

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: SB 946

INTRODUCER: Senator Bennett

SUBJECT: Economic Development

DATE: February 6, 2012

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Juliachs	Hrdlicka	CM	Pre-meeting
2.			EP	
3.			BC	
4.				
5.				
6.				

I. Summary:

SB 946 deals with the creation of a statewide golf trail. Specifically, this bill 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 bill removes entities that operate private or commercial golf courses from the list of those entities that do not qualify as a qualified active low-income community business.

This bill substantially amends ss. 288.11685 and 288.9913, 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.

New Markets

Florida's New Markets Tax Credits Program was enacted in 2009.⁹ The program was "established to encourage capital investment in rural and urban low-income communities by allowing taxpayers to earn credits against specified taxes by investing in qualified community development entities that make qualified low-income community investments in qualified active low-income community businesses for the purpose of creating and retaining jobs."¹⁰

Under this program, federally-certified community development entities (CDE), which have entered into allocation agreements with the U.S. Treasury, have the ability to apply to the Department of Economic Opportunity (DEO) for a certification of Florida tax credits.¹¹ The CDE must show that it is prepared to invest capital into qualified businesses in Florida's low-income communities. The certification process includes proof of the CDE's eligibility, identification of its investors, description of the investments to be raised by the CDE, information regarding how the investments will be used, and a description of the CDE's efforts to partner with local community-based groups. DEO is also able to request additional information needed to verify continued certification. DEO certifies qualified applications on a first-come, first-served basis.

Once DEO certifies a CDE's qualified equity investment, the CDE has 30 days to raise its investment capital (the qualified equity investment) and then 12 months to invest a minimum of 85 percent of the purchase price in qualified low-income community businesses. Currently, s. 22.99913, F.S., provides that a qualified low-income community business is one that, among other things, does not operate a private or commercial golf course.

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

⁹ Florida's New Markets Development Program Act is codified at ch. 288, part XII, F.S.

¹⁰ Section 288.9912, F.S.

¹¹ Section 288.9914, F.S.

golf trial. EFI may receive compensation for licensing; however, it may not accept any financial responsibility or liability for the creation of a statewide golf trial 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 amends s. 288.9913, F.S., by removing entities that operate private or commercial golf courses from the definition of those entities that are not considered as qualified active low-income community businesses. This bill provides that an investment made by a qualified active low-income community business in a project that includes recreational or sports facility is a qualified investment if the project, upon completion, is open and accessible to, and affordable by, the public, including residents of the low-income community in which the project is located.

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:

Indeterminate, however, golf-related tourism may generate additional sales tax revenues.

B. Private Sector Impact:

Indeterminate.

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:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

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