

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 Committee on Commerce and Tourism

BILL: SB 358

INTRODUCER: Senator Simmons and others

SUBJECT: Professional Sports Franchises

DATE: February 18, 2013 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Smith	Hrdlicka	CM	Pre-meeting
2.	_____	_____	AFT	_____
3.	_____	_____	AP	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

SB 358 allows for the certification of two Major League Soccer franchise facilities by the Department of Economic Opportunity (DEO) as new professional sports franchise. The two franchises that meet eligibility criteria would be eligible to receive a sales tax distribution payment of approximately \$2 million per year for 30 years.

This bill substantially amends s. 288.1162, F.S.

II. Present Situation:

Professional Sports in Florida

Florida currently has 9 major professional sports teams. The oldest major professional sports team in the state is the Miami Dolphins football franchise of the National Football League (NFL). The Dolphins franchise began in 1966 as an expansion team as part of the now-defunct American Football League. The newest major professional sports team in the state is the Tampa Bay Rays baseball franchise of the Major League Baseball (MLB) league. The Rays franchise began in 1998. Below is a summary table of information on major professional sports franchises in Florida:

Franchise	Sport	League	Year Founded	Facility	Facility Opened	County
Miami Dolphins	Football	NFL	1966	Sun Life Stadium	1987	Miami-Dade

Tampa Bay Buccaneers	Football	NFL	1976	Raymond James Stadium	1998	Hillsborough
Miami Heat	Basketball	NBA	1988	American Airlines Arena	1999	Miami-Dade
Orlando Magic	Basketball	NBA	1989	Amway Center	2010	Orange
Tampa Bay Lightning	Hockey	NHL	1992	Tampa Bay Times Forum	1996	Hillsborough
Florida Panthers	Hockey	NHL	1993	BB&T Center	1998	Broward
Miami Marlins	Baseball	MLB	1993	Marlins Park	2012	Miami-Dade
Jacksonville Jaguars	Football	NFL	1995	EverBank Field	1995	Duval
Tampa Bay Rays	Baseball	MLB	1998	Tropicana Field	1990, occupied by Rays since 1998	Pinellas

In addition to the nine major professional sports teams, Florida is also home to 33 Minor League franchises in various sports and three Arena Football League teams. MLB’s Spring Training Grapefruit League is also based in Florida, with 15 teams claiming the state as their second home for preseason training and exhibition games.

State Incentives for Professional Sports Teams

Section 288.1162, F.S., provides the procedure by which professional sports franchises in Florida may be certified to receive state funding for the purpose of paying for the acquisition, construction, reconstruction, or renovation of a facility for a new or retained professional sports franchise. Local governments, non-profit, and for-profit entities may apply to the program.

The Department of Economic Opportunity (DEO) is responsible for screening and certifying applicants for state funding. Applicants qualifying as new professional sports franchises must be a professional sports franchise that was not based in Florida prior to April 1, 1987. Applicants qualifying as retained professional sports franchises must have had a league-authorized location in the state on or before December 31, 1976, and be continuously located at the location. The number of certified professional sports franchises, both new and retained, is limited to eight total franchises.

For both new and retained franchises, DEO must confirm and verify that:

- A local government is responsible for the construction, management, or operation of the professional sports franchise facility, or holds title to the property where the facility is located;
- The applicant has a verified copy of a signed agreement with a new professional sports franchise for at least 10 years, or for 20 years in the case of a retained franchise;
- The applicant has a verified copy of the approval by the governing body of the NFL, MLB, NHL, or NBA authorizing the location of a new franchise in the state after April 1, 1987, for

new professional sports franchises, or verified evidence of a league-authorized location in the state on or before December 31, 1976, for a retained professional sports franchise;

- The applicant has projections demonstrating a paid annual attendance of over 300,000 annually;
- The applicant has an independent analysis demonstrating that the amount of sales taxes generated by the use or operation of the franchise’s facility will generate \$2 million annually;
- The city or county where the franchise’s facility is located in has certified by resolution after a public hearing that the applicant franchise serves a public purpose; and
- The applicant has demonstrated that it has provided or is capable of providing financial or other commitments of more than one-half of the costs incurred or related to the improvement or development of the franchise’s facility.

Any applicant who meets the abovementioned criteria as verified by DEO is eligible to receive monthly payments from the state of \$166,667 for not more than 30 years,¹ for an annual payment totaling \$2,000,004. The Department of Revenue disburses the payments.

Payments may only be used for the public purposes of paying for the acquisition, construction, reconstruction, or renovation of a facility for a new or retained professional sports franchise; reimbursing associated costs for such activities; paying or pledging payments of debt service on bonds issued for such activities; funding debt service reserve funds, arbitrage rebate obligations, or other amounts payable with respect to bonds issued for such activities; or refinancing the bonds.

No facility may be certified more than once, and no sports franchise can be the basis for more than one certification unless the previous certification was withdrawn by the facility or invalidated by DEO before any funds were disbursed under s. 212.20(6)(d), F.S.

As of January 8, 2013, there were eight certified new or retained professional sports franchise facilities in Florida. The facilities and the payment distribution for each are listed below:²

Facility name	Certified entity	Franchise	First Payment	Final Payment	Total payments to date
Sun Life Stadium	Dolphins Stadium/ South Florida Stadium	Florida (Miami) Marlins ³	06/94	06/2023	\$39,166,745
Everbank Field	City of Jacksonville	Jacksonville Jaguars	06/94	05/2024	\$37,333,408
Tropicana Field	City of St. Petersburg	Tampa Bay Rays	06/95	06/2025	\$35,166,737
Tampa Bay Times Forum	Tampa Sports Authority	Tampa Bay Lightning	09/95	08/2025	\$34,833,403
BB&T Center	Broward County	Florida Panthers	08/96	07/2026	\$33,000,066

¹ Section 212.20(6)(d)6.b., F.S.

² DEO, *Professional Sports Franchises*, (January 8, 2013), (on file with the Commerce and Tourism Committee).

³ The Marlins franchise relocated from Sun Life Stadium to Marlins Park for the 2012 baseball season.

Raymond James Stadium	Hillsborough County	Tampa Bay Buccaneers	01/97	12/2026	\$32,166,731
American Airlines Arena	BPL, LTD	Miami Heat	03/98	03/2028	\$29,666,726
Amway Center	City of Orlando	Orlando Magic	02/08	01/2038	\$10,000,020

Major League Soccer

The Major League Soccer (MLS) professional sports league began its inaugural season in 1996. The league began play with 10 franchises, and has since expanded to 19 teams across the country, split into Western and Eastern conferences. Fourteen of the 19 franchises play in soccer-specific stadiums. Summary information on each franchise is listed below:

Team	Location	Joined League	Venue	Venue Soccer Capacity ⁴	Soccer-Specific Venue?
Columbus Crew	Columbus, OH	1996	Columbus Crew Stadium	20,145	Yes
D.C. United	Washington, D.C.	1996	RFK Stadium	23,865	No
New England Revolution	Foxborough, MA	1996	Gillette Stadium	22,385	No
New York Red Bulls	Harrison, NJ	1996	Red Bull Arena	25,189	Yes
Sporting Kansas City	Kansas City, MO	1996	Sporting Park	18,467	Yes
Colorado Rapids	Commerce City, CO	1996	Dick's Sporting Goods Park	18,087	Yes
FC Dallas	Frisco, TX	1996	FC Dallas Stadium	21,500	Yes
Los Angeles Galaxy	Carson, CA	1996	Home Depot Center	27,000	Yes
San Jose Earthquakes	Santa Clara, CA	1996	Buck Shaw Stadium	10,300	Yes
Chicago Fire	Bridgeview, IL	1998	Toyota Park	20,000	Yes
C.D. Chivas USA	Carson, CA	2005	Home Depot Center	27,000	Yes
Real Salt Lake	Sandy, UT	2005	Rio Tinto Stadium	20,008	Yes
Houston Dynamo	Houston, TX	2006	BBVA Compass Stadium	22,000	Yes

⁴ Frank Dell'Apa, *MLS 2012 season preview*, (March 8, 2012), The Boston Globe, available at: <http://www.bostonglobe.com/sports/2012/03/08/mls-glance/vNsUdDaKbOpYrrQLIrMKdO/story.html?camp=pm>, (last visited on January 31, 2013). For multi-purpose stadiums, capacity number reflects only maximum seating for soccer games.

Toronto FC	Toronto, ON, Canada	2007	BMO Field	21,800	Yes
Seattle Sounders FC	Seattle, WA	2009	CenturyLink Field	38,500	No
Philadelphia Union	Chester, PA	2010	PPL Park	18,500	Yes
Portland Timbers	Portland, OR	2011	Jeld-Wen Field	20,323	No
Vancouver Whitecaps FC	Vancouver, BC, Canada	2011	BC Place	21,500	No
Montreal Impact	Montreal, QC, Canada	2012	Saputo Stadium	20,341	Yes

MLS in Florida

Florida has previously been the home to two now-defunct MLS franchises, the Tampa Bay Mutiny and the Miami Fusion F.C. The Tampa Bay franchise began as one of MLS's original teams in 1996 before declining attendance and failure to find a local owner led to the team's closing down in 2001.⁵ The Miami Fusion F.C. began in 1998, playing their games in Ft. Lauderdale's Lockhart Stadium before also closing down along with Tampa Bay in 2001 as part of MLS league contraction.⁶

Orlando and MLS

Recent press articles have indicated that stakeholders in Orlando are interested in locating a new MLS franchise in the city. In November MLS Commissioner Dan Garber indicated MLS was interested in expanding to the southeastern U.S., with Orlando among the cities under consideration. Orlando has interest in constructing a soccer-specific stadium as part of an effort to land an MLS franchise.⁷ Orlando City, a professional soccer team in Orlando part of the USL-PRO professional league recently announced an agreement with MLS franchise Sporting Kansas City to serve as an affiliate organization, allowing reserve players to be loaned from Kansas City to the Orlando team.⁸ It has been mentioned that Orlando City owner Phil Rawlins has interest in moving the club up to the MLS should the league expand to Orlando.⁹

III. Effect of Proposed Changes:

Section 1 amends s. 288.1162, F.S., relating to professional sports franchises. The bill expands the definition of "league" to include Major League Soccer, allowing MLS franchises applicants to apply for certification as a new or retained professional sports franchise facility. The bill clarifies that any franchise or facility that has been previously certified is not eligible for

⁵ MLS, *Tampa Bay Mutiny*, available at: <http://www.mlssoccer.com/history/club/tampabay>, (last visited on January 31, 2013).

⁶ MLS, *Miami Fusion F.C.*, available at: <http://www.mlssoccer.com/history/club/miami>, (last visited on January 31, 2013).

⁷ David Royse, *Bill seeks subsidy for proposed Orlando soccer stadium*, (January 31, 2013), available at: http://blogs.orlandosentinel.com/news_politics/2013/01/bill-seeks-subsidy-for-proposed-orlando-soccer-stadium.html, (last visited on January 31, 2013).

⁸ Press Release: "Orlando City to Become USL Affiliate of Major League Soccer's Sporting Kansas City," (on file with the Senate Commerce and Tourism Committee).

⁹ *Supra* note 7.

additional certification. Further, the bill directs DEO to reserve two facility certifications for new MLS franchises. The two MLS franchises would be in addition to the 8 previously certified new or retained professional sports franchise facilities. Any MLS franchise facility designated under this section would be eligible for a monthly sales tax distribution payment of \$166,667, for an annual payment of \$2,000,004 for 30 years. The certified applicants would each receive approximately \$60 million over 30 years.

Section 2 provides that the bill's effective date is July 1, 2013.

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 bill has not been evaluated by the Revenue Estimating Conference.

If an MLS franchise is certified by DEO, the Department of Revenue would distribute a monthly sales tax distribution payment of approximately \$2 million per year. This will create a recurring loss to general revenue of approximately \$2 million per year for up to 30 years, for a total of \$60 million. This total could expand to a loss of \$4 million per year if two such facilities are certified, for a total loss to General Revenue of \$120 million over 30 years.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The bill is not expected to increase resource demands on the Department of Economic Opportunity or the Department of Revenue.

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.
