

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>Langston</u>	<u>McDonald</u>
2) <u>Finance & Tax Committee</u>	_____	_____	_____
3) <u>State Infrastructure Council</u>	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

The Governor's Office of Tourism, Trade, and Economic Development (OTTED) can certify a total of eight applicants as "facilities for new or retained professional sports franchises." A "new professional sports franchise" means a professional sports franchise that is not based in this state prior to April 1, 1987 and a "retained professional sports franchise" means 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." No certified applicant can receive a second certification if funds have been received. Currently, 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 (department) is required to distribute monthly \$166,667 (\$2 million annually) of tax proceeds collected under Chapter 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 The requirement is repealed on July 1, 2010.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.

Current law requires distribution of tax proceeds for an applicant that is certified as stated above. The bill only indicates that a certification must be made for the applicant to be certified as a facility for a specific professional sports franchise by a time certain. The bill does not eliminate the eighth slot. The bill, therefore, does not appear to have any fiscal impact on state or local government.

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

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

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FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

The bill does not implicate any House Principles.

B. EFFECT OF PROPOSED CHANGES:

Present Situation:

Facilities for New and Retained Professional Franchises - Certification

The Governor's Office of Tourism, Trade, and Economic Development (OTTED) can certify a total of eight applicants as "facilities for new or retained professional sports franchises." A "new professional sports franchise" means a professional sports franchise that is not based in this state prior to April 1, 1987 and a "retained professional sports franchise" means 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", OTTED must determine that:

- The applicant is a unit of local government or a private entity; however, 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 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.

Once an applicant is certified, OTTED notifies the Department of Revenue that the certified applicant qualifies for state funding pursuant to s. 212.20(6)(d)7.b., F.S. Funds received can only be used for the stated public purpose of paying 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.²

Currently, 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),

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. By definition, the only team eligible under the definition of "retained professional sports franchise" is the Tampa Bay Buccaneers.

² See s. 288.1161(6), F.S.

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).

Funding

Section 212.20(6)(d), F.S., determines how tax proceeds collected under Chapter 212, F.S., and tax proceeds distributed pursuant to s. 202.18(1)(b) and (2)(b), F.S., will be distributed after the operation of s. 212.20(6)(a), (b), and (c), F.S.

Section 212.20(6)(d)7.b., F.S., delineates distributions of revenues from the tax on sales, use, and other transactions from the Department of Revenue to those applicants certified as facilities for new and retained professional sports franchises. The department shall distribute \$166,667 monthly (\$2 million annually), pursuant to s. 288.1162, F.S., to each certified applicant for no more than 30 years.

The department may audit to verify that the distributions have been expended for the public purposes as required in s. 288.1162(6), F.S. If the department determines that the funds have not been used as required, it may pursue recovery of the funds.³

Changes Proposed by Bill:

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:

³ See s. 288.1162(8), F.S.

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

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