

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 615 Professional Sports Franchises
SPONSOR(S): Simmons
TIED BILLS: **IDEN./SIM. BILLS:** SB 1426

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Tourism Committee</u>	<u>7 Y, 0 N</u>	<u>Langston</u>	<u>McDonald</u>
2) <u>Finance & Tax Committee</u>	<u>5 Y, 2 N</u>	<u>Rice</u>	<u>Diez-Arguelles</u>
3) <u>State Infrastructure Council</u>	<u></u>	<u></u>	<u></u>
4) <u></u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

The Governor's Office of Tourism, Trade, and Economic Development (OTTED) is authorized under s. 288.1162, F.S., to certify up to eight applicants as a facility for a new or retained professional sports franchise. Currently, the following seven applicants have been certified: Broward County for Home Depot Stadium (Panthers); Joe Robbie, Inc., for Pro Player Stadium (Marlins); City of Jacksonville for Alltel Stadium (Jaguars); Tampa Bay Sports Authority for St. Pete Times Forum (Tampa Bay Lightning); City of St. Petersburg for Tropicana Field (Tampa Bay Devil Rays); BPL, Ltd., for American Airlines Arena (Miami Heat); and, Hillsborough County for Raymond James Stadium (Tampa Bay Buccaneers).

The Department of Revenue (DOR) is required to distribute monthly \$166,667 (\$2 million annually) of tax proceeds collected under ch. 212, F.S., for no more than 30 years, to each applicant certified as a facility for a new or retained professional sports franchise by OTTED as meeting specific requirements outlined in s. 288.1162, F.S. Funds distributed can be used only for the public purposes delineated in s. 288.1162(6), F.S.

The bill requires that the remaining eighth certification for an applicant as a facility for a new professional sports franchise or a facility for a retained professional sports franchise under s. 288.1162, F.S., must be for a franchise that is a member of the National Basketball Association that has been located in the state since 1987, and has not been previously certified. The requirement is repealed on July 1, 2010.

The only franchise in the state that qualifies as an applicant for the eighth certification under the bill is the Orlando Magic.

The bill has an effective date of July 1, 2006.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

The bill does not appear to implicate any of the house principles.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

Facilities for New and Retained Professional Franchises

Certification

Section 288.1162, F.S. charges the Governor's Office of Tourism, Trade, and Economic Development (OTTED) with the authority to certify up to eight applicants as facilities for new or retained professional sports franchises. A "new professional sports franchise" is a professional sports franchise that is not based in this state prior to April 1, 1987 and a "retained professional sports franchise" is a professional sports franchise that has had a league-authorized location in this state on or before December 31, 1976, has continuously remained at that location, and has never been located at a previously certified facility."¹

To qualify an applicant for certification as either a facility for a "new professional sports franchise" or a "facility for a retained professional sports franchise," the following criteria must be satisfied:

- The applicant is a unit of local government or a private entity; however, a local government must be responsible for the construction, management, or operation of the facility or must hold the title to the property on which the professional sports franchise facility is located;
- The franchise has agreed to use the facility for 10 or 20 years depending on the type of franchise;
- The governing league approves;
- The projections indicate 300,000 in paid annual attendance;
- The tax revenues generated will equal or exceed \$2 million annually;
- The local government certifies that the facility serves a public purpose;
- The applicant is capable of providing more than 50% of costs incurred or related to the improvement and development of the facility; and,
- The applicant has not been previously certified and received funds for that certification.

Currently, the following seven applicants/facilities have been certified:

1. Broward Co. for Home Depot Stadium (Panthers),
2. Joe Robbie, Inc., for Pro Player Stadium (Marlins),
3. City of Jacksonville for Alltel Stadium (Jaguars),
4. Tampa Bay Sports Authority for St. Pete Times Forum (Tampa Bay Lightning),
5. City of St. Petersburg for Tropicana Field (Tampa Bay Devil Rays),
6. BPL, Ltd., for American Airlines Arena (Miami Heat), and
7. Hillsborough County for Raymond James Stadium (Tampa Bay Buccaneers).

¹ See s. 288.1162(3)(a) and (b), F.S. The Miami Dolphins is the only team in the state that does not qualify under either definition. The only team eligible under the definition of "retained professional sports franchise" is the Tampa Bay Buccaneers.

Funding

Once an applicant is certified, OTTED notifies the Department of Revenue (DOR) pursuant to s. 288.1162(6), F.S., that the certified applicant qualifies for state funding.

DOR is authorized to distribute funds under ch. 212, F.S. relating to the state sales and use taxes and s. 202.18(1)(b) and 202.18(2)(b), F.S. relating to the communication services tax. Section 212.20(6)(d)7.b., F.S., requires DOR to distribute \$166,667 monthly (\$2 million annually) to each certified applicant for no more than 30 years.

Funds received can only be used for the public purposes listed under s. 288.1161(6), F.S. The public purpose listed in the section is to pay for the acquisition, construction, reconstruction, or renovation of a professional sports, retained professional sports, or retained spring training franchise facility, or to pay or pledge for the payment of debt service on, or to fund debt service reserve funds, arbitrage rebate obligations, or other amounts payable with respect to, bonds issued for the acquisition, construction, reconstruction, or renovation of the facility, including reimbursement of costs and financing for such purposes.

DOR may audit the facilities to verify that the distributions have been spent for the public purposes required by s. 288.1162(6), F.S. If DOR determines that the funds have not been used as required, it may pursue recovery of the funds.

Effect of Proposed Changes

The bill designates the eighth remaining certification for an applicant as a facility for a new professional sports franchise or a facility for a retained professional sports franchise to be for a franchise which is a member of the National Basketball Association, and that has been located in the state since 1987, and has not been previously certified. The designation is repealed July 1, 2010.

The only franchise in the state meeting the criteria is the Orlando Magic.

C. SECTION DIRECTORY:

Section 1: Amends s. 288.1162, F.S., relating to professional sports franchises and spring training franchises; designates the eighth certification for a specific applicant; repeals designation requirement on July 1, 2000.

Section 2: Provides for an effective date of July 1, 2006.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None

2. Expenditures:

None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None

D. FISCAL COMMENTS:

This bill does not have a fiscal impact because the Orlando Magic meets the definition of a “new professional sports franchise” and could be the franchise used by an applicant to qualify for state funds under current law.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds. This bill does not reduce the percentage of a state tax shared with counties or municipalities. This bill does not reduce the authority that municipalities have to raise revenues.

2. Other:

None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

None