

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 618

INTRODUCER: Senators Simmons and Soto

SUBJECT: Professional Sports Franchises

DATE: April 4, 2014

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Askey	Hrdlicka	CM	Favorable
2.			CA	
3.			AFT	
4.			AP	

I. Summary:

SB 618 adds Major League Soccer to the list of leagues eligible for certification under the Professional Sports Franchise program. The bill increases the total number of facilities that may be certified under the program to 10, and reserves the 2 new facility certifications for Major League Soccer franchises. The two additional certifications will permit distributions from sales tax revenue, totaling up to \$4 million per year and up to \$120 million for up to 30 years.

Under current law, an applicant may only receive one certification. The bill revises this prohibition to specify that an applicant may not receive more than one certification per facility or franchise. This revision permits an applicant to receive multiple certifications, so long as a different facility or franchise is the basis for each certification.

II. Present Situation:

Professional Sports in Florida

Florida currently has 10 major professional sports teams. The oldest major professional sports team in the state is the Miami Dolphins football franchise of the National Football League. 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 Orlando Lions (Orlando City Soccer Club) in Major League Soccer (MLS). The club will become the MLS's 21st franchise in 2015.¹ Below is a summary table of information on major professional sports franchises in Florida:

¹ MLS, *Orlando City Soccer Club*, available at: <http://orlandocitysoccer.com/mls/> (last visited April 3, 2014).

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
Orlando City Soccer Club/ "Lions"	Soccer	MLS	2015	Orlando City Stadium	2015-16 (est.)	Orange

In addition to the 10 major professional sports teams, Florida is also home to 33 Minor League franchises in various sports, three Arena Football League teams, and two NASCAR sanctioned tracks. 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.

Major League Soccer 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 2001.² 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.³

In 2013, Major League Soccer added the Orlando City Soccer Club as the league's 21st expansion team.⁴ The team will begin play in the league in 2015. The city of Orlando is building

² MLS, *Tampa Bay Mutiny*, available at: <http://www.mlssoccer.com/history/club/tampabay> (last visited on April 3, 2014).

³ MLS, *Miami Fusion F.C.*, available at: <http://www.mlssoccer.com/history/club/miami> (last visited on April 3, 2014).

⁴ MLS Soccer.com, *Major League Soccer names Orlando City SC as 21st franchise, set for 2015 debut*, available at: <http://www.mlssoccer.com/news/article/2013/11/19/major-league-soccer-names-orlando-city-21st-franchise-set-2015-debut> (last visited April 3, 2014).

a soccer-specific stadium, which is expected to complete construction as early as mid-2015 or early-2016.⁵ In February 2014, the league announced that David Beckham exercised an option for an expansion team and will seek to build that team in Miami.⁶ The details about the new team and when and where it will play are not yet known.

Professional Sports Franchise Program

Section 288.1162, F.S., the Professional Sports Franchise program, 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 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, the 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 facility will generate \$2 million annually;
- The city or county where the facility is located has certified by resolution after a public hearing that the application 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 facility.

⁵ Mark Schlueb, Orlando Sentinel, *Orlando approves soccer stadium construction deal*, March 31, 2014, available at: http://articles.orlandosentinel.com/2014-03-31/news/os-orlando-mls-soccer-stadium-20140331_1_orlando-city-lions-brett-lashbrook-new-stadium (last visited April 3, 2014).

⁶ MLS Soccer.com, *David Beckham exercises MLS expansion option on future Miami franchise*, available at: <http://www.mlssoccer.com/news/article/2014/02/05/david-beckham-exercises-mls-expansion-option-future-miami-franchise> (last visited April 3, 2014).

Any applicant who meets the above mentioned criteria as verified by the DEO is eligible to receive monthly payments from the state of \$166,667 for not more than 30 years,⁷ for an annual payment totaling \$2,000,004. The Department of Revenue disburses the payments.

Further, 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. The state may only pursue recovery of funds if the Auditor General finds that the distributions were not expended as required by statute.

No applicant or 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 the 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:

Facility name	Certified entity	Franchise	First Payment	Final Payment	Total payments as of January 2014
Sun Life Stadium	Dolphins Stadium/ South Florida Stadium	Florida (Miami) Marlins ⁸	06/1994	06/2023	\$41,166,749
Everbank Field	City of Jacksonville	Jacksonville Jaguars	06/1994	05/2024	\$39,333,412
Tropicana Field	City of St. Petersburg	Tampa Bay Rays	06/1995	06/2025	\$37,166,741
Tampa Bay Times Forum	Tampa Bay Sports Authority	Tampa Bay Lightning	09/1995	08/2025	\$36,833,407
BB&T Center	Broward County	Florida Panthers	08/1996	07/2026	\$35,000,070
Raymond James Stadium	Hillsborough County	Tampa Bay Buccaneers	01/1997	12/2026	\$34,166,729
American Airlines Arena	BPL, LTD	Miami Heat	03/1998	03/2028	\$31,666,730
Amway Center	City of Orlando	Orlando Magic	02/2008	01/2038	\$12,000,024

(Information from the Department of Economic Opportunity and Department of Revenue)

⁷ Section 212.20(6)(d)6.b., F.S.

⁸ The Marlins franchise relocated from Sun Life Stadium to Marlins Park for the 2012 baseball season.

III. Effect of Proposed Changes:

Section 1 amends s. 288.1162, F.S., the Professional Sports Franchise program, to permit two additional certifications for Major League Soccer. The bill amends the definition of “league” to include Major league Soccer, and increases the maximum number of facilities that may be certified under this program to 10 from 8. The two additional facility certifications are reserved for Major League Soccer franchises.

Under current law, an applicant may only receive one certification. The bill revises this prohibition to specify that an applicant may not receive more than one certification per facility or franchise. This revision permits an applicant to receive multiple certifications, so long as a different facility or franchise is the basis for each certification.

Section 2 provides an effective date of July 1, 2014.

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 permits a distribution of sales tax revenue to two applicants certified under the Professional Sports Franchises programs for Major League Soccer franchises, which would decrease General Revenue by \$4 million on a recurring basis.

B. Private Sector Impact:

The bill will allow two applicants certified under the Professional Sports Franchise program for Major League Soccer franchises to each receive funding of up to \$2 million per year for up to 30 years, for a total distribution of \$60 million, to support the construction or renovation of such a facility. The two additional certifications will permit distributions from sales tax revenue, totaling up to \$4 million per year and up to \$120 million for up to 30 years.

A currently certified applicant under s. 288.1162, F.S., may be eligible to receive an additional certification if it applies for a certification for a different franchise or facility.

C. Government Sector Impact:

The DEO reported administrative costs of the bill would be absorbed within current resources.⁹

The Department of Revenue reported the bill would have no impact on the agency.¹⁰

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 288.1162 of the Florida Statutes.

IX. Additional Information:**A. Committee Substitute – Statement of 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.

⁹ DEO, *Agency Bill Analysis: SB 618* (February 6, 2014).

¹⁰ Department of Revenue, *Agency Bill Analysis: SB 618* (January 23, 2014).