

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 499 Agreements with Professional Sports Teams

**SPONSOR(S):** Gregory and others

**TIED BILLS:** **IDEN./SIM. BILLS:** SB 1298

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Local Administration & Veterans Affairs Subcommittee	13 Y, 4 N	Mwakyanjala	Miller
2) Judiciary Committee			
3) State Affairs Committee			

### SUMMARY ANALYSIS

Florida is home to 11 major professional sports franchises in five national sports organizations. The Professional Sports Franchise program allows professional sports franchises to receive state sales and use tax revenue to pay for the acquisition, construction, reconstruction, or renovation of a facility for a new or retained professional sports franchise. The Department of Economic Opportunity serves as the state agency for screening applicants for state funding and for certifying an applicant as a facility for a new or retained professional sports franchise. Currently, eight facilities and 14 major league baseball teams that have spring training facilities in the state receive distributions under the Professional Sports Franchise Program.

The bill provides that beginning July 1, 2022, a governmental entity is prohibited from entering into an agreement with a professional sports team that requires a financial commitment by the state or a governmental entity unless the agreement includes:

- A written verification that the professional sports team will play the United States national anthem at the beginning of each team sporting event held at the team's home venue or other facility controlled by the team for the event; and
- A provision providing that a failure to comply with the written verification constitutes a default of the agreement and subjects the team to immediate penalties and potential prohibition from contracting with the state.

The bill provides a governmental entity that enters into an agreement with a professional sports team must strictly enforce the "failure to comply" provision. The Attorney General may intervene to enforce the provision should the governmental entity fail to timely enforce the provision.

The bill does not appear to have a fiscal impact on the state or local governments.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### Present Situation

##### Professional Sports Franchises

Florida is home to 11 major professional sports franchises in five national sports organizations: Major League Baseball (MLB), the National Basketball Association (NBA), the National Football League (NFL), the National Hockey League (NHL), and Major League Soccer (MLS). Florida also hosts 15 of the MLB teams for spring training and is home to the Association of Tennis Professionals, three National Association for Stock Car Auto Racing (NASCAR) racetracks, the Professional Golfers' Association (PGA) of America, the Ladies Professional Golf Association (LPGA), and the World Golf Hall of Fame.<sup>1</sup>

The Professional Sports Franchise program allows professional sports franchises to receive state sales and use tax revenue to pay for the acquisition, construction, reconstruction, or renovation of a facility for a new or retained professional sports franchise. The Department of Economic Opportunity (DEO) serves as the state agency for screening applicants for state funding and for certifying an applicant as a facility for a new or retained professional sports franchise.<sup>2</sup> For both new and retained franchises, the DEO must confirm and verify the following:

- 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-authorization 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.
- The applicant has an independent analysis demonstrating that the annual amount of sales taxes generated by the use or operation of the franchise's facility will be at least \$2 million.
- The municipal government where the franchise's facility is located, or the county if the facility is in an unincorporated area, has certified by resolution after a public hearing that the application serves a public purpose.
- 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 improvements or development of the franchise's facility.<sup>3</sup>

Applicants certified as a facility for a new or retained professional sports franchise shall receive \$166,667 monthly. Applicants who are certified as a facility for a spring training franchise may receive up to \$41,667 monthly. However, not more than \$416,670 may be distributed monthly in the aggregate to all certified applicants for spring training franchises. Distributions begin 60 days after certification and continue for not more than 30 years.<sup>4</sup>

An applicant certified to retain a MLB spring training baseball franchise may receive up to \$83,333 monthly, or up to \$166,667 monthly if the applicant is certified to retain more than one spring training franchise. Monthly distributions begin 60 days after certification or July 1, 2016, whichever is later, and

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<sup>1</sup> Office of Program Policy Analysis and Government Accountability, *Report 20-08, Florida Economic Development Program Evaluations-Year 8*, p. 27 (Dec. 2020), available at <https://oppaga.fl.gov/Documents/Reports/20-08.pdf> (last visited January 20, 2022).

<sup>2</sup> S. 288.1162, F.S.

<sup>3</sup> S. 288.1162(4)(a)-(g), F.S.

<sup>4</sup> S. 212.20(6)(d)6.b., F.S.

continue for not more than 20 years for each certified applicant for a facility used by a single spring training franchise or not more than 25 years for each certified applicant for a facility used by more than one spring training franchise.<sup>5</sup>

No more than eight facilities can be certified under the Professional Sports Franchise program at one time.<sup>6</sup> Currently, eight facilities receive distributions under the Professional Sports Franchise Program<sup>7</sup> and 14 MLB teams have spring training facilities in the state.<sup>8</sup>

### Sales and Use Tax

Florida levies a 6 percent sales and use tax on the sale or rental of most tangible personal property,<sup>9</sup> admissions,<sup>10</sup> transient rentals,<sup>11</sup> and a limited number of services. Chapter 212, F.S., authorizes the levy and collection of Florida's sales and use tax, as well as the exemptions and credits applicable to certain items or uses under specified circumstances.

### Local Government Half-Cent Sales Tax

The Local Government Half-Cent Sales Tax program distributes a portion of state sales tax revenue via three separate distributions to eligible county or municipal governments. Allocation formulas serve as the basis for these separate distributions. The program's primary purpose is to provide relief from ad valorem and utility taxes in addition to providing counties and municipalities with revenues for local programs.<sup>12</sup>

Counties may use up to \$3 million annually of the local government half-cent sales tax for the following purposes:<sup>13</sup>

- New or retained professional sports franchises under the Professional Sports Franchise Program, or a spring training franchise under s. 288.11621, F.S.; or
- A certified applicant as a motorsport entertainment complex under s. 288.1171, F.S.<sup>14</sup>

### **Effect of the Bill**

The bill provides that beginning July 1, 2022, a governmental entity is prohibited from entering into an agreement with a professional sports team that requires a financial commitment by the state or a governmental entity unless the agreement includes:

- A written verification that the professional sports team will play the United States national anthem at the beginning of each team sporting event<sup>15</sup> held at the team's home venue or other facility controlled by the team for the event; and
- A provision providing that a failure to comply with the written verification:
  - Constitutes a default of the agreement.
  - Immediately subjects the team to any penalty the agreement authorizes for default, which may include repaying any money paid to the team by the state or any governmental entity or classifying the team as ineligible to receive further money under the agreement.

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<sup>5</sup> S. 212.20(6)(d)6.e., F.S.

<sup>6</sup> S. 288.1162(6), F.S.

<sup>7</sup> *Report 20-08* at p. 48. See Appendix A for the chart *Professional Sports Facilities for Major League Baseball, National Football League, National Hockey League, and National Basketball Association Franchises*.

<sup>8</sup> *Id.* at p. 47. See Appendix B for the chart *Spring Training Facilities for Major League Baseball Franchises*.

<sup>9</sup> S. 212.05(1)(a)1.a, F.S.

<sup>10</sup> S. 212.04(b), F.S.

<sup>11</sup> S. 212.03(1)(a), F.S.

<sup>12</sup> Office of Economic and Demographic Research, *2021 Local Government Financial Information Handbook*, p. 55, available at <http://edr.state.fl.us/Content/local-government/reports/lgfih21.pdf> (last visited January 20, 2022).

<sup>13</sup> Section 218.64(3), F.S.

<sup>14</sup> The motorsports entertainment complex has had no applicants or funds dispersed since program inception. *Supra* note 1 at 35.

<sup>15</sup> The bill defines a "sporting event" as any preseason, regular season, or postseason game or event of a professional sports team.

- May subject the team to a prohibition on contracting with the state.

A governmental entity that enters into an agreement with a professional sports team must strictly enforce the “failure to comply” provision. The Attorney General is authorized to intervene to enforce the provision should the contracting governmental entity fail to timely enforce the provision.

#### B. SECTION DIRECTORY:

Section 1: Defines certain terms pertinent to the bill; provides provisions required in agreements made by a professional sports team with governmental entities; provides penalties for professional sports teams for failure to comply with the provisions; provides that if a governmental entity fails to comply with the required provisions, the attorney general may intervene to enforce the provision.

Section 2: Provides an effective date.

### 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:

The bill appears to have no impact on local governments.

2. Expenditures:

The bill appears to have no impact on local governments.

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

If a professional sports team receiving funding from the state or a governmental entity does not play the national anthem per an agreement with a governmental entity, then that professional sports team could not only see a loss in distributions, but may have to repay any money paid to the team by the state or a governmental entity.

#### D. FISCAL COMMENTS:

None.

### III. COMMENTS

#### A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not Applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditures of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

**B. RULE-MAKING AUTHORITY:**

The bill neither provides authority nor requires administrative rulemaking by executive branch agencies.

**C. DRAFTING ISSUES OR OTHER COMMENTS:**

None.

**IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES**

None.

**Appendix A. Professional Sports Facilities for Major League Baseball, National Football League, National Hockey League, and National Basketball Association Franchises.**

Team/League	Facility	Location, Certified Entity, & Certification Date	Monthly Distribution, Number of Years Bonded, & Total State Payment	First Payment & Final Payment	Total Payments as of August 31, 2020
<b>Florida Panthers NHL</b>	BB&T Center	Sunrise Broward County June 1996	\$166,667 30 years \$60 million	August 1996 July 2026	\$47,833,429
<b>Jacksonville Jaguars NFL</b>	TIAA Bank Field	Jacksonville City of Jacksonville April 1994	\$166,667 30 years \$60 million	June 1994 May 2024	\$52,166,771
<b>Miami Dolphins NFL</b>	Hard Rock Stadium	Miami South Florida Stadium Corp. May 1993	\$166,667 30 years \$60 million	June 1994 June 2023	\$54,000,108
<b>Miami Heat NBA</b>	American Airlines Arena	Miami Basketball Properties, LTD February 1998	\$166,667 30 years \$60 million	March 1998 March 2028	\$44,500,089
<b>Orlando Magic NBA</b>	Amway Center	Orlando City of Orlando November 2007	\$166,667 30 years \$60 million	February 2008 January 2038	\$24,833,383
<b>Tampa Bay Buccaneers NFL</b>	Raymond James Stadium	Tampa Hillsborough County November 1996	\$166,667 30 years \$60 million	January 1997 December 2026	\$47,000,094
<b>Tampa Bay Lightning NHLs</b>	AMALIE Arena	Tampa Tampa Bay Sports Authority July 1995	\$166,667 30 years \$60 million	September 1995 August 2025	\$49,666,766
<b>Tampa Bay Rays MLB</b>	Tropicana Field	St. Petersburg City of St. Petersburg July 1995	\$166,667 30 years \$60 million	July 1995 June 2025	\$50,000,100
<b>Total:</b>					<b>\$370,000,740.00</b>

**Appendix B. Spring Training Facilities for Major League Baseball Franchises.**

Team	Facility	Location Certified Entity, Certification Date, & Certification Statute	Monthly Distribution, Number of Years Bonded, & Total State Payment	First Payment & Final Payment	Total Payments as of August 31, 2020	Team's Lease Expires
<b>Atlanta Braves (New Certification)</b>	CoolToday Park	Venice West Villages Improvement District November 2017 s. 288.11631, F.S.	\$83,333 20 years \$20 million	January 2018 December 2037	\$2,499,990	2048
<b>Baltimore Orioles</b>	Ed smith Stadium	Sarasota City of Sarasota December 2006 s. 288.1162, F.S.	\$41,667 30 years \$15 million	March 2007 March 2037	\$6,666,720	2039
<b>Detroit tigers</b>	Joker Marchant Stadium	Lakeland City of Lakeland April 2015 s. 288.11631, F.S.	\$83,333 20 years \$20 million	November 2016 October 2036	\$3,666,652	2036
<b>Houston Astros &amp; Washington Nationals</b>	FITTEAM Ballpark of the Palm Beaches	West Palm Beach Palm Beach County October 2015 s. 288.11631, F.S.	\$166,667 25 years \$50 million	October 2016 September 2041	\$7,500,015	2048
<b>Los Angeles Dodgers</b>	Holman Stadium at Jackie Robinson Training Complex	Vero Beach Indian River County January 2001 s. 288.1162, F.S.	\$41,667 30 years \$15 million	March 2001 February 2031	\$9,666,744	N/A
<b>Minnesota Twins</b>	Hammond Stadium at CenturyLink Sports Complex	Fort Myers Lee County August 2012 s. 288.11621, F.S.	\$41,667 30 years \$15 million	July 2013 June 2043	\$3,500,028	2048
<b>New York Mets</b>	Clover Park	Port St. Lucie St. Lucie County December 2006 s. 288.1162, F.S.	\$21,985 30 years \$7 million	March 2007 March 2017	\$2,660,241	2016
<b>New York Mets (New Certification)</b>	Clover Park	Port St. Lucie St. Lucie County March 2017 s. 288.11631, F.S.	\$83,333 20 years \$20 million	June 2017 May 2037	\$3,083,321	2042
<b>New York Yankees (New Certification)</b>	George M. Steinbrenner Field	Tampa Tampa Sports Authority December 2016 s. 288.11631, F.S.	\$83,333 20 years \$20 million	January 2017 December 2036	\$3,499,986	2046
<b>Philadelphia Phillies</b>	Spectrum Field	Clearwater	\$41,667 30 years	March 2001 February 2031	\$9,666,744	2023

		City of Clearwater December 2006 s. 288.1162, F.S.	\$15 million			
<b>Pittsburgh Pirates</b>	LECOM Park	Bradenton City of Bradenton December 2006 s. 288.1162, F.S.	\$41,667 30 years \$15 million	March 2007 March 2037	\$6,666,720	2037
<b>Tampa Bay Rays</b>	Charlotte Sports Park	Port Charlotte Charlotte County December 2006 s. 288.1162, F.S.	\$41,667 30 years \$15 million	March 2007 March 2037	\$6,666,720	2028
<b>Toronto Blue Jays</b>	TD Ballpark	Dunedin City of Dunedin January 2001 s. 288.1162, F.S.	\$41,667 20 years \$10 million	March 2001 February 2023	\$9,666,744	2019
<b>Toronto Blue Jays (New Certification)</b>	TD Ballpark	Dunedin City of Dunedin July 2018 s. 288.11631, F.S.	\$83,333 20 years \$20 million	September 2018 August 2038	\$1,833,326	2043
<b>Total</b>			<b>\$896,986 monthly, \$257 million total</b>		<b>\$77,243,951.00</b>	