

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 7073 PCB HEA 20-01 Public Postsecondary Commercial Sponsorships

SPONSOR(S): Education Committee, Higher Education Appropriations Subcommittee, Fine

TIED BILLS: None **IDEN./SIM. BILLS:** None

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Higher Education Appropriations Subcommittee	11 Y, 1 N	Crowley	Butler
1) Education Committee	15 Y, 0 N, As CS	Sleap	Hassell

SUMMARY ANALYSIS

The bill creates s. 1004.098, F.S., requiring a public postsecondary institution to provide written notification to the Governor, the President of the Senate, and the Speaker of the House of Representatives, prior to entering into any contract or agreement by the institution or its direct support organization for a commercial sponsorship of \$1 million or more that is not philanthropic and designed for marketing in the institution's athletic facilities. If, within 30 days after receipt, any one of the notified parties provides written objection to the sponsorship, an act of the Legislature will be required to authorize the sponsorship.

The bill has no fiscal impact. See Fiscal Comment, *infra*.

The bill has an effective date of July 1, 2020.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Currently, neither Florida statute, Board of Governors (BOG) regulation, nor State Board of Education (SBE) rule specifically addresses public postsecondary commercial sponsorships for athletic facilities.

The naming of State University System (SUS) institutions' and Florida College System (FCS) institutions' facilities are subject to the following requirements by law:

- A facility constructed pursuant to facilities' matching grant programs for SUS¹ and FCS institutions² may be named in honor of a donor at the option of the university and BOG for state universities, or district board of trustees for a FCS institution. No facility may be named after a living person without prior approval by the Legislature for university facilities, or the SBE, for college facilities.³
- Any state building, road, bridge, park, recreational complex, or other similar facility of a state university may be named for a living person by the university board of trustees in accordance with regulations adopted by the Board of Governors of the State University System.⁴

The BOG regulations provide for the following:⁵

- The naming of facilities must be approved by the institution's board of trustees, as a noticed, non-consent agenda item.
- Non-gift related naming of facilities should be reserved for individuals who have made significant contributions to the university or to the state of Florida or to the fields of education, government, science or human betterment and who are of recognized accomplishment and character. Honorary naming of a university facility is not allowed for any active board member or employee of the BOG or any active employee, student, or trustee of the university.
- Gift-related naming of a facility requires a donation that constitutes a significant contribution to the cost of the university facility, or for an existing facility, significant improvements, both as established by board of trustees' policy. The limitations set forth for non-gift related honorary naming are not applicable to gift-related naming of a university facility.

On December 20, 2019, Florida Atlantic University (FAU) announced FAU arena, home to FAU's men's and women's basketball and volleyball teams would be known as the RoofClaim.com Arena. The 10-year agreement between FAU and Brian Wedding, the CEO of RoofClaim.com, for the naming rights became effective immediately. The 10-year agreement is valued at \$5 million.⁶ FAU is not the first institution to enter into such an agreement.

The University of Central Florida (UCF) first executed naming rights for Spectrum Stadium in 2006, then known as Bright House Sports Network Stadium, with a 15-year, \$15 million naming rights deal. In 2013, Bright House Sports Network activated a clause allowing it to renegotiate the contract. The contract was reduced by \$3 million and made renewable annually with an expiration date of August

¹ Section 1013.79(11), F.S., University Facility Enhancement Challenge Grant Program, also known as the Alec P. Courtelis University Facility Enhancement Challenge Grant Program.

² Section 1011.32(12), F.S., The Florida College System Institution Capital Facilities Matching Program.

³ *Id.*

⁴ Section 267.062(3), F.S.

⁵ Florida Board of Governors, Regulation 9.005 Naming of Buildings and Facilities, *available at* https://www.flbog.edu/wp-content/uploads/9_005NamingofBuildingsandFacilitiesVersionFINAL.pdf.

⁶ Jake Elman, *FAU Basketball: Florida Atlantic receives \$5 million sponsorship from RoofClaim.com to rename FAU Arena*, The Palm Beach Post, Dec. 20, 2019, *available at*, <https://www.palmbeachpost.com/sports/20191220/fau-basketball-florida-atlantic-receives-5-million-sponsorship-from-roofclaimcom-to-rename-fau-arena>

2021. In 2017, the name was changed to Spectrum Stadium, as a result of Bright House Network's buyout agreement with Charter Communications in May 2016. UCF currently generates an annual payout between \$500,000 and \$1,250,000 in revenue from its naming rights for Spectrum Stadium, earning \$750,000 each year until Spectrum's current contract expires on August 1, 2021.⁷

On May 23, 2013, UCF entered into a naming rights contract with CFE Federal Credit Union for 7 years, worth \$3.95 million, or \$564,286 per year, for the CFE Arena.⁸ In May 2019, the credit union's name was rebranded as Addition Financial. The Addition Financial Arena is home to the UCF men's and women's basketball teams, as well as concerts, family shows and other attractions for the central Florida area.⁹

On June 9, 2016,¹⁰ the University of Florida's (UF) Board of Trustees voted to approve a 10 year naming agreement with Exactech for \$5.9 million with a 5-year option for \$3.5 million to rename the Steven C. O'Connell Center as Exactech Arena at the Stephen C. O'Connell Center.¹¹

On September 13, 2019, UCF announced a new sponsorship agreement with Walt Disney World Resort. The multiyear agreement includes "shared marketing opportunities, in-game promotions at UCF home football games and Disney signage inside Spectrum Stadium."¹² Financial details were not provided.

Effect of Proposed Changes

The bill creates s. 1004.098, F.S., requiring a public postsecondary institution to provide written notification to the Governor, the President of the Senate, and the Speaker of the House of Representatives, prior to entering into any contract or agreement by the institution or its direct support organization for a commercial sponsorship of \$1 million or more that is not philanthropic and designed for marketing in the institution's athletic facilities. If, within 30 days after receipt, any one of the notified parties provides written objection to the sponsorship, an act of the Legislature will be required to authorize the sponsorship.

Future corporate sponsorship agreements similar to those described above may be subject to legislative approval upon passage of this bill, depending on the total value of the contracts.

B. SECTION DIRECTORY:

Section 1. Creates s. 1004.098, F.S., requiring public postsecondary institutions to provide written notification to certain parties before they or their direct-support organizations enter into agreements for specified commercial sponsorships; requiring such sponsorships to receive legislative authorization under certain circumstances.

Section 2. Provides an effective date of July 1, 2020.

⁷ Brian Goins, *Spectrum replaces naming rights of Bright House Networks stadium*, Nicholson Student Media Today, April 13, 2017, available at http://www.nicholsonstudentmedia.com/sports/spectrum-replaces-naming-rights-of-bright-house-networks-stadium/article_95d8c71a-1fb6-11e7-8a88-e700215bb757.html

⁸ See Board of Trustees Meeting, University of Central Florida, *May 23, 2013 Minutes*, available at <https://bot.ucf.edu/files/2012/09/BOT.Minutes-05-23-13-1.pdf>, and Chad Binette, *CFE Federal Credit Union Acquires Naming Rights for UCF Arena*, UCF Today, May 23, 2013, available at <https://www.ucf.edu/news/cfe-federal-credit-union-acquires-naming-rights-for-ucf-arena/>

⁹ Valerie Moss, *CFE Arena Soon to be Named Addition Financial Arena*, UCF Today, March 21, 2019, available at <https://www.ucf.edu/news/cfe-arena-name-change-addition-financial/>

¹⁰ University of Florida Board of Trustees, *Board Meeting Minutes- June 9, 2016*, available at https://trustees.ufl.edu/media/trusteesufledu/minutes/2016/Board_June-9,-2016.pdf.

¹¹ Chris Harry, *O'Dome Partners with Exactech in Naming Agreement*, University of Florida, June 9, 2016, available at <https://floridagators.com/news/2016/6/8/chris-harry-o-dome-partners-with-exactech-in-naming-agreement.aspx>

¹² John Heisler, *Walt Disney World Resort Sponsors the UCF Knights*, ucfknights.com, Sep. 13, 2019, available at <https://ucfknights.com/news/2019/9/13/general-walt-disney-world-resort-sponsors-the-ucf-knights.aspx>

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

State University System and Florida College System institutions will not be able to execute certain corporate sponsorships for \$1 million or more without prior notification to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The process may reduce corporate sponsorship revenues to institutions.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On February 12, 2020, the Education Committee adopted one amendment and reported the bill favorably as a committee substitute. The amendment:

- clarifies that provisions in the bill apply to public postsecondary institutions in the state;
- requires written notification before an agreement for a specified sponsorship is entered into; and
- requires written notification before an institution's direct support organization enters into an agreement or contract for a specified sponsorship.

The bill analysis is drafted to the committee substitute adopted by the Education Committee.