expertise or financial capability to operate such facility, and to pay the planning and design costs incurred prior to the issuance of such bonds for a new professional sports franchise as defined in s. 288.1162, F.S. Eleven counties, Brevard, Broward, Duval, Escambia, Hillsborough, Orange, Osceola, Palm Beach, Pinellas, Polk, and St. Lucie, are eligible to levy this tax. Only three counties, Broward, Duval, and Hillsborough, have levied this tax as of June 1998.

There are currently 20 professional spring training franchise facilities in Florida. The county-team pairings are as follows: Brevard-Marlins, Broward-Orioles, Charlotte-Rangers, Hillsborough-Yankees, Indian River-Dodgers, Lee-Red Sox and Twins, Manatee-Pirates, Osceola-Astros and

Braves, Palm Beach-Cardinals and Expos, Pinellas-Blue Jays, Devil Rays, and Phillies, Polk-Indians, Royals and Tigers, Sarasota-Reds, and St. Lucie-Mets.

III. Effect of Proposed Changes:

Section 1 amends paragraphs (l) and (n) of subsection (3) of s. 125.0104, F.S., 1998 Supplement, providing that the additional local option tourist development taxes presently authorized to pay the debt service on bonds to finance the construction or renovation of a professional sports franchise facility and to pay the planning and design costs incurred prior to the issuance of the bonds may also be used to finance the acquisition, construction, reconstruction, or renovation of a retained spring training franchise facility as well as the planning and design costs incurred prior to the issuance of such bonds. Paragraph (b) of subsection (2) of s. 125.0104, F.S., 1998 Supplement, is amended to provide that a “retained spring training franchise” means a spring training franchise that had a location in this state on or before December 31, 1998, and that has continuously remained at that location for at least the 10 years preceding that date. A technical change to paragraph (d) of subsection (5) of s. 125.0104, F.S., 1998 Supplement, is also made in this section.

Section 2 appropriates \$7.5 million from General Revenue, over a two-year period, to any county to acquire, construct, reconstruct, or renovate any privately owned spring training franchise facility. However, no funds will be released until the Office of Tourism, Trade, and Economic Development (OTTED) determines that the county:

- is responsible for the acquisition, construction, management, or operation of the facility or holds title to the property on which the facility is located;
- has an agreement with the franchise for use of the facility for at least 15 years;
- has a financial commitment to provide at least 50 percent of the funds required by an agreement for the use of the facility by the franchise; and
- has projections which demonstrate that the facility will attract a paid attendance of at least 50,000 annually.

Section 3 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:**

The bill provides that the additional local option tourist development taxes presently authorized to finance the construction, reconstruction, or renovation of a professional sports franchise facility may also be used to finance the acquisition, construction, reconstruction, or renovation of a “retained spring training franchise facility.”

B. Private Sector Impact:

The economic benefits of a retained spring training franchise facility will vary from host community to host community. The Florida Sports Foundation conducted a study of a host community that is currently seeking to acquire a spring training franchise facility and retain the spring training franchise. The Florida Sports Foundation conservatively estimates that the host community’s spring training franchise facility generates approximately an additional \$25 million in economic activity.

C. Government Sector Impact:

Section 2 of the bill requires the Legislature to appropriate \$7.5 million, over a two-year period, to any county to acquire, construct, reconstruct, or renovate any privately owned spring training franchise facility.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.