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 1886

INTRODUCER: Commerce and Consumer Services Committee and Senator Fasano

SUBJECT: Professional Sports Franchises

DATE: March 31, 2006 REVISED:

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

I. Summary:

This committee substitute allows the Office of Tourism, Trade, and Economic Development (OTTED) to certify up to five additional spring training facilities, provides evaluation criteria for certification, and increases the aggregate monthly expenditure cap for statewide spring training facilities.

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. (EFI).

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, certified facilities for new or retained professional sports franchises have received funding distributions from DOR.[1] Other examples include facilities for retained spring training franchises;[2] the Professional Golf Hall of Fame facility;[3] and the International Game Fish

[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.

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 no 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 generated[7], 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;
- 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.

[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.

Spring Training Facilities

For a retained spring training facility to receive funding, they must be certified by OTTED. In order to be certified as a "facility for a retained spring training franchise" the following criteria must be met:

- A unit of local government must own the property, or be responsible for acquisition, construction, management, or operation of the facility;
- The applicant must have an agreement to use the facility for at least 15 years;
- The applicant has a commitment to provide at least 50 percent of the funds needed;
- The applicant has verified projections that the facility will attract attendance of at least 50,000 annually; and
- The facility is located in a county levying a tourist development tax.[10]

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 - $15 million for 30 years;
- Dunedin, for the Toronto Blue Jays - $10 million for 20 years;
- Indian River County, for the L.A. Dodgers - $15 million for 30 years;
- Lakeland, for the Detroit Tigers - $7.5 million for 15 years; and
- Osceola County, for the Houston Astros - $7.5 million for 15 years.

There are currently five retained spring training franchises with no more than 5 years remaining on their existing leases. These franchises are: the Baltimore Orioles; the Cincinnati Reds; the Cleveland Indians; the Pittsburg Pirates; and the Tampa Bay Devil Rays.

III. Effect of Proposed Changes:

Section 1 amends s. 212.20(6)(d)7.b., F.S., to increase the aggregate monthly funding cap for spring training facilities from $208,335 to $416,670 (or from $2.5 million to $5 million annually). The cap is increased in order to allow funding for up to five additional spring training facilities that may be certified by OTTED pursuant to s. 288.1162, F.S.

This section deletes a provision that allows a certified spring training facility to receive funds in excess of the individual cap if there are undistributed program funds remaining.

Section 2 amends s. 288.1162, F.S., to allow OTTED to certify up to five additional spring training facilities.

OTTED may begin evaluating applications for certification on July 1, 2006. Applications for certification must be submitted by October 1, 2006, and certifications must be made by January 1, 2007.

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[10] Section 288.1162(4), F.S.

In addition to meeting the criteria for a retained facility for a spring training franchise in s. 288.1162(4), F.S., OTTED must rank the applications according to specified evaluation criteria. The evaluation criteria must include the following:

- Intended use of the funds for acquisition or construction of a new facility;
- Intended use of the funds for renovation of a facility;
- Length of time that a facility to be used by a retained spring training franchise has been used by one or more spring training franchises;
- For those teams leasing a spring training facility from a unit of local government, the remaining time on the lease, with priority given to the shortest time period remaining on the lease;
- Duration of the future-use agreement with the retained spring training franchise, with priority given to the longest future-use agreement;
- Amount of local match;
- Net increase of recreation space owned by the applying unit of local government;
- Location of the facility in a brownfield area, enterprise zone, community redevelopment area, or other development area;
- Projections on paid attendance attracted by the facility; and
- Proposed effect on the economy of the local community.

Section 3 provides that this act shall take effect upon becoming 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:

The actual amount of the distribution and the duration of the distribution for the five new certifications of applicants as retained spring franchise facilities will not be known until the certifications are approved by OTTED. As with previous such certifications, the amount and duration could vary. Therefore, the maximum amount of monthly distribution was used for this preliminary General Revenue estimate. If all five new spring training facilities are certified by OTTED pursuant to the provisions of this committee substitute, the fiscal impact will be a recurring General Revenue loss of $2.5 million. Since certifications have to be completed by January 1, 2007 and distributions must occur 60 days after the DOR is notified by OTTED, the assumption was made that distributions would begin March 1, 2007. This would result in a loss to the General Revenue Fund of $0.8 million in fiscal year 2006-07.

B. Private Sector Impact:

None.

C. Government Sector Impact:

OTTED may incur administrative costs relating to the evaluation of applications and certification of applicants.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.