

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 231 Admissions Tax  
**SPONSOR(S):** Brodeur and others  
**TIED BILLS:** **IDEN./SIM. BILLS:** SB 330

<b>REFERENCE</b>	<b>ACTION</b>	<b>ANALYST</b>	<b>STAFF DIRECTOR or BUDGET/POLICY CHIEF</b>
1) Economic Development & Tourism Subcommittee	11 Y, 0 N	Collins	West
2) Finance & Tax Subcommittee	17 Y, 0 N	Pewitt	Langston
3) Economic Affairs Committee			

**SUMMARY ANALYSIS**

Section 212.04, F.S., provides that every person who sells or receives anything of value by way of admissions is exercising a taxable privilege at the rate of six percent of the sales price of admission. The section exempts from this tax admission to specified sporting events, including all-star games produced by the National Football League (NFL), Major League Baseball (MLB), National Hockey League (NHL), and National Basketball Association (NBA). In addition, the MLB Home Run Derby, held in conjunction with the MLB All-Star Game, and the Rookie Challenge, Celebrity Game, 3-Point Shooting Contest, and Slam Dunk Challenge, all produced as part of the NBA's All-Star Game festivities, are also exempt from the admissions tax.

The bill adds the Major League Soccer All-Star Game to the list of events exempted from the sales tax on admissions. It also replaces the list of specific NBA All-Star Game-associated events exempted under current law with language that includes all NBA-produced all-star events held at an arena, convention center, municipal facility or other such facility.

The Revenue Estimating Impact Conference met on January 17, 2014 and estimated that this bill would have no revenue impact on state or local government in fiscal year 2014-2015, but would have a negative, indeterminate impact on state and local government revenues thereafter.

The bill provides an effective date of July 1, 2014.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### **Present Situation**

##### Professional Sports in Florida

There are nine major professional sports teams based in Florida covering each of the major professional sports leagues; the National Football League (NFL), Major League Baseball (MLB), National Basketball Association (NBA), and National Hockey League (NHL). The oldest major professional sports franchise in the state is the Miami Dolphins (NFL). The Dolphins franchise began play in 1966. The newest major professional sports team in the state is the Tampa Bay Rays (MLB) baseball franchise. The Rays franchise began play in 1998. The Miami Marlins (MLB), Tampa Bay Buccaneers (NFL), Jacksonville Jaguars (NFL), Orlando Magic (NBA), Miami Heat (NBA), Tampa Bay Lightning (NHL), and Florida Panthers (NHL) are all based within the state as well. 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.<sup>1</sup>

Beginning in 2015, the state will be home to a tenth major professional sports team when the Orlando City Soccer Club begins play as the 21<sup>st</sup> Major League Soccer (MLS) franchise.<sup>2</sup> MLS is the premier professional soccer organization in the United States, having been launched in 1996 and boasting eight franchises currently valued at over \$100 million.<sup>3</sup>

Florida has hosted the NBA All-Star Game three times, most recently in Orlando in 2012. It hosted the MLS All-Star Game in Orlando in 1998.

##### Sales Tax on Admissions

Section 212.04, F.S. provides that every person who sells or receives anything of value by way of admissions is exercising a taxable privilege at the rate of six percent. The section exempts from this tax admission to specified sporting events, including:

- NFL's Pro Bowl or Super Bowl.
- Semifinal or championship games for national collegiate tournaments.
- All-star games of the MLB, NBA, or NHL.
- MLB's Home Run Derby (held in conjunction with the MLB All-Star Game).
- NBA's Rookie Challenge, Celebrity Game, 3-Point Shooting Contest, and Slam Dunk Challenge (held in conjunction with the NBA All-Star Game).

##### **Effect of Proposed Changes**

The bill amends s. 212.04, F.S. to add the MLS All-Star Game to the list of events exempted from the sales tax on admissions. The bill also replaces the list of specific NBA all-star events exempted from the tax under current law with language that includes all NBA-produced all-star events held at an arena, convention center, municipal facility or other such facility.

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<sup>1</sup> Florida Sports Foundation, *Sports in Florida*

[http://www.flasports.com/index.php?option=com\\_content&view=article&id=97&Itemid=211](http://www.flasports.com/index.php?option=com_content&view=article&id=97&Itemid=211) (last accessed January 14, 2014).

<sup>2</sup> Major League Soccer, *Major League Soccer Names Orlando City SC as 21<sup>st</sup> Franchise, Set for 2015 Debut*, November 19, 2013; <http://www.mlssoccer.com/news/article/2013/11/19/major-league-soccer-names-orlando-city-21st-franchise-set-2015-debut> (last accessed January, 2014).

<sup>3</sup> Forbes, *Major League Soccer's Most Valuable Teams* November 20, 2013;

<http://www.forbes.com/sites/chris-smith/2013/11/20/major-league-soccer-s-most-valuable-teams/> (last accessed January 14, 2014).

**B. SECTION DIRECTORY:**

Section 1: Amends s. 212.04(2)(a), F.S., to exempt the Major League Soccer All-Star Game from the admissions tax, and to clarify previously exempted events associated with the National Basketball League All-Star Game.

Section 2: Provides an effective date of July 1, 2014.

**II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

**A. FISCAL IMPACT ON STATE GOVERNMENT:**

1. Revenues:

The Revenue Estimating Impact Conference met on January 17, 2014 and estimated that this bill would have no revenue impact on state revenues in fiscal year 2014-2015, but would have a negative, indeterminate impact on General Revenue and state trust funds thereafter.

2. Expenditures:

The Department of Revenue estimates that there will be an insignificant operational impact.

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

The Revenue Estimating Impact Conference met on January 17, 2014 and estimated that this bill would have no revenue impact on local government revenues in fiscal year 2014-2015, but would have a negative, indeterminate impact thereafter.

2. Expenditures:

None.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

None.

**D. FISCAL COMMENTS:**

The Revenue Estimating Impact Conference adopted a negative indeterminate impact except for the first year cash, which is zero. If all-star events were to occur within the next five years, the impact for an MLS All-Star Game would be \$100,000, while an NBA all-star event would have an impact of \$100,000. Neither NBA franchise, nor the recently awarded MLS franchise has been selected to host future all-star events by their respective league governing bodies as of January 2014. Therefore, the estimated impact is indeterminate.

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

The county/municipality mandates provision of Art. VII, section 18, of the Florida Constitution may apply because this bill creates an exemption from sales tax, including discretionary sales taxes levied by local governments; however, an exemption may apply as the negative impact to local government is expected to be insignificant.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

#### **IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**

None.