

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.)

Prepared By: Government Efficiency Appropriations Committee

BILL: CS/SB 1306

SPONSOR: Commerce and Consumer Services Committee and Senator Garcia

SUBJECT: Professional Sports Franchises

DATE: April 25, 2005

REVISED: 04/26/05

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Barrett</u>	<u>Cooper</u>	<u>CM</u>	<u>Fav/CS</u>
2.	<u>Keating</u>	<u>Johansen</u>	<u>GE</u>	<u>Fav/2 amendments</u>
3.	<u></u>	<u></u>	<u>WM</u>	<u></u>
4.	<u></u>	<u></u>	<u></u>	<u></u>
5.	<u></u>	<u></u>	<u></u>	<u></u>
6.	<u></u>	<u></u>	<u></u>	<u></u>

Please see last section for Summary of Amendments

- Technical amendments were recommended
- Amendments were recommended
- Significant amendments were recommended

I. Summary:

The committee substitute for Senate Bill 1306 increases, from eight to nine, the number of facilities for new or retained professional sports franchises that the Office of Tourism, Trade, and Economic Development (OTTED) can certify. This committee substitute also provides that, if previously certified, a professional sports franchise can not be granted an additional facility certification, *unless* the certified facility was the home of two professional sports franchises. The franchise continuing to use the facility will be considered the franchise forming the basis of the previous certification, and the previous certification will apply for the time period permitted from the original date of certification.

This committee substitute amends section 288.1162 of the Florida Statutes.

II. Present Situation:

Several incentive programs are available to attract, recruit, and retain businesses in Florida. The majority of the programs are coordinated and administered by the Office of Tourism, Trade, and Economic Development (OTTED) and Enterprise Florida, Inc.

Incentives for Sports and Tourism Facilities

Chapter 212, F.S., governs taxes on sales, use, and other transactions. Section 212.20, F.S., governs the distribution of some of those funds collected by the Department of Revenue (DOR). Several provisions within s. 212.20, F.S., provide economic assistance to certain economic sectors.

Since 1993, facilities designated for new or retained professional sports franchises receive funding distributions from DOR after certification by OTTED.¹ Other examples include facilities for retained spring training franchises;² the Professional Golf Hall of Fame facility;³ and the International Game Fish Association World Center facility.⁴ Recipients receive a fixed monthly distribution of sales tax revenues set by statute for a fixed number of years:

- A facility for a new/retained professional sports franchise: \$166,667 monthly (\$2 million annually) for no more than 30 years, totaling a maximum of \$60 million;
- A facility for a retained spring training franchise: up to \$41,667 monthly (\$500,000 annually) for not more than 30 years, totaling a maximum of \$15 million;
- The Professional Golf Hall of Fame: \$167,667 monthly (\$2.012 million annually) for up to 25 years, totaling a maximum of \$50 million; and
- The International Game Fish Association World Center facility: \$83,333 monthly (\$1 million annually) for up to 14 years, totaling a maximum of \$14 million.

The criteria used by OTTED for certification include ownership of the property on which the facility is located,⁵ a declaration by the local government that the project serves a public purpose,⁶ projections for paid attendance, projections for sales tax revenues generated⁷, and demonstration of the financial capability to provide more than one-half of the costs incurred or related to the improvement or development of the facility. Other requirements generally include reviews, recertification, sanctions, audits, and a prohibition of additional certifications for the same facility.

Certified Professional Sports Facilities

Section 288.1162(7), F.S., provides that OTTED may certify up to eight facilities for new or retained professional sports franchises.⁸ According to OTTED, there are currently seven certified professional sports franchise facilities:⁹

¹ Section 212.20(6)(d)7.b., F.S., using criteria set out in s. 288.1162(4), F.S.

² Section 212.20(6)(d)7.b., F.S., using criteria set out in s. 288.1162(5), F.S.

³ Section 212.20(6)(d)7.c., F.S., using criteria set out in s. 288.1168(2), F.S.

⁴ Section 212.20(6)(d)7.d., F.S., using criteria set out in s. 288.1169(2), F.S.

⁵ Except for the International Game Fish Association World Center facility.

⁶ Except for facilities for retained Spring Training Franchises.

⁷ Section 288.1162, (4)(e), F.S., requires facilities for professional sports franchises to project they will generate \$2 million in sales tax revenue per year; s. 288.1168 (2)(e), F.S., requires the Professional Golf Hall of Fame to demonstrate they will generate \$2 million in sales tax revenue per year; s. 288.1169 (2)(e), F.S., requires the International Game Fish Association World Center to demonstrate they will generate at least \$1 million in sales tax revenue per year. However, spring training facilities are not required by statute to demonstrate a specified dollar amount of annual sales tax generated.

⁸ A “new professional sports franchise” means a professional sports franchise that was not based in Florida prior to April 1, 1987, and a “retained professional sports franchise” means a professional sports franchise that has had a league-authorized location in Florida on or before December 31, 1976.

- Pro Player Stadium, home of the Florida Marlins;
- Alltel Stadium, home of the Jacksonville Jaguars;
- Tropicana Field, home of the Tampa Bay Devil Rays;
- St. Pete Times Forum, home of the Tampa Bay Lightning;
- Home Depot Stadium, home of the Florida Panthers;
- Raymond James Stadium, home of the Tampa Bay Buccaneers; and
- American Airlines Arena, home of the Miami Heat.

III. Effect of Proposed Changes:

Section 1 amends s. 288.1162, F.S., to increase, from eight to nine, the number of facilities for new or retained professional sports franchises that the Office of Tourism, Trade, and Economic Development (OTTED) can certify.

This section also provides that, if previously certified, a professional sports franchise can not be granted an additional facility certification, *unless* the certified facility was the home of two professional sports franchises. The franchise continuing to use the facility will be considered the franchise forming the basis of the previous certification, and the previous certification will apply for the time period permitted from the original date of certification.

This section also provides that payments to a certified applicant can not extend beyond the period for which the original certification was issued.

Section 2 provides that facilities for new or retained professional sports franchises that are certified after the effective date of this committee substitute may not receive sales tax distributions until July 1, 2006.

Section 3 provides that this act will take effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

⁹ The only facility certified for a retained professional sports franchise is Raymond James Stadium for the Tampa Bay Buccaneers, the rest are certified for new professional sports franchises.

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

This committee substitute provides for the certification of an additional facility for a new or retained professional sports franchise. If certified, the facility will be eligible for \$2 million in sales tax distributions per year under s. 212.20, F.S. This will result in a corresponding negative impact on state General Revenue. However, this impact will not be seen until fiscal year 2006-2007, as the committee substitute specifies that the new facility may not receive distributions until July 1, 2006.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

Barcode 710680 by Government Efficiency Appropriations:

The amendment requires that the 8th professional sports franchise certification awarded pursuant to s. 218.1162, F.S., must be awarded to an applicant who is a member of the National Basketball Association, has been located within Florida since 1987, and has not been previously certified. This provision repeals on July 1, 2010. (WITH TITLE AMENDMENT)

Barcode 321120 by Government Efficiency Appropriations:

The amendment allows OTTED to certify up to five additional retained spring training facilities. The aggregate funding may not exceed \$208,335 per month. Applications are due by October 1 of each year, and certifications will be made by January 1 of the following year. OTTED is required to rank applications according to specified evaluation criteria. The amendment also requires the number of spring training facility certifications to be governed by s. 288.1162(5), F.S. The amendment has a technical problem in that the aggregate distribution from sales tax revenues to retained spring training facilities was not increased to accommodate the additional \$2.5 million annual distribution authorized by the amendment.

(WITH TITLE AMENDMENT)

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