

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 2168

SPONSOR: Committee on Appropriations and Senator Villalobos

SUBJECT: Brownfield Redevelopment

DATE: April 25, 2001 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Cooper	Yeatman	CA	Favorable
2.			AGG	Withdrawn
3.	Hayes	Wood	AP	Favorable/CS
4.			FT	
5.				
6.				

I. Summary:

This committee substitute authorizes Miami-Dade County to receive a sales tax rebate to fund the construction of a professional sports franchise facility on a brownfield site located in the City of Miami.

This committee substitute amends sections 212.20, 186.5053, and 376.84 of the Florida Statutes.

II. Present Situation:

Brownfields Redevelopment Act

Many of Florida’s designated urban infill areas contain sites with actual or perceived environmental contamination that may present a significant barrier to redevelopment. The Brownfields Redevelopment Act (Sections 376.77 - 376.875, F.S.) was created by the Florida Legislature to assist local governments and persons responsible for the cleanup and redevelopment of these areas. Incentives are provided for remediation and sustainable reuse of contaminated and abandoned or underused properties contained within the designated areas. The state’s “brownfields initiative” is a voluntary program for local governments and state agencies to provide incentives for the cleanup and redevelopment of abandoned or underused sites.

Key objectives of the brownfields initiatives are community economic enhancement through increased capital investment, an increased tax base and tax revenue, job creation, better utilization of community resources, improving the quality of life, and improving the environment.

Brownfield sites are “sites that are generally abandoned, idled, or under-used industrial and commercial properties where expansion or redevelopment is complicated by actual or perceived environmental contamination.” Sections 376.77 - .875, F.S., provides the framework for Florida’s Brownfields Program to facilitate redevelopment of these sites while also providing for environmental cleanup and protection of the public health and the environment.

Sales Tax Reimbursement for Professional Sports Facilities

Chapter 88-226, L.O.F., established a funding mechanism for state support of the construction of professional sports facilities within Florida. (s. 288.1162, F.S.) Amended eight times since 1988, s. 288.1162, F.S., requires the Governor’s Office of Tourism, Trade, and Economic Development (OTTED) to screen facilities applying for state funding and certify the eligibility of an applicant under one of three categories: “facility for a new professional sports franchise,” “facility for a retained professional sports franchise,” or “facility for a retained spring training franchise.” Current law caps the number of professional sports franchise facilities eligible for certification at eight and requires OTTED to certify at least five retained spring training franchises. To date, there are seven certified professional sports franchise facilities (six “new” facilities, one “retained” facility) and five certified spring training franchise facilities.

In 1993, the Legislature authorized the same type of funding mechanism for the Professional Golf Hall of Fame facility (s. 288.1168, F.S.) and, in 1996, for the International Game Fish Association World Center facility (s. 288.1169, F.S.). Applicants seeking designation as either of these facilities are also to be certified by OTTED.

Certification criteria generally include such things as relationship with and support of a unit of local government, projections for paid attendance, an independent analysis demonstrating that the amount of tax revenues projected to be generated will exceed any money received from the state, and demonstration of being able to provide or having financial or other commitments to provide more than one-half of the costs incurred or related to the improvement and development of a facility. Section 288.1162, F.S., also prohibits a previously certified applicant which has received funding based on its certification from being eligible for an additional certification. Sections 288.1168 and 288.1169, F.S., contain requirements for recertification by OTTED every 10 years, as well as mechanisms for imposing monetary sanctions for failure to meet all certification requirements.

Section 212.20, F.S., authorizes \$166,667 of general sales tax revenues to be distributed monthly (for up to 300 months) to a certified professional golf hall of fame. This same section authorizes \$83,333 of general sales tax revenues to be distributed monthly to the certified International Game Fish Association facility for up to 168 months. 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, while up to \$41,667 is distributed monthly to each applicant that has been certified as a “retained spring training franchise facility.”¹ Distributions to these facilities are to continue for not more than 30 years.

¹ No more than \$208,335 may be distributed monthly in the aggregate to all certified retained spring training franchise facilities.

The Department of Revenue is authorized to audit to verify that the distributions under the various sections have been expended as required by those sections; however, only s. 288.1162, F.S., states that the department may pursue recovery of funds if they have been determined to have been expended outside the requirements of the law. There are no procedures for decertification.

III. Effect of Proposed Changes:

This committee substitute creates a sales tax rebate program for qualifying counties that construct, renovate, or expand a significant new facility on a qualifying brownfield site.

Section 1 amends s. 376.84(1), F.S., which relates to legislative intent relating to Brownfield redevelopment economic incentives, to add to the allowable financial incentives for redevelopment, the sales tax increment rebates established for an eligible county with a significant new facility on a qualifying site.

Subsection (4) is created to provide that the governing board of an eligible county which constructs, reconstructs, renovates, expands, or rehabilitates, either directly or indirectly through turnkey or other contractual arrangements, a significant new facility on a qualifying site is entitled to receive sales tax rebates pursuant to s. 212.20, F.S., in the manner provided in the subsection. The subsection provides definitions, including the following:

- "Eligible county" means a county which constructs a significant new facility on a qualifying site.
- "Qualifying site" means a site located in a brownfield area designated under s. 376.80, F.S., which is owned by an eligible county and is within the boundaries of a local government impacted by a financial emergency.
- "Local government impacted by a financial emergency" means a county or municipality that has a resident population of 300,000 or more and has been declared in a state of financial emergency pursuant to part V of chapter 218, F.S., during any of the 7 fiscal years preceding the date on which construction of a significant new facility commences.
- "Significant new facility" means a real property improvement on a qualifying site that meets the following requirements: (1) it is owned by a county or a municipality within the county and leased to, licensed to, or to be operated by a private, for-profit entity for the purpose of operating a professional sports franchise there from for a period of not less than 30 years; in case the franchise is relocated or sold, a portion of the proceeds of the sale that represents profit attributable to an increase in value because of the sales tax increment rebate, as determined by an independent appraiser, shall be remitted to the state; (2) the projected cost for the facility and remediation of the qualifying site is not less than \$300 million, of which not less than \$50 million, over the term of the lease, license, or operation, will be contributed by the private lessee, licensee, or operator; and (3) it is estimated that the facility will have an annual economic impact of not less than \$100 million over the term of the lease, license, or operation and will create not less than 1,500 jobs over such term.

The subsection provides that the qualifying county must provide to DOR documents confirming that they have met the statutory requirements to qualify for the sales tax increment rebate

provided for in this subsection. DOR is required to certify an eligible county within 90 days. DOR is provided authority to adopt rules to implement the provisions of this subsection.

The eligible county may use the sales tax increment rebate only to pay for the costs of acquisition, site preparation, infrastructure development, construction, reconstruction, renovation, expansion, or rehabilitation of the qualifying site and significant new facility to be located on the qualifying site, or for the costs of infrastructure and other improvements outside the boundaries of the qualifying site that are necessary or helpful to the development or operation of the significant new facility, or for reimbursement of any such costs, and for the costs incurred by it to remediate the qualifying site. In the event that in any fiscal year the sales tax increment rebate is in excess of the amount necessary to pay the costs related to the significant new facility and to pay debt service on bonds or other obligations, the excess fund shall be applied toward or set aside for the redemption or repayment of any such bonds or other obligations.

The eligible county shall actively accept and solicit African American and other minority participation in the planning, design, construction, building, maintenance, and operation of the significant new facility.

The amount of the sales tax increment rebate is the difference between the sales taxes generated each year from games played by the professional sport franchise team at the qualifying site and the taxes generated by the games in 2000.

The subsection declares that

“(t)he state covenants with the holders of bonds or other obligations or contractual commitments secured by or payable from the proceeds of the sales tax rebate authorized by this subsection that it will not repeal or impair, or amend in any manner which will materially and adversely affect the rights of such holders, the sales tax rebate provided by this subsection and s. 212.20; however, the annual rebate amount may increase or decrease based on the rebate computation provided in paragraph (f).”

Finally, the subsection provides that provides that the sales tax rebate ceases once all bonds or other obligations issued to finance the facility are paid in full. Additionally, if at any time an eligible county sells or otherwise conveys the significant new facility or the real property on which it is located to a private entity, an amount equal to the total amount of all rebate proceeds provided to the eligible county with respect to that facility pursuant to the sales tax rebate, shall be repaid by the eligible county to the state.

Section 2 amends paragraph (e) of subsection (6) of s. 212.20, F.S., to require beginning 30 days after an eligible county has been certified pursuant to s. 376.84(4)(f), a monthly sales tax reimbursement payment calculated pursuant to s. 376.84(4)(f), F.S., to the eligible county.

Section 3 provides that if section 35 of chapter 2000-260, L.O.F., is not repealed by section 58 of said chapter, then effective October 1, 2001, paragraph (e) of subsection (6) of s. 212.20, F.S., as amended by section 35 of chapter 2000-260, L.O.F., is amended to require beginning 30 days after an eligible county has been certified pursuant to s. 376.84(4), a monthly sales tax reimbursement payment calculated pursuant to s. 376.84(4), F.S., to the eligible county. This

Sales and Use Tax	0.0	(4.7)	0.0	(*)	0.0	(1.1)	0.0	(5.8)
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(*) Insignificant (less than \$50,000)

B. Private Sector Impact:

Private entities could benefit directly and indirectly from the proposed sales tax rebate program. A qualifying significant new facility must be owned by a county and leased to, licensed to, or be operated by a private, for-profit entity for the purpose of operating a business for a period of not less than 30 years. While the committee substitute requires the for-profit entity to contribute not less than \$50 million, over the term of the lease, license, or operation, to the cost of the project, presumably the private entity will benefit from the financing provided by the proposed sales tax rebate. In addition, businesses in the surrounding area could benefit from the economic activity generated by the development.

C. Government Sector Impact:

According to the Department of Revenue, the committee substitute will have no fiscal impact on the department to administer.

The city of Miami anticipates that construction of the new stadium will encourage additional development in the downtown area. If this occurs, the city will realize additional property and sales tax revenues.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.