

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: Commerce and Consumer Services Committee

BILL: CS/SB 2642

SPONSOR: Commerce and Consumer Services Committee and Senator Saunders

SUBJECT: Distribution of Sales and Use Tax Proceeds

DATE: April 14, 2005

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Barrett	Cooper	CM	Fav/CS
2.	_____	_____	GE	_____
3.	_____	_____	TA	_____
4.	_____	_____	WM	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This committee substitute increases the available monthly distributions of funds, from \$166,667 to \$275,000, for facilities for new or retained professional sports franchises certified after January 1, 2005. Currently, seven of the eight certification slots are filled, making only one new facility eligible for the increased funding amount. The eighth certified facility will be eligible to receive the distribution for up to 30 years, totaling a maximum of \$99 million.

This committee substitute amends sections 212.20 and 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 as new professional sports franchises or facilities for a retained professional sports franchise 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

- 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;

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.

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.

- 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.

Certified Spring Training Facilities

Section 288.1162(7), F.S., provides that OTTED can certify up to five retained spring training facilities. Currently, there are five certified facilities for retained spring training franchises in the following cities:

- Clearwater, for the Philadelphia Phillies;
- Dunedin, for the Toronto Blue Jays;
- Indian River County, for the L.A. Dodgers;
- Lakeland, for the Detroit Tigers; and
- Osceola County, for the Houston Astros.

III. Effect of Proposed Changes:

Section 1 amends s. 212.20(6)(d)7.b., F.S., to increase the available monthly distributions of funds, from \$166,667 to \$275,000, for facilities for new or retained professional sports franchises certified after January 1, 2005. The facilities are certified by OTTED, pursuant to the criteria specified in s. 288.1162, F.S. Currently, seven of the eight certification slots are filled, making only one new facility eligible for the increased funding amount. The eighth certified facility would be eligible to receive the \$3.3 million annual distribution for up to 30 years, for a total of \$99 million.

Section 2 amends s. 288.1162, F.S., to clarify that the applicant for a certified facility for a new or retained professional sports franchise must demonstrate the sales taxes generated by the facility will equal or exceed the amount of the annual distribution for which the applicant is eligible for under s. 212.20, F.S. Current law specifies the facilities are eligible for \$2 million in sales tax distributions, and requires the facilities to generate \$2 million in sales tax annually. This clarification is necessary because the 8th facility is eligible for \$3.3 million in distributions, and is required to demonstrate \$3.3 million in sales tax revenue will be generated by the facility.

Section 3 provides this act shall 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.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

For the eighth certified applicant, the sales tax distribution would be \$3.3 million annually for up to 30 years, for a total of \$99 million.

B. Private Sector Impact:

The eighth certified applicant will be eligible to receive the annual \$3.3 million distribution for up to 30 years, for a total of \$99 million.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

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

VIII. Summary of Amendments:

None.

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