

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: CS/SB 922

INTRODUCER: Commerce and Tourism Committee, Senator Bradley, and others

SUBJECT: Professional Sports Franchise Facilities

DATE: March 18, 2013 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Smith	Hrdlicka	CM	Fav/CS
2.			AFT	
3.			AP	
4.				
5.				
6.				

Please see Section VIII. for Additional Information:

A. COMMITTEE SUBSTITUTE..... Statement of Substantial Changes

B. AMENDMENTS..... Technical amendments were recommended

Amendments were recommended

Significant amendments were recommended

I. Summary:

CS/SB 922 allows for an applicant certified as a new or retained professional sports franchise to receive an additional certification by the Department of Economic Opportunity, provided it meets certain requirements. The additional certification would allow the applicant to receive an additional sales tax distribution payment of approximately \$2 million per year for 30 years.

This bill substantially amends ss. 288.1162 and 212.20, 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 local governments, non-profits, or for-profit entities 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.

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; 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; refinancing the bonds; or reimbursing associated costs for such activities.

The Auditor General may conduct audits to verify the state funds distributed to local governments for the program are properly expended. If it is found that funds are spent improperly, the Auditor General must notify DOR, who may pursue recovery of state funds.

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 as of 01/08/13
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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).

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
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

III. Effect of Proposed Changes:

Section 1 amends s. 288.1162, F.S., relating to professional sports franchises. The bill allows an applicant that has been previously certified as a new or retained professional sports franchise facility to receive an additional certification in order to make improvements to the professional sports franchise facility that allow it to meet or exceed league facility standards. “League standards” are defined by the bill to mean “the stadium equipment standards in place throughout the league as certified in writing by the league’s commissioner.” The applicant may only receive the additional certification if:

- The planned facility improvements cost at least \$80 million;
- The professional sports franchise has been in existence for at least 15 years;
- The lease between the applicant and the professional sports franchise has at least 15 years remaining on the agreement’s term; and
- The applicant has an independent analysis, verified by DEO, demonstrating the amount of sales tax revenues generated by the operation and use of the facility will equal or exceed \$4 million annually.

The bill does not limit the number of applicants that may receive an additional certification, provided the applicant meets the abovementioned criteria.

Section 2 amends s. 212.20, F.S., to authorize the Department of Revenue to distribute an additional monthly payment of \$166,667 to an applicant that receives an additional certification as a new or retained professional sports franchise.

Section 3 provides an effective date of upon becoming law.

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

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 evaluated the bill on March 16, 2013 and adopted the following cash fiscal impact estimate:⁴

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
General Revenue	(2.0)	(2.0)	(4.0)	(4.0)	(6.0)
State Trust	0.0	0.0	0.0	0.0	0.0
Total State Impact	(2.0)	(2.0)	(4.0)	(4.0)	(6.0)

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Total Local Impact	0.0	0.0	0.0	0.0	0.0

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Total Impact	(2.0)	(2.0)	(4.0)	(4.0)	(6.0)

The bill allows for an additional distribution from sales tax revenue for an applicant receiving an additional certification of approximately \$2 million per year. This will create a recurring loss to general revenue of \$2 million per year for up to 30 years, for a total loss of \$60 million per entity receiving the additional certification.

⁴ Revenue Estimating Conference, *Estimate for HB 721/SB 922*, (March 16, 2013), available at: <http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2013/pdf/page171.pdf>, (last visited on March 19, 2013).

Provided an entity meets all eligibility requirements for an additional certification, it may receive the additional certification and distribution payment. Should all eight of the entities currently certified as new or retained professional sports franchises meet the requirements for additional certification, it could potentially result in a loss of approximately \$16 million per year. The Revenue Estimating Conference adopted a recurring fiscal impact estimate of negative \$16 million for each year.

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.)

CS by Commerce and Tourism on 03/18/2013:

- Clarifies that DEO is responsible for screening and certifying applicants for the additional certification.
- Permits audits of funds received for the additional certification by the Auditor General.
- Clarifies the eligible uses for which an applicant receiving an additional certification may use additional state funds.
- Clarifies that an applicant receiving an additional certification is eligible to receive an additional sales tax distribution payment of \$166,667 per month for up to 30 years.

B. Amendments:

None.