

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Commerce and Tourism Committee

BILL: CS/SB 946

INTRODUCER: Commerce and Tourism Committee and Senator Bennett

SUBJECT: Economic Development

DATE: February 7, 2012 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Juliachs	Hrdlicka	CM	Fav/CS
2.			EP	
3.			BC	
4.				
5.				
6.				

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

CS/SB 946 deals with the creation of a statewide golf trail. Specifically, this CS authorizes Enterprise Florida, Inc., to establish a statewide golf trail; designate a proprietary name used for the promotion of the statewide golf trail; and enter into licensing agreements or contracts with golf courses, tourism promotion agencies, and other golf industry businesses. Enterprise Florida Inc., is also required to submit an annual report by February 1 of each year to the President of the Senate and the Speaker of the House of Representatives on the progress and success of the statewide golf trail.

Lastly, this CS encourages the donation of golf course property to the state, a local government, or a nonprofit organization for certain public uses. Such property may be exempt from ad valorem taxation under ss. 196.192 or 196.199, F.S.

This CS amends s. 288.11685, F.S.

This CS creates s. 196.2003, F.S.

II. Present Situation:

Florida Golf Industry¹

Florida’s golf industry contributes significantly to the state’s economy. As of 2007, Florida boasted 1,128 courses, 75 standalone ranges, 84 miniature golf facilities, and 605 golf communities, which generated an estimated \$3.4 billion of revenues in the state. Both the presence of several of the major golf association’s headquarters in the state, as well as the fact Florida hosts a high number of many of the major golf championships, are contributing factors when explaining the steady stream of revenue that the golf industry brings to the state. To this end, one report concluded that “Florida’s golf facilities generated revenues comparable to all other spectator sports in the state combined, including auto and horse racing, football, basketball, and baseball.”

When discussing the golf industry’s contributions to the state’s economy, it is useful to consider golf’s core and enabled industries. Core industries refer to the golf facilities themselves and with those “other core industries that produce goods and services used to operate facilities and to play the game: golf equipment and golf apparel manufacturers, golf course architects and course builders, turf maintenance equipment and service providers, and club management services.” The second group, enabled industries, refers to the impact that the golf industry has on other industries, such as tourism and real estate. Combining these two categories together, Florida’s golf economy is approximately \$7.5 billion. Provided below is a chart summarizing size of the Florida’s golf economy that is itemized at both the core and enabled industry level.

Size of Florida’s Golf Economy in 2007 by Segment (\$ million)	
Core Industries	
Golf Facility Operations	\$3,449.4
Golf Course Construction and Capital Investment	\$352.9
Golf Related Supplies (retail margin and manufacturing exports)	\$206.1
Major Golf Tournaments and Associations	\$377.0
TOTAL CORE INDUSTRIES	\$4,385.4
Enabled Industries	
Real Estate	\$1,382.4
Hospitality/Tourism	\$1,705.1
Total Enabled Industries	\$3,087.5
TOTAL GOLF ECONOMY	\$7,472.9

¹ The information contained in this section derives from the following August 2009 publication: *The Florida Golf Economy: Full Report*. This report was commissioned by GOLF 20/20 for the Florida Golf Impact Task Force and prepared by SRI International. It is available at: http://golf2020.com/media/12459/economicimpact_fl_golf_full_report_final_7.pdf (last visited February 5, 2012).

With respect to the first category, core industries, the term broadly includes both capital investments and golf-related suppliers. Investments into golf facilities provide opportunities for upgrading, renovating, and expanding existing facilities, as well as the development of new facilities. In 2007, Florida's golf facilities made \$352.9 million worth in capital investments, creating employment in construction and other industries. Likewise, the presence of golf-related suppliers and manufacturers has also benefited the state's economy.² This sector contributed \$206.1 million in revenues, with Florida manufacturers' total value-added shipment of golf-related products at approximately \$28.5 million and golf retailers and facilities earning approximately \$177.6 million from the sale of golf equipment, apparel, and media.

Tourism and real estate have also profited directly from Florida's golf economy. In 2007, while the sale of homes began to dwindle, new golf-related real estate construction generated \$805.5 million. With respect to sales, in that same year, the golf premium³ associated with the sale of real estate was said to be at \$576.9 million. Similarly, golf-related tourism stimulates the state's economy and also serves as great destination attraction for the state. Thus, it is estimated that golf-related tourism spending in the state, as of 2007, was approximately \$1.71 billion.

State Trails

A golf trail is "a collection of courses that jointly promote an area or region as a golf trip destination. The golf trail helps identify the better/best golf courses to play and often provides recommendations for lodging, transportation and dining."⁴ The intent behind the creation of such trails is to provide a "one-stop" shop that provides information on golf courses in a specific area accompanied by information relating to nearby hotel, restaurants, and other related tourist activities.⁵

To date, the following states have established golf trails: Alabama, Arkansas, Arizona, California, Colorado, Idaho, Illinois, Indiana, Kentucky, Louisiana, Maine, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Mexico, New York, Ohio, Oregon, South Carolina, Tennessee, Texas, Utah, Virginia, and Wisconsin.⁶ Some states, such as Alabama⁷, have only one golf trail for the entire state, while other states have more than one. In Florida, the only known golf trail is regionally based in Orlando and is known as the Orlando Golf Trail.⁸

² "Florida is home to number of small producers of golf apparel, custom and high-end golf clubs, golf cars, and golf accessories, e.g., Nicklaus Golf Equipment, Pole-Kat Golf, Diversified Golf Cars, etc. Florida is also home to Perry Ellis, the designer and producer of the Callaway®, PING®, PGA TOUR®, and other golf apparel brands, and *Golfweek* magazine, produced by Turnstile Publishing Company in Orlando, Florida." *Id.* at 7.

³ Premium refers to the "additional amount a buyer is willing to pay for a home or property located on a golf course or within a golf community." *Id.* at 10.

⁴ This description of a golf trail was provided by GolfTrips.com and is available at: <http://www.golftrips.com/golftails/index.cfm> (last visited February 5, 2012).

⁵ The criteria for determining whether an existing golf course will be included in a statewide or regional trail vary for each state.

⁶ *See, supra*, note 4.

⁷ Alabama is home to the Robert Trent Jones Golf Trail. This trail stretches throughout the state and contains 468 hotels on 11 sites.

⁸ *See, supra*, note 4.

Ad Valorem Taxes⁹

The ad valorem tax is annually levied by local governments on all real and personal property as of January 1st of each year. The taxable value of real and tangible personal property is the just value (i.e. fair market value) of the property adjusted for any exclusions, differentials, or exemptions allowed by the state constitution or statutes. With respect to exemptions, the constitution strictly limits the legislature's authority to provide exemptions or adjustments to fair market value.¹⁰

III. Effect of Proposed Changes:

Section 1 amends s. 288.11685, F.S., to provide that Enterprise Florida, Inc., (EFI) may establish, develop, and promote a comprehensive statewide golf trail to, among other things, support the expansion of international and domestic golf tourism in the state.

In this effort, EFI shall cooperate with existing professional and amateur golf associations, golf courses, golf industry businesses, statewide and regional golf marketing efforts, and the PGA Golf Professional Hall of Fame, to implement the statewide golf trail and promote the state's regional and local golf courses and golf industry businesses.

EFI is authorized to designate and may license a proprietary name used for promotion of the statewide golf trails and shall develop criteria for the most effective use of the brand. EFI is further charged with maintaining and protecting the name, brand, proprietary marks, and other intellectual property of the statewide golf trail in a manner that is consistent with state and federal law and that would ensure exclusive use by EFI and its licensees.

EFI is further granted authority to enter into licensing arrangements or contracts with golf courses, tourism promotion agencies, and other golf industry businesses that facilitate the efficient, cost-effective, and successful financing, development, and promotion of the statewide golf trail. EFI may receive compensation for licensing; however, it may not accept any financial responsibility or liability for the creation of a statewide golf trail or its related activities.

Additionally, the Department of Economic Opportunity, the Florida Tourism Industry Marketing Corporation (Visit Florida), and other economic development and tourism promotion agencies at the state and local levels shall support the development, branding, and promotion of the statewide golf trail.

Lastly, EFI is required to submit an annual report, by February 1 of each year, to the President of the Senate and the Speaker of the House of Representatives on the progress and success of the statewide golf trail.

Section 2 creates s. 196.2003, F.S., and encourages the owner of a public or private golf course to donate all or any portion of the golf course property, and any vested or permitted rights, to the state, a local government, or a nonprofit organization for use by the public for recreational,

⁹ Information provided in this section is from the *2011 Florida Tax Handbook* published by the Florida Revenue Estimating Conference.

¹⁰ Fla. Const. art. VII, s. 3.

agricultural, environmental, or educational and training purposes. These purposes may include, but are not limited to, the following:

- Parks or greenways trails;
- Walking, hiking, canoeing, bicycling, or equestrian activities;
- Wildlife viewing, youth recreation, or sports; or
- Agriculture, urban gardening, fishing, hunting, or other outdoor uses.

The owner may donate or retain any vested or permitted rights in the golf course property that is donated under this section. Such property may be exempt from ad valorem taxation under ss. 196.192 or 196.199, F.S.

Lastly, the CS defines the terms “local governments” and “nonprofit organization.”

Section 3 provides that this act shall take effect July 1, 2012.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The Revenue Estimating Conference has not yet determined the impact of this CS.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Because EFI will be responsible for entering into licensing agreements, this may result in increased revenues with respect to licensing fees.

VI. Technical Deficiencies:

Section 2 of CS/SB 946 has the following 3 technical deficiencies. First, the term “vested or permitted rights” used in lines 94 and 105 may be vague and misinterpreted. Second, reference to

“public” golf courses in line 92 may also lead to a confusing interpretation since the term could be perceived to imply that a golf course is already government-owned. Third, lines 74-76 appear to be redundant when reading the section with its corresponding statutory cross-references in its entirety.

VII. Related Issues:

CS/SB 946 provides that “any portion of golf course property that is donated to the state, a local government, or a nonprofit organization for use by the public for any purpose described in section (2) is eligible for exemption from ad valorem taxation under ss. 196.192 and 196.199, F.S.

However, ss. 196.192 and 196.199, F.S., read in tandem, appear to only allow for an exemption from ad valorem taxation property that serves either a governmental, municipal, or public purpose¹¹ or an educational, literary, scientific, religious, or charitable purpose.¹² As currently written, it is unclear whether property donated for use by the public for recreational, agricultural, and environmental purposes would satisfy the requirements of these statutes to receive an ad valorem taxation exemption.¹³

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Commerce and Tourism on February 7, 2012:

The committee substitute did the following:

- Removed section that called for deleting entities that operate private or commercial golf courses from the definition of those entities that are not considered qualified active low-income community businesses under the Florida New Markets Development Program.
- Created section that encourages the donation of golf course property to the state, a local government, or a nonprofit organization for certain public uses. Such property may be exempt from ad valorem taxation under ss. 196.192 or 196.199, F.S.

- B. **Amendments:**

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill’s introducer or the Florida Senate.

¹¹ The definition of public purpose is provided in s. 190.012(6), F.S. (2011).

¹² See s. 196.012(1), F.S. (2011); See also *Canaveral Port Auth. v. Dep’t of Revenue*, 690 So. 2d 1226, 1229 (Fla. 1997).

¹³ *Id.* (holding that claimed exemptions found in an enabling statute will be construed in conjunction with ss. 196.001 and 196.99, F.S.).