

The Florida Senate
PROFESSIONAL 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: Transportation and Economic Development Appropriations Committee

BILL: SPB 7044

INTRODUCER: For Consideration by Transportation and Economic Development Appropriations

SUBJECT: Professional Sports Franchise Facilities

DATE: February 21, 2007 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Noble	Noble	TA	Pre-meeting
2.				
3.				
4.				
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6.				

I. Summary:

This bill authorizes an additional distribution of state sales and use tax revenue to up to nine professional sports franchise facilities in Florida for capital improvements. The bill provides authority for the Office of Tourism, Trade and Economic Development (OTTED) to screen applicants and certify a facility eligible for \$2 million annually over 30 years as a professional sports franchise facility. Applicants must meet a number of requirements, including minimum attendance, generation of a minimum amount of state tax revenues, and a local or private-sector match.

These funds will be in addition to the \$2 million annually that currently is distributed to eight professional sports facilities, pursuant to section 288.1162, Florida Statutes.

Additionally, if a certified professional sports team leaves Florida, then it must repay the state the sales tax revenues it received under the new and old incentive programs.

This bill creates section 288.11635, Florida Statutes and amends sections 212.20 and 288.1169, Florida Statutes.

II. Present Situation:

Incentives for Sports Facilities

Several state incentive programs are available to attract, recruit, and retain businesses in Florida. The majority of the programs are coordinated and administered by OTTED and Enterprise Florida, Inc. (EFI). They range from tax exemptions and tax credits, to cash payments from state sales tax revenues pursuant to chapter 212, Florida Statutes.

In 1988, with the enactment of chapter 88-226, Laws of Florida, the Legislature created a funding mechanism for state support of the construction of professional sports facilities in Florida. The now-defunct Department of Commerce was assigned the duties of screening applicants, developing rules for processing applications, and presenting the applications to the Legislature for funding approval.¹

It was not until 1991 that the current structure for certification of facilities for professional sports franchises and the annual distribution of \$2 million to certified facilities became law. The first facility, Joe Robbie Stadium, with the Florida Marlins as the applicant, was certified in July 1993 but did not begin receiving a distribution of state sales tax revenues until June 1994.

The criteria used by OTTED for certification include ownership of the property on which the facility is located, a declaration by the local government that the project serves a public purpose, projections for paid attendance, projections for sales tax revenues generated, 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.

Florida's 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.² According to OTTED, there are currently seven certified professional sports franchise facilities:³

- Dolphin Stadium (formerly Joe Robbie Stadium), home of the Florida Marlins;⁴
- 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 creates s. 288.11635, F. S. to provide for the creation of a mechanism by which existing recipients of distributions under s. 288.1162, F. S. can be certified as sports franchise facilities and receive additional distributions of state revenue.

¹ See ch. 88-226, L.O.F. (Filed as HB 1717 by Rep. Bell, et al).

² 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.

³ 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.

⁴ The Miami Dolphins also play in Dolphin Stadium.

This bill establishes certification criteria for OTTED to determine whether an applicant is eligible as a professional sports franchise facility, which is:

- A local government must hold title or leasehold to the facility, or a local government must be responsible for construction, maintenance, or operation of the facility.
- The person filing on behalf of the applicant is the owner or operator of the facility.
- Submittal of verified proof of professional sports franchise status in Florida as of July 1, 2007 from the applicable sports league.
- Verified projections demonstrating that the franchise will draw more than 300,000 annual paid attendance.
- Submittal of an independent analysis or study, verified by OTTED, demonstrating that the facility generates at least \$4 million in annual sales tax revenues. However, a professional sports franchise whose facility is serving as the applicant's basis for application under the proposed s. 288.11635, F.S., but not under the existing s. 288.1162, F.S., must demonstrate only \$2 million in annual sales tax revenues generated. Only the Miami Dolphins qualify for this exemption.
- A city or county resolution specifying that the application serves a public purpose.
- Delivery of a guarantee by the team owner or applicant that if the team does not play at least 90 percent of its pre-season, regular season, and post-season home games in Florida, the state will be repaid the amount of sales tax revenue it has distributed to the team, under both the new and old programs. The only exception is for teams that cannot play because of a "force majeure event," defined as a "flood, fire, or other casualty, war, revolution, civil commotion, an act of a public enemy, embargo, an act of government in its sovereign capacity, or labor difficulty, including without limitation a strike, lockout, or any circumstance beyond the reasonable control of the professional sports franchise affected."
- This guarantee will be transferred to a successor owner of the professional sports franchise or facility.
- Local governmental/private match of funds or commitment of funds over the next 30 years for the construction of or improvements to a facility of at least \$60 million.

This section, also, provides that OTTED may not certify more than nine facilities as professional sports franchise facilities eligible for the new funding under s. 212.20 (6)(d)7.c.

Another provision of the bill requires that an applicant certified as a professional sports franchise facility may only use the new state funds for:

- The construction, reconstruction, renovation, capital improvement or maintenance of the certified facility or ancillary facilities.
- Payment of debt service on, and any issuance costs incurred in connection with, bonds or other indebtedness issued for the construction, reconstruction, renovation, or capital improvement of the certified facility or ancillary facilities.
- Reimbursement of costs for the refinancing of bonds or other indebtedness issued for the construction, reconstruction, renovation, or capital improvement of the certified facility or ancillary facilities.

This provision substantially mirrors s. 288.1162(6), F. S.

OTTED is directed to develop rules to administer the receipt and processing of applications under this new program. The Department of Revenue is authorized to conduct audits to verify the appropriate expenditure of funds and to recover inappropriately expended funds.

Section 2 amends s 212.20, F. S., to make available an additional distribution of \$166,667 monthly (\$2 million annually) to certified professional sports franchise facilities for no more than 30 years, totaling a maximum of \$60 million.

Section 3 amends subsection (6) of s. 288.1169, F. S. to correct a reference.

Section 4 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.

D. Other Constitutional Issues:

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

The bill has a potential impact of \$18 million annual distribution from sales and use tax revenue, if nine professional sports facilities are certified by OTTED.

B. Private Sector Impact:

C. Government Sector Impact:

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

This Senate Professional Staff Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

VIII. Summary of Amendments:

None.

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