



The Florida Senate

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Committee on Commerce

REVIEW OF THE RETAINED SPRING TRAINING FRANCHISE INCENTIVE PROGRAM

Issue Description

Florida is home to 16 professional baseball teams who conduct their spring training games as part of the “Grapefruit League.” After the 2009 season, the total will be 15, as the Cincinnati Reds relocate spring training activities to Arizona. At least one other team, the Baltimore Orioles, has indicated it may leave Fort Lauderdale in search of another host community, either in or outside of Florida, if the city does not renovate Fort Lauderdale Stadium.

Fifteen of the Grapefruit League teams play their spring games in publicly owned stadiums and of those, eight are playing in stadiums either built or renovated using a distribution of state sales tax revenues totaling as much as \$15 million per stadium over 30 years.

Arizona’s “Cactus League” currently has 14 teams, but after 2009 will add the Reds for an equal number of teams as the Grapefruit League. Arizona has aggressively recruited teams for the last decade by using taxpayer funds to build state-of-the-art stadiums, training facilities and other infrastructure amenities.

Efforts during the 2008 legislative session to allow Grapefruit League teams to more easily relocate their spring-training operations from one Florida community to another revealed several shortcomings with the statute implementing the state incentive program, s. 288.1162, F.S. For example, the Governor’s Office of Tourism, Trade, and Economic Development (OTTED), after “certifying” a community to receive state funding for spring training facilities, has no statutory oversight of how the funds are spent, nor a mechanism by which to cease funding or retrieve past distributions if the community with the certified facility no longer has a baseball team. The statute’s phrasing also has created some misunderstandings about who actually gets the state sales tax revenues; the money is awarded to the host community with the certified facility, not to the team, as some had interpreted the statute.

This interim project report will provide:

- A brief primer on Florida’s rich history of spring training baseball;
- A review of economic-impact reports prepared over the last decade;
- A discussion of Florida’s competition for spring training teams;
- Problems with the governing Florida statute; and
- A number of options to address the state policy and funding issues.

Background

Florida an early mecca for baseball

The first professional team to come to Florida for spring training was the Washington Capitals, in 1888, which spent three weeks in Jacksonville to get ready for the upcoming regular season.¹ The first spring training game was March 22, 1888, between the Capitals and the New York Giants; the Giants won 10-2. Press reports at the time indicate an estimated 1,200 people attended that game.

¹ Baseball in Florida, written by Kevin M. McCarthy. Published by Pineapple Press in 1996. Page 141.

Al Lang, a former laundry operator in Pittsburg who had settled in St. Petersburg, can be credited with promoting Florida to professional baseball teams, leading to the establishment of the Florida Grapefruit League in 1914.² The Chicago Cubs, St. Louis Browns, Philadelphia Phillies, Boston Braves, and New York Yankees were the first teams Lang was able to convince to do their spring training in Florida. By 1929, 10 of the 16 major league teams (existing at the time) had moved their spring training operations to Florida.

Florida Spring Training Moves³

Team	Number of Florida Spring Training Locales	Current Locale and Number of Seasons There
Boston/Milwaukee/Atlanta Braves	9 cities	Lake Buena Vista (10)
St. Louis Browns/ Balt. Orioles	8 cities (11 moves)	Fort Lauderdale (12)
Boston Red Sox	6 cities (7 moves)	Fort Myers (14)
Cincinnati Reds	(8 moves)	Sarasota (9)
Detroit Tigers	2 (3 moves)	Lakeland (71 total) ⁴
Florida Marlins	3	Jupiter (5)
Houston Astros	2	Kissimmee (23)
Minnesota Twins	3	Lee County (17)
Montreal Expos/Wash. Nationals	4	Viera (5)
N.Y. Mets	2	Port St. Lucie (20)
N.Y. Yankees	4	Tampa (12)
Philadelphia Phillies	7	Clearwater (61)
Pittsburg Pirates	5	Bradenton (39)
St. Louis Cardinals	6 (8 moves)	Jupiter (10)
Tampa Bay Rays	1 ⁵	St. Petersburg (10)
Toronto Blue Jays	1	Dunedin (31)

None of the Grapefruit League teams has spent its entire spring-training history in one Florida community. For example, over the decades St. Petersburg has hosted five teams: the old St. Louis Browns (now the Orioles), the Mets, the Yankees, the Phillies, and the Cardinals. Sarasota has played spring-training host to the Red Sox (twice), the Orioles, and the Reds. Daytona Beach, Tampa, Fort Lauderdale, Fort Myers, and Miami are among other Florida cities that have served as spring training headquarters for multiple teams.

Not only have the teams relocated their spring-training operations within Florida over the decades, they also have left Florida to play in other states, and later returned. At various times in their histories, teams have played spring training games in states including Arkansas, Arizona, California, and Texas.

Spring training in Arizona

In the modern era, Florida's Grapefruit League⁶ has been the spring-training home to as many as 20 of the 30 Major League Baseball teams. But since the late 1990s, it has slowly been losing teams to Arizona's Cactus League,⁷ which has a storied, 60-year history of its own with Major League Baseball spring training. A 2007

² Ibid. Information in this paragraph can be found within pages 143-157.

³ Information about the teams' spring training sites is available on the individual teams' websites accessible at http://www.flasports.com/page_prosports_springtraining.shtml and at <http://www.springtrainingonline.com/teams/>. Several teams have left a city and returned years later, which is reflected in the number of moves listed in the chart.

⁴ The Tigers' first Florida spring-training host was Tampa, in 1930. The team spent the next three spring-training seasons out of state, and relocated to Lakeland in 1934. The team moved its spring-training operations to Evansville, Indiana, from 1943-1945, but returned to Lakeland in 1946, where it has played ever since.

⁵ The Rays are moving to a new stadium in Charlotte County for the 2009 spring training season.

⁶ More information about the league is available at <http://www.floridagrapefruitleague.com/>. Last visited Aug. 6, 2008.

⁷ The Cactus League began in 1947 with two teams, and now has 14 teams. The Cincinnati Reds will join play in 2010.

economic impact study indicated that spring training generates nearly \$311 million annually to Arizona's economy.⁸

The impetus for Arizona's emergence as a spring-training competitor to Florida was passage in 2000 of legislation creating the "Arizona Sports and Tourism Authority" with authority to levy and collect certain taxes (such as car-rental fees), and to bond them as debt service, for certain specified sports facilities.⁹ These revenue sources, coupled with local bed-tax and other funds, have enabled the construction of new spring-training ballparks, some shared. For example, construction is continuing on an estimated \$108 million spring training facility in Goodyear, Arizona.¹⁰ The facility will include a 10,000-seat stadium to be shared by the Cincinnati Reds and the Chicago White Sox, but have separate clubhouses, offices, and practice fields for each team.

Besides the availability of large, new or renovated facilities, baseball teams are drawn to Arizona because of the proximity of the spring training stadiums, which are located within two adjacent counties, Maricopa and Pima. Florida's spring training facilities are scattered along the state's two coasts, and even in the state's central heartland.¹¹ But there are other reasons Arizona is more attractive than Florida to some teams. Arizona is closer to several teams' regular season fan base than Florida is, for example. Intangibles, such as team owners' vacation preferences, also have played a role in decisions to relocate.¹²

Since 1998, six teams have left (or announced their intentions to leave) the Grapefruit League for the Cactus League. They are: the Texas Rangers, the Kansas City Royals, the Chicago White Sox, the Los Angeles Dodgers, the Cleveland Indians, and the Cincinnati Reds.

Florida's role in funding spring training facilities

Chapter 88-226, L.O.F., established a funding mechanism for state support of the construction of new professional sports franchise facilities within Florida.¹³ Legislation in 1991 added eligibility for state funding for local-government-owned facilities for "new spring training franchises," defined as teams not based in Florida prior to July 1, 1990.¹⁴ No local government had ever applied for the certification.

As the pressure from Arizona to recruit Grapefruit League teams intensified in the late 1990's, the Legislature in 2000 amended s. 288.1162, F.S., to make the certification process easier for local governments.¹⁵ The source of the state funds is a distribution of state sales tax revenues, pursuant to s. 212.20(6)(d)7.b., F.S. Certified facilities are eligible for a maximum \$41,667 monthly.

A key change in the law expanded eligibility, by replacing the definition for "new spring training franchise" with that of "retained spring training franchise," meaning a franchise that has been based in Florida prior to Jan. 1, 2000.

The legislation also gave OTTED (the successor to the Department of Commerce) the responsibility for certifying spring training facilities for state funding. Among the information that the certification applicants were required to submit to OTTED includes:

⁸ See report at http://www.cactusleague.com/downloads/2007_Cactus_League_Report.pdf.

⁹ See Chapter 8 of the Arizona Statutes at <http://www.azleg.gov/ArizonaRevisedStatutes.asp?Title=5>. The relevant statewide legislation was (Ch. 372, Laws 2000), and the implementing local referendum was Proposition 302, which Maricopa County voters approved by a 52% to 48% vote, authorizing new tourism taxes. Legislation filed for the 2008 session, which would have created a similar sports authority for Pima County and given its residents a chance to vote on raising taxes to pay for stadium improvements, failed to pass.

¹⁰ Information available at <http://www.goodyearaz.gov/index.asp?NID=1800>. The White Sox facilities are completed, and the team will play there beginning in 2009. The Reds' facilities are expected to be completed before the 2010 season.

¹¹ A locator map prepared by the Florida Sports Foundation is attached as Appendix A.

¹² Conversation with Larry Pendleton, executive director, Florida Sports Foundation, on June 3, 2008.

¹³ Information in this paragraph based on bill analysis for HB 1439 (ch. 2000-186, L.O.F.)

¹⁴ Only three of spring training franchises met the date criteria: the Blue Jays, the Marlins, and the Devil Rays.

¹⁵ Chapter 2000-186, L.O.F., which amended s. 288.1162, F.S.

- Whether the applicant local government was responsible for the acquisition, construction, management or operation of the retained spring training franchise facility, or held title to the property on which the facility was located;
- A verified copy of a signed agreement with a retained spring training franchise for the use of the facility for a term of at least 15 years;
- Whether the applicant had a financial commitment of 50 percent or more of the funds required by an agreement for the acquisition, construction, or renovation of the facility;
- Valid projections demonstrating that the facility would attract paid attendance of at least 50,000 annually; and
- If the facility was or would be located in a county levying a tourist development tax pursuant to s.125.0104, F.S.

Florida's Current Grapefruit League Teams¹⁶

Team	Host Community	State Certified?	Public or Private Stadium?	Term of Lease	Average Attendance Per Game in 2008
Atlanta Braves	Disney	No	Private	2017	9,024
Baltimore Orioles ¹⁷	Fort Lauderdale	Yes	Public	2009	5,312
Boston Red Sox	Fort Myers	No	Public	2019	7,899
Cincinnati Reds ¹⁸	Sarasota	Yes	Public	2010	5,318
Detroit Tigers	Lakeland	Yes	Public	2016	7,718
Florida Marlins	Jupiter	No	Public	2017	7,061
Houston Astros	Osceola County	Yes	Public	2016	4,068
Minnesota Twins	Fort Myers	No	Public	2020	7,808
New York Mets	St. Lucie County	Yes	Public	2017	6,121
NY Yankees	Tampa	No	Public	2027	10,731
Philadelphia Phillies	Clearwater	Yes	Public	2024	8,194
Pittsburg Pirates	Bradenton	Yes	Public	2036	5,404
St. Louis Cardinals	Jupiter	No	Public	2027	6,257
Tampa Bay Rays ¹⁹	Charlotte County	Yes	Public	2029	4,996
Toronto Blue Jays	Dunedin	Yes	Public	2016	4,603
Wash. Nationals	Viera	No	Public	2017	4,157
None	Indian River County ²⁰	Yes	Public	Not Applicable	Not Applicable

Note: Lightly shaded areas indicate teams playing in communities that have received state certification under s. 288.1162, F.S.

OTTED was to “competitively evaluate” the applications, and nine criteria were specified in the new law in descending order of priority:

- The intended use of the funds by the applicant, with priority given to the construction of a new facility;
- The length of time that the existing franchise has been located in the state, with priority given to retaining franchises that have been in the same location the longest;

¹⁶ Information in this chart was compiled from information provided by the Florida Sports Foundation, the Florida Grapefruit League, and OTTED.

¹⁷ Fort Lauderdale’s proposal to renovate its spring-training facility for the Orioles was rejected by the FAA without an accompanying increase in rental fees, so the Orioles may decide to relocate.

¹⁸ This team has announced plans to move its spring-training operations to Arizona after the 2009 season.

¹⁹ The Rays have been playing their spring training games at Florida Power Park-Al Lang Field in St. Petersburg, but beginning with the 2009 season, will move into the newly renovated Port Charlotte Park in Charlotte County built in part with state certification funds.

²⁰ 2008 was the last spring training season for the Los Angeles Dodgers at the publicly owned Dodger Town in Indian River County’s Vero Beach. Beginning in spring 2009, the Dodgers will share with the Chicago White Sox a new spring training stadium in Glendale, Arizona. Total cost of the facilities is estimated at \$100 million.

- The length of time that a facility to be used by a retained spring training franchise has been used by one or more spring training franchises, with priority given to a facility that has been in continuous use as a facility for spring training the longest;
- For those teams leasing a spring training facility from a unit of local government, the remaining time on the lease for facilities used by the spring training franchise, with priority given to the shortest time period remaining on the lease;
- The duration of the future-use agreement with the retained spring training franchise, with priority given to the future-use agreement having the longest duration;
- The amount of the local match, with priority given to the largest percentage of local match proposed;
- The net increase of total active recreation space owned by the applying unit of local government following the acquisition of land for the spring training facility, with priority given to the largest percentage increase of total active recreation space;
- The location of the facility in a brownfield, an enterprise zone, a community redevelopment area, or other area of targeted development or revitalization included in an Urban Infill Redevelopment Plan, with priority given to facilities located in these areas; and
- The projections on paid attendance attracted by the facility and the proposed effect on the economy of the local community, with priority given to the highest projected paid attendance.

How local government may use the state funds is expressed in two separate subsections in s. 288.1162, F.S. Subsection (6) specifies that state funds may only be used to pay for acquisition, construction, reconstruction, or renovation of a spring training facility; to pay or pledge for the payment of debt service on a facility; or to reimburse or refinance bonds issued for the facility. The earlier subsection (5)(d) states that the state funds also “may be used to relocate” a retained spring training franchise to another unit of local government within Florida only if the local government from which it is relocating agrees to the move. The statute does not define “relocate.”

The state funds may not be expended to subsidize privately owned and maintained facilities for use by the retained spring training franchise, under s. 288.1162(5)(d), F.S.

The legislation directed the Department of Revenue (DOR) to distribute sales tax proceeds to any applicant certified under s. 288.1162(5), F.S., as a “facility for a retained spring training franchise.” A certified applicant could receive up to \$41,667 monthly for up to 30 years.

The original five certifications were awarded to:

- The City of Lakeland: \$7 million over 15 years for a facility for the Detroit Tigers;
- The City of Dunedin: \$10 million over 20 years for a facility for the Toronto Blue Jays;
- Indian River County: \$15 million over 30 years for a facility for the Los Angeles Dodgers;
- Osceola County: \$ 7.5 million over 15 years for a facility for the Houston Astros; and
- The City of Clearwater: \$15 million over 30 years for a facility for the Philadelphia Phillies.

In 2006, the Legislature amended s. 288.1162, F.S., to authorize five more certifications for spring training facilities. The criteria were essentially identical and the source of funding, in s. 212.20, F.S., was unchanged. Six local governments submitted applications, and OTTED selected the following five:²¹

- Charlotte County: \$15 million over 30 years for a facility for the Tampa Bay Rays;
- The City of Bradenton: \$15 million over 30 years for a facility for the Pittsburgh Pirates;
- The City of Fort Lauderdale: \$15 million over 30 years for a facility for the Baltimore Orioles;
- The City of Sarasota: \$15 million over 30 years for a facility for the Cincinnati Reds; and
- St. Lucie County: \$7.5 million over 30 years for the New York Mets.

Eight of the local governments have begun spending the state funds. Sarasota and Fort Lauderdale have been certified and have received in excess of \$625,000 each in state funds since June 2008, but they have not spent or otherwise encumbered the funds because their plans to build new stadiums have been derailed, for different reasons. Sarasota

²¹ The City of Fort Myers’ application for a new facility for the Boston Red Sox was not approved by OTTED.

could not get support from local voters for funds to match the state contribution for new facilities for the Reds, and the team decided to relocate to Arizona. Fort Lauderdale and the Orioles have not renovated their facilities because they do not support some of the lease conditions imposed by the Federal Aviation Administration (FAA).²²

DOR Distributions to Hosts of Certified Spring Training Facilities²³

As of June 3, 2008

Host Community	First Distribution Date/ Expiration Date	Paid in FY 07-08	Total Paid to Date
Clearwater	Feb. 2001/Feb. 2031	\$458,337	\$3.625 million
Dunedin	Feb. 2001/Feb. 2023	\$458,337	\$3.625 million
Indian River County	Feb. 2001/Feb. 2031	\$458,337	\$3.625 million
Osceola County	Feb. 2001/Feb. 2016	\$458,337	\$3.625 million
Lakeland	Feb. 2001/Feb. 2016	\$427,779	\$3.383 million
Charlotte County	March 2007/Feb. 2037	\$458,337	\$625,005
Bradenton	March 2007/Feb. 2037	\$458,337	\$625,005
Fort Lauderdale	March 2007/Feb. 2037	\$458,337	\$625,005
Sarasota	March 2007/Feb. 2037	\$458,337	\$625,005
St. Lucie County	March 2007/Feb. 2037	\$241,840	\$329,781

Recent legislation

During the 2008 Legislative Session, attempts were made to amend s. 288.1162, F.S., to facilitate the relocation of baseball spring training teams from one Florida city to another, without getting approval from the current host community, and also to transfer the state certification funds from one community to another.²⁴

Section 288.1162(5)(d), F.S., provides that state incentive funds may not “be used to relocate a retained spring training franchise to another unit of local government” unless “the existing unit of local government with the retained spring training franchise agrees to the relocation.” Current law also is silent about what happens to a certified host community’s state funds if the community loses the team on which its certification was based.

Various versions of the 2008 legislation also would have: authorized OTTED to approve relocation, consistent with criteria it would develop for this purpose; authorized OTTED to decertify local governments from continued eligibility to receive the incentive; created a process for OTTED to recover unexpended state funds; required annual reports of the certified local governments on how the state funds are being spent; and created the position of Florida Commissioner of Baseball.

None of the legislation passed, but it focused scrutiny on the existing statute, revealing its confused wording and its lack of oversight by OTTED over the local governments receiving the state funds. OTTED has no specified oversight of the certification program, and there is no financial reporting requirement to the state from the communities receiving the state funding. Nor does it offer alternatives on how to address the 2000 law’s original intent, retention and recruitment of Grapefruit League teams. The proposed legislation generated enough interest that it resulted in interim projects for Senate professional staff and for OTTED staff.

Findings

Economic impact of spring training to Florida

Spring training baseball is an important economic generator in the communities in which it is played, according to several economic impact studies.

²² Among the conditions imposed by the FAA is an increase in the Orioles’ annual facility rental fee to \$1.3 million from the current maximum rate of \$120,000. The stadium is on land owned by the Fort Lauderdale Executive Airport.

²³ Chart information provided by DOR. Complete Excel chart on file with the Commerce Committee.

²⁴ See CS/HB 7111 and amendment barcode number 023313 filed to CS/SB 2778, 2nd Engrossed.

The first study,²⁵ published in 1987, used data collected in 1985 to formulate its estimates and conclusions. At the time, Florida was host to 18 Major League Baseball spring training teams. The study estimated that two-thirds of spring training fans were non-Floridians.²⁶ Of the visitors, an estimated 77 percent indicated they primarily traveled to Florida to attend spring training. The consultants estimated that fans spent a total of \$164.9 million over the course of the spring training season, of which nearly \$110 million was spent by non-resident fans.²⁷ After evaluating team spending, indirect and induced sales, and other factors, the consultants settled on an economic impact of \$684.36 million for spring training in Florida.²⁸

A 1991 study conducted for the Department of Commerce estimated a \$305 million impact to the state in terms of business volume, or economic activity, from spring training baseball; the creation of 3,700 jobs, and a total income of \$49.3 million resulting from the economic activity.²⁹ Based on extrapolation of survey data, an estimated 61 percent of the fans attending games during the 1991 season were non-Floridians,³⁰ and they spent an estimated \$91.5 million on non-ballpark expenditures.³¹ Florida-based fans spent an estimated \$7.4 million.

A 1999³² study by the Tampa Bay Regional Planning Council evaluated the impact of the nine teams in West-Central Florida. It concluded that the total impact of the nine teams on Florida's economy was \$227 million, and \$199 million in the region.³³ Among the economic spinoffs of spring training in the region was the creation of 2,887 jobs adding \$83 million in personal income.³⁴ The study also estimated that 60 percent of the fans attending the games were non-residents who spent an average of \$90 to \$100 per day in addition to the purchase of game tickets.³⁵

In 2000, the Florida Sports Foundation³⁶ contracted for a statewide evaluation of the economic impact of spring training baseball.³⁷ Using a combination of surveys and interviews of resident and non-resident fans, teams and concessionaires, and research state tax records, the consultants determined a total business volume of \$490 million; \$10.2 million in state sales tax revenues; and \$2.8 million in local sales tax and bed tax revenues.³⁸ The consultants estimated that spring training baseball in 2000 created 5,600 full-time jobs and generated \$74.9 million in personal income.³⁹ They also estimated that about 51 percent of the fans were non-residents, who spend nearly \$95 million on food, lodging and other expenses other than game-related purchases.⁴⁰ Resident-fan spending added another \$8 million to that total.⁴¹

A 2005 survey of the economic impact of sports and recreation in general on Florida's economy⁴² pegged the total

²⁵ "The Economic Impact of Major League Baseball Spring Training on the Florida Economy." September 1987. Prepared by Davidson-Peterson Associates, Inc. at the request of the Florida Department of Commerce's Division of Tourism. On file with the Legislative Library, filed under Dewey Decimal call number 796.044 B299.

²⁶ Ibid. Pages x-xii.

²⁷ Ibid. Page 65.

²⁸ Ibid. Pages 68-69.

²⁹ "Economic and Fiscal Impacts Associated with Major League Baseball Spring Training Operations in the State of Florida." Prepared by Van Horn Associates in 1991. On file with the Senate Commerce Committee. Page 24.

³⁰ Ibid. Page 14.

³¹ Ibid. Page 19.

³² "Economic Impacts of Major League Baseball Spring Training in West Central Florida." Prepared by the Tampa Bay Regional Planning Council. December 1999. Copy on file with the Senate Commerce Committee.

³³ Ibid. Page 3.

³⁴ Ibid. Page 6.

³⁵ Ibid. Page 5.

³⁶ The foundation's website is at <http://www.flasports.com/default.shtml>. Last visited Aug. 6, 2008.

³⁷ "Economic and Fiscal Impacts Associated with Major League Baseball Spring Training Operations in the State of Florida (and) the Grapefruit League." Prepared by Van Horn Associates at the request of the Florida Sports Foundation. May 2000. Copy on file with the Senate Commerce Committee.

³⁸ Ibid. Page 26.

³⁹ Ibid. Page 26.

⁴⁰ Ibid. Page 16.

⁴¹ Ibid. Page 18.

⁴² "The Economic Impact of Sports and Recreation Activities in Florida." Prepared by the Washington Economics Group, Inc., for the Florida Sports Foundation. July 2005. Copy on file with the Senate Commerce Committee.

impact at \$32 billion.⁴³ Professional sports events (including spring training baseball) generated an estimated \$2.1 billion of that amount.⁴⁴ Palm Beach County in 2006 and Sarasota County in 2008 also contracted for economic impact studies of spring training baseball in their communities.⁴⁵ In both cases, the estimates revealed a significant economic boost to their economies.

Survey responses

A survey prepared by committee staff and emailed to a list of 17 local-government officials who are the Florida Sports Foundation's spring-training contacts in their communities elicited five responses.⁴⁶ All five respondents listed among their priorities the creation of a dedicated state funding source to upgrade and maintain facilities for spring-training baseball teams.

Current law needs restructuring to add clarity

Those portions of s. 288.1162, F.S., that relate to spring training baseball are confusingly drafted and lack provisions for monitoring and accountability.

Section 288.1162, F.S., originally dealt with state certification for facilities to be used by professional sports teams, to qualify the local-governmental entity owning the facilities for state funding. As spring training baseball provisions have been amended to the section of law in 1991, 2000, and 2006, some confusion has been created about which parts of the statute apply to spring training facilities, which apply to professional sports team facilities, and which apply to both. Also, some of the phrasing is unclear or awkward. For example, different, but not conflicting, provisions about how the spring training certification funds can be used appear in two different places in the statute, in subsections (5) and (6).

The 2000 and 2006 spring training legislation did not include provisions for OTTED to monitor the local governments receiving the certification funds in order to determine if all the conditions for original certification are still being met. The law does not contemplate that a certification could become invalid – such as when a team leaves the host community, either breaking its contract or not renewing it, nor does it include a process by which OTTED can decertify a community. While most of the certification criteria are strong, a weak link is allowing the local governments' contracts with teams to be at least 15 years in duration. Eight of the communities with certifications are receiving their payouts from DOR for either 20 or 30 years, a typical term for bonds issued to build or renovate a stadium.

Based on the statute, the state has minimal legal authority over how the local host communities spend the certification funding each has received, and has no apparent way to retrieve even the unspent portion of the funding from a host community that no longer has a team. If the community has bonded the state funds, and has subsequently lost its team,⁴⁷ the state cannot break the bond covenants to retrieve those funds. Nor can the state require the team to repay the state funds if not addressed in a team's contract with its host community.⁴⁸ The state's recourse is limited.

The statute does not address the situation of what happens to unencumbered state funds, and to a local government whose facility was certified, if a team moves. Sarasota and Fort Lauderdale continue to receive certification funds from DOR, even though the Reds are leaving Sarasota after the 2009 season, and the Orioles may leave Fort Lauderdale at the same time. The cities are maintaining the funds in escrow accounts, according to the Florida Sports Foundation. But there is no statutory mechanism for OTTED to retrieve the funds, nor statutory direction on where the retrieved funds would be re-deposited, although some options could be the State Treasury, the General Fund, or the Economic Development Trust Fund.

Further complicating the statutory silence are the efforts by Indian River County to recruit the Orioles' spring

⁴³ Ibid. Pages 1-2.

⁴⁴ Ibid. Page 4.

⁴⁵ On file with the Senate Commerce Committee.

⁴⁶ Four were emailed responses and the fifth was via telephone conversation. Hard-copy responses are on file with the Senate Commerce Committee. A copy of the survey materials is in Appendix B.

⁴⁷ Vero Beach and Indian River County have bonded the state funds, but no longer have a team, with the Dodgers' departure this year.

⁴⁸ The contracts made available to the Commerce Committee staff all included some form of buy-out or compensation to the host community if the team defaults on its agreement.

training operations to the now-empty facilities in Vero Beach, and by Sarasota to recruit the Boston Red Sox from Fort Myers to a proposed stadium downtown. Those certifications were based on contracts with different teams. Questions remain about whether a local government may substitute one team for another and maintain certification, and thus eligibility for the state funds.

Oversight issues

Section 288.1162, F.S., provides no oversight of the spring-training program after the certifications are made. The Florida Sports Foundation, created pursuant to s. 288.1229, F.S., as a direct support organization to OTTED but not named in that statute,⁴⁹ has general responsibilities in law and in its contract with OTTED, to assist in “promotion and development of the sports industry and related industries for the purpose of improving the economic presence of those industries in Florida.”⁵⁰

In its 2005-2006 Strategic Plan, the Florida Sports Foundation also has agreed to “assist from a statewide perspective in retaining nine professional major league franchises as well as spring training”⁵¹ and to “provide criteria, evaluation and recommendations to [OTTED] on the qualification for funding for Florida’s spring training facilities.”⁵²

As part of its duties, the Florida Sports Foundation interacts with the Florida Grapefruit League, and even developed and maintains the league’s website, as well as its own. The Foundation also maintains contact with team officials and local government officials, to stay aware of issues involving spring-training baseball. But there is no statutory direction that the foundation monitor and provide oversight of already certified facilities.

Options

Committee staff has developed several options for consideration to amend s. 288.1162, F.S., which governs the retained spring training franchise incentive program.

One option is to delete those subsections in s. 288.1162, F.S., which relate to spring training baseball, and create a new section of law specifically addressing this program. A new section of law devoted to spring training baseball would eliminate the confusion associated with determining which subsections of the current law apply only to the stadiums or arenas used by professional sports teams during their regular seasons, which subsections apply only to spring training facilities, and which subsections apply to both.

This new section of law could include the following provisions:

- Specify oversight and monitoring of the program by OTTED, and require a signed contract or memorandum of agreement between OTTED and the host communities who receive future state funding through the incentive program. Currently, the certifications consist of a letter from OTTED and a “certificate” on the Governor’s letterhead congratulating the successful applicant.⁵³ Instead, there should be more of a formal legal document signed by OTTED and the local government representatives, specifying the criteria for maintaining the certification. This requirement could be imposed on future certifications.
- Require the current and future host communities to provide annual reporting of how the state funding is being spent, updates on contractual issues between the host communities and their teams, and economic impacts of spring training baseball in those communities. This information, particularly about contractual issues, could give OTTED an earlier opportunity to participate in negotiations with a team interested in relocating, and to bring all of the affected parties to the table early in the process.
- Specify in law the basic process by which a host community can be certified for state funding, and de-certified if situations, such as losing a team, occur.

⁴⁹ The Florida Sports Foundation is specifically named in s. 320.08058, F.S., related to distribution of certain specialty license plate revenues, and s. 381.054, F.S., related to partnering with the state Department of Health to promote healthy lifestyles.

⁵⁰ Section 288.1229(1)(a), F.S. Similar language on page 1 of the contract .

⁵¹ Foundation’s strategic plan, on file with the Senate Commerce Committee. Page 1.

⁵² Ibid. Page 5.

⁵³ A copy is included as Appendix C.

- Create a “clawback” mechanism for the return of unencumbered state funds to the Treasury from decertified communities.
- Clarify the role that the Florida Sports Foundation could have regarding the monitoring, oversight, or promotion of spring training baseball and the Florida Grapefruit League. Currently, the Florida Sports Foundation acts as a clearinghouse for information and monitors the program for OTTED. The Foundation staff also has developed a network of contacts for spring training issues. The foundation’s role should be formalized by referencing it in the spring training statute.
- Specify certain basic conditions in future contracts between the host communities and their teams, specifically whether the team can be required to repay a prorated amount or all of the state’s investment, if a team decides to leave either by breaking the contract or not renewing it.

Another option is to direct OTTED, in consultation with the Legislature’s Office of Economic and Demographic Research, to contract for an updated report on the economic impact of spring training baseball to the host communities in Florida and to the state in general. The updated report should focus on the results and interpretations of new data collected by the consultants drafting the report, rather than repackage data collected from previous studies.

One trend the consultant should be directed to evaluate is the apparent declining percentage of non-Floridians who attend spring training baseball games. The discussion on page 7 of this report regarding previous economic impact studies revealed that in the late 1980’s, an estimated two-thirds of the fans were non-residents, while a 1999 study indicated that 60 percent of the fans were non-residents and a 2000 study estimated non-resident fans at 51 percent of the attendees. A 2006 survey prepared for Palm Beach County indicated that 56 percent of people attending Marlins and Cardinals spring training games at the shared Roger Dean Stadium were county residents, and the remaining 44 percent were non-local.⁵⁴

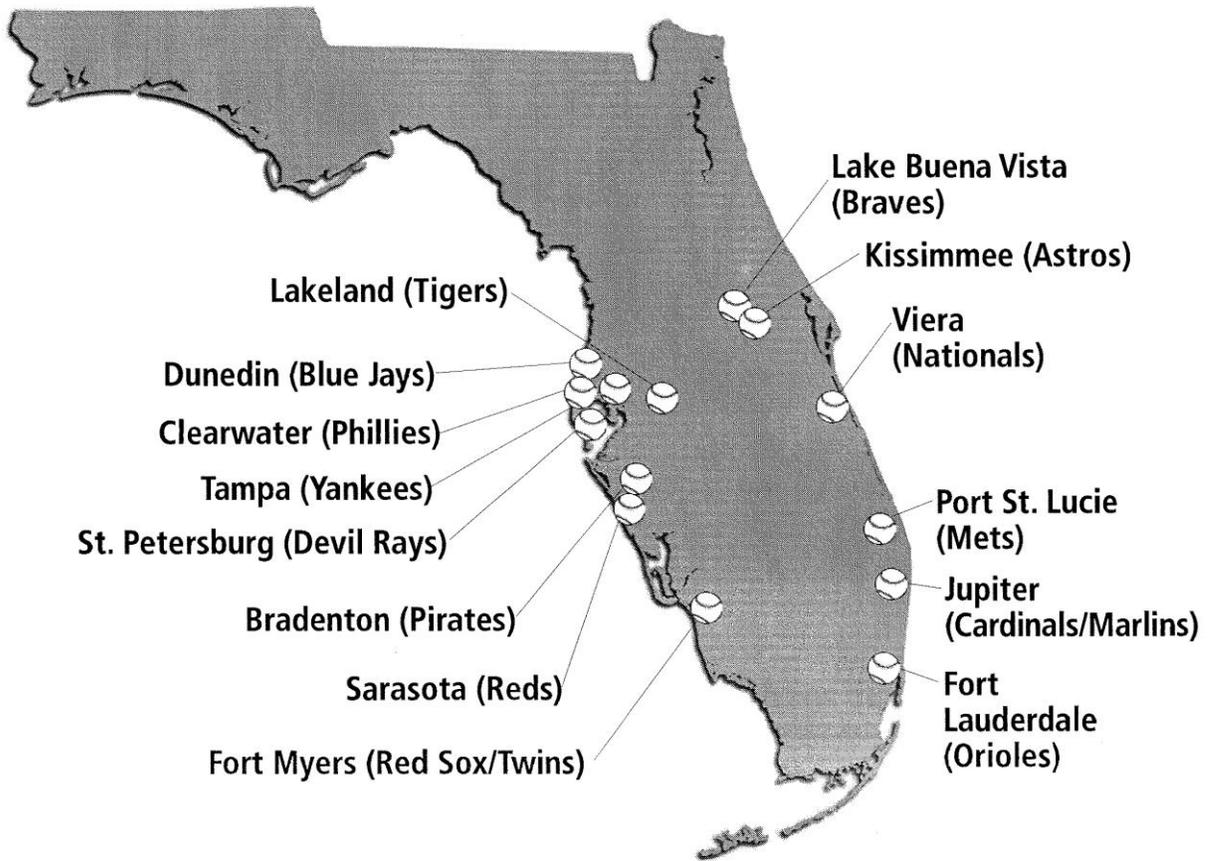
If this trend has continued through 2008, then by now more than half of spring training fans are Floridians, meaning that the money they spend while attending spring training games is not “new revenue” being brought into their communities and this state. An evaluation of attendance demographics might be an important consideration in whether large and long-term financial investments in spring training facilities are warranted.

Other options include:

- Encourage the Florida Grapefruit League to become engaged in developing a long-range strategic plan for spring training baseball in Florida with OTTED and the Florida Sports Foundation. The league, comprised of local government officials and team representatives, helps promote spring training baseball and meets periodically to discuss issues relevant to the industry. But it doesn’t appear to be proactive on the state level. Since the Florida Sports Foundation is prohibited by its contract from using state funds to lobby, this could be a role for the Grapefruit League.
- Encourage a partnership among the Grapefruit League, the Florida Sports Foundation, and the Florida Visitors Bureau to build on the statistics indicating that the non-Florida spring-training fans spend a substantial amount of money on non-game expenditures while in the state. There appears to be a significant potential for ticket promotions and other forms of marketing that could benefit hotels, attractions, and restaurants interested in further tapping into the spring training market.
- Amend s. 288.1162(8), F.S., to direct the Auditor General’s Office, rather than DOR, to conduct audits on the recipients of the state funding for sports stadiums to determine if the funds have been expended as required. The type of audit described in this section is more of a financial and program audit than a compliance audit, and the Auditor General’s staff is trained to conduct that type of investigation. DOR would retain the authority to pursue recovery of any funds that weren’t expended appropriately.

⁵⁴ “2006 Economic Impact of Baseball in Palm Beach County.” Prepared by Profile Marketing Research for Palm Beach County. Pages 1 and 5. On file with the Senate Commerce Committee.

TEAM LOCATOR



July 1, 2008

_____ [Name and Title]

_____ [Mailing Address]

_____ [City] FL, _____ [zip code]

Dear _____:

The Senate Commerce Committee is reviewing section 288.1162, Florida Statutes, as part of an interim project on the economic impact of spring training baseball on the State of Florida and at the local or regional level. The purpose of the interim project is to determine if the statute should be changed to accommodate the changing landscape of spring training baseball in Florida, to improve accountability, and to develop a strategic plan for Florida to retain or expand spring training baseball in this state.

It will be very helpful, and much appreciated, if you could respond to the following series of questions and requests for documents, as well as to the attached questionnaire. If possible, please submit the requested information by August ____, 2008, to the committee. I also will be following up with phone calls.

The success of this project depends on the participation of all of the individuals and entities involved in spring training baseball in Florida, so I encourage you and your staff to respond as substantively as possible.

Respectfully yours,

Joyce Pugh, analyst
Senate Commerce Committee
302 The Knott Building
Tallahassee, FL 32303-____

Requests for Documents

Please submit the following documents:

- A copy of your local government's current contract with the spring-training franchise and any addenda.
- Audited information for the previous two years (if available) related to the use of public funds for the spring training facility or its appurtenances;
- Average annual attendance at spring training games held at the facility over the two previous seasons;
- Average annual revenues generated through spring training events at the facility and its appurtenances over the two previous seasons, and the amount that is your local government's share; and
- Any reports or documented information about the fiscal impact or fiscal benefits that your local community receives as host of a spring-training franchise.
- A copy of any plans prepared by or supported by your local government for expansion or retention of spring training activities in your community,

Questionnaire

- (1.) What do you consider to be the primary benefit to your community as a host for a baseball spring-training franchise?

- (2) Is there a downside to your community being a host to a spring-training franchise? If yes, please explain.

- (3) Do you have any recommendations on how to improve the current statute regarding state funding of spring-training facilities and of the state's certification and oversight process, in s. 288.1162, F.S.?

- (4) In your opinion, what are the top two steps Florida should take to remain a major destination for spring-training baseball?



JEB BUSH
GOVERNOR

STATE OF FLORIDA

Office of the Governor

THE CAPITOL
TALLAHASSEE, FLORIDA 32399-0001

www.flgov.com
850-488-7146
850-487-0801 fax

December 31, 2006

Mr. Michael A. McNees
City Manager
City of Sarasota
Post Office Box 1058
Sarasota, FL 34230

Dear Mr. McNees:

On behalf of the Office of Tourism, Trade, and Economic Development (OTTED), it is my pleasure to inform you that the City of Sarasota has been approved for certification as a Facility for a Retained Spring Training Franchise in accordance with Section 288.1162(5)(c) 2, Florida Statutes.

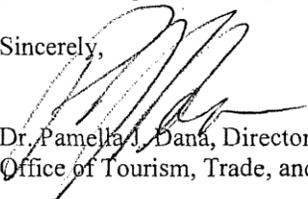
Six applications were thoroughly evaluated by the Florida Sports Foundation and OTTED staff. Based on this evaluation, five applications to include the one submitted by your community were approved for certification. We certainly appreciate the quality and comprehensiveness of all the applications submitted for consideration.

Enclosed is the official certification for the City of Sarasota. This letter, along with the signed certification, serves as notice that the City of Sarasota is hereby certified as a Facility for a Retained Spring Training Franchise and, thus, eligible to receive specified funds pursuant to Section 288.1162(5)(c)2, Florida Statutes.

If you have any questions regarding this certification, please feel free to contact Mr. Scott Fennell, Chief Administration Officer for OTTED at (850) 487-2568 or Marshall Stranburg, Chief Assistant General Counsel of the Florida Department of Revenue at (850) 488-7012.

Please accept my sincere congratulations on this certification. I wish you continued success on your future spring training endeavors.

Sincerely,

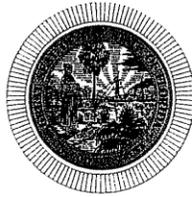


Dr. Pamela J. Dana, Director
Office of Tourism, Trade, and Economic Development

cc: Scott Fennell, Chief Administration Officer, OTTED
Larry Pendleton, President, Florida Sports Foundation
Marshall Stranburg, Chief Assistant General Counsel, Florida Department of Revenue

Enclosure





JEB BUSH
GOVERNOR OF THE STATE OF FLORIDA

CERTIFICATION

WHEREAS, the Office of Tourism, Trade, and Economic Development is authorized pursuant to Section 288.1162(5)(c)2, Florida Statutes, to certify applicants as a Facility for a Retained Spring Training Franchise; and

WHEREAS, the Office of Tourism, Trade, and Economic Development has received and reviewed the application from the City of Sarasota; and

WHEREAS, the Office of Tourism, Trade, and Economic Development has evaluated the application, and has found the application complies with the requirements of Section 288.1162(5)(c)2, Florida Statutes, and that the applicant should be certified.

NOW, THEREFORE, I, Pamella J. Dana as Director of the Office of Tourism, Trade, and Economic Development, by virtue of the authority vested in me by the State of Florida, do hereby certify the City of Sarasota as a Facility for a Retained Spring Training Franchise, effective immediately, pursuant to Section 288.1162(5)(c)2, Florida Statutes.



IN TESTIMONY WHEREOF, I have hereunder set my hand to be affixed at Tallahassee, 1902 The Capitol, on the 31st day of December, 2006

A handwritten signature in black ink, appearing to read "Pamella J. Dana".

DR. PAMELLA J. DANA, DIRECTOR