

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/CS/SB 1806

SPONSOR: Commerce and Economic Opportunities Committee, Fiscal Resource Committee, and Senator McKay

SUBJECT: The Olympic Games

DATE: April 13, 2000 REVISED: _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|------------------|----------------|-----------|---------------------|
| 1. | <u>Fournier</u> | <u>Wood</u> | <u>FR</u> | <u>Favorable/CS</u> |
| 2. | <u>Schmeling</u> | <u>Maclure</u> | <u>CM</u> | <u>Favorable/CS</u> |
| 3. | _____ | _____ | <u>RC</u> | _____ |
| 4. | _____ | _____ | _____ | _____ |
| 5. | _____ | _____ | _____ | _____ |

I. Summary:

This committee substitute provides the necessary assurances and commitments required by the United States Olympic Committee and the International Olympic Committee in selecting a host city for the XXXth Olympic Games in 2012. It includes legislative findings about the benefits to Florida of hosting these games and creates the Olympic Games Guaranty Account within the Economic Development Trust Fund for the purpose of fulfilling the state's obligations under a games-support contract to indemnify and insure against any net financial deficit resulting from the conduct of the games, up to \$175 million.

II. Present Situation:

A not-for-profit corporation, Florida 2012, has been established to assist Tampa in its efforts to secure candidate city designation by the United States Olympic Committee (USOC) and, ultimately, host city designation by the International Olympic Committee (IOC) for the XXXth Olympic Games. Florida 2012 is competing with eight cities for Candidate City designation. The local organizing committees representing these cities must submit bid documents by December 15, 2000, to the USOC.

The USOC requires that the host city arrange to indemnify the USOC and the IOC against any possible net financial loss. The bid committee has represented that it is unlikely that such a loss will occur, given the experience of recent Olympic Games. A loss guarantee is required, however, and \$100 million is needed to make Florida's bid competitive with the other cities' bids. There is no requirement that the guarantee take a particular form, however, and the bid committee has represented that a commitment from the state to fund the guarantee from some source would be sufficient.

The process of selecting a city to host the Olympics is lengthy. Cities are preparing their bid proposals for 2012 now, and in October 2002 the candidate city will be selected. The choice of

the actual site will not be announced by the IOC until the summer of 2005. If Tampa were eliminated from consideration at some point, the state's obligation to provide a loss guarantee would disappear.

To date, Florida 2012 has raised \$6.2 million in cash and \$2.4 million in in-kind contributions from the public/private community. In addition, Florida 2012 has secured some funding from the direct-support organization authorized under s. 288.1229, F.S., the Florida Sports Foundation. The foundation entered into an agreement in July 1999 with Florida 2012, and committed to awarding the organizing committee \$500,000 in grant money over a three-year period to assist the committee in its host city bid and in its efforts to host or support a number of sporting events in the interim. Florida Sports Foundation grants are funded by revenues derived from the sale of Florida Professional Sports Team license plates as authorized in s. 320.08058(9), F.S.

III. Effect of Proposed Changes:

This committee substitute provides the necessary assurances and commitments required by the USOC and the IOC in selecting a host city for the XXXth Olympic Games in 2012. It includes legislative findings about the benefits to Florida of hosting these games and creates the Olympic Games Guaranty Account within the Economic Development Trust Fund for the purpose of fulfilling the state's obligations under a games-support contract to indemnify and insure against any net financial deficit resulting from the conduct of the games, up to \$175 million. The Florida Sports Foundation is responsible for the administration of the account. The local organizing committee (Florida 2012) must demonstrate the ability to indemnify and insure the first \$25 million of any net financial deficit, and the state's guarantee cannot be accessed until the local security is fully spent.

Funding for the Olympic Games Guaranty Account may be derived from any combination of sums earmarked from the Working Capital Fund, appropriated funds, or sales tax revenue attributable to the tax on admissions to Olympic events and other sales tax revenue attributable to the conduct of the games.

The Florida Sports Foundation (foundation) must review an application from the local organizing committee to enter into a games-support contract. The committee substitute describes information that must be supplied by the local organizing committee to the foundation. If the application and accompanying information are approved by the foundation, the foundation is authorized to enter into a joinder undertaking or joinder agreement with the USOC or the IOC. The joinder agreement will specify that the state will fulfill its obligations under a games-support contract to indemnify and insure the USOC and the IOC against any net financial deficit resulting from the conduct of the games.

The committee substitute also authorizes certain state agencies and organizations to assist the local organizing committee and enter contracts related to the presentation of the games. The foundation may not obligate the state to provide funds to cover the costs of construction or purchase of a building or facility by a city.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

Section 19(f)(1) of Art. III of the State Constitution specifies that a trust fund may only be created in a separate bill, must be limited to that purpose only, and must pass by a three-fifths vote of the membership of each house of the Legislature. Section 215.3207, F.S., establishes criteria, based on the constitutional requirements, for the contents of a bill creating a trust fund, including that such legislation specify at least the following:

- (1) The name of the trust fund;
- (2) The agency or branch of state government responsible for administering the trust fund;
- (3) The requirements or purposes that the trust fund is established to meet; and
- (4) The sources of moneys to be credited to the trust fund or specific sources of receipts to be deposited in the trust fund.

Section 215.3207, F.S., defines a trust fund as moneys received by the state which under law or under a trust agreement are segregated for a purpose authorized by law. To the extent that this committee substitute represents a segregation of funds in the creation of the Olympic Games Guaranty Account within the Economic Development Trust Fund, this committee substitute may have the effect of creating a trust fund, which would necessitate separate legislation in order to comply with the constitutional requirements.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

This committee substitute provides that sales tax revenue from Olympic event admissions and other sales tax revenue attributable to the conduct of the games may be used to fund the Olympic Games Guaranty Account.

B. Private Sector Impact:

If a Florida city were chosen as the site for the XXXth Olympic Games, the private sector would likely benefit from the economic stimulus generated by the games.

C. Government Sector Impact:

The Florida Sports Foundation may experience costs related to the fulfillment of requirements provided for in this committee substitute. The foundation estimates, however, that no cost should occur in fiscal year 2000-01.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
