

# 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 1806

SPONSOR: Fiscal Resource Committee and Senator McKay

SUBJECT: The Olympic Games

DATE: March 29, 2000 REVISED: \_\_\_\_\_

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

**I. Summary:**

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 \$125 million.

**II. Present Situation:**

The City of Tampa and Florida 2012, a nonprofit corporation, its the official bid committee, have initiated an effort to secure the designation of Tampa as the host city for the XXXth Olympic Summer Games in 2012. The organization includes many cities and counties in Florida. There are seven other cities in America competing to be the Candidate City for the 2012 Summer Olympics.

The US Olympic Committee requires that the host city arrange to indemnify the US Olympic Committee and the International Olympic Committee 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 US candidate city will be selected. The choice of the actual site will not be announce by the International Olympic Committee 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.

**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 \$125 million. 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.

An unspecified operational entity shall 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 operational entity. If the application and accompanying information are approved by the operational entity, it 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, up to the contract limit of \$125 million.

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 operational entity 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:**

None.

**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:****C. Government Sector Impact:**

This committee substitute specifies that an unnamed entity of the state (called the “operational entity” in the bill) has certain duties and responsibilities with respect to the Olympic Games Guaranty Account. This entity must ensure that certain conditions are satisfied before it may enter into an agreement with the USOC or IOC or authorize any expenditures from the account.

**VI. Technical Deficiencies:**

This bill does not specify the operational entity that is responsible for administering this guarantee and entering into a Joinder undertaking or joinder agreement with the USOC and IOC. This entity is authorized by the bill to commit the state to a contractual agreement.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

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

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