

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Government Efficiency Appropriations Committee

BILL: SB 1426

INTRODUCER: Senator Saunders

SUBJECT: Professional Sports Franchises

DATE: March 31, 2006

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Barrett</u>	<u>Cooper</u>	<u>CM</u>	Favorable
2.	<u>Keating</u>	<u>Johansen</u>	<u>GE</u>	Favorable
3.	_____	_____	<u>TA</u>	_____
4.	_____	_____	<u>WM</u>	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

Currently, the Office of Tourism, Trade, and Economic Development (OTTED) is authorized to certify up to eight facilities for new or retained professional sports franchises to be eligible for sales tax distributions. A certified facility is eligible to receive \$2 million annually for 30 years. OTTED has certified seven of the eight facilities. This bill reserves the eighth certification for an NBA franchise that has been in Florida since 1987 and has not been previously certified. The only professional sports franchise that meets these criteria is the Orlando Magic.

This bill amends section 288.1162 of the Florida Statutes.

II. Present Situation:

Several incentive programs are available to attract, recruit, and retain businesses in Florida. The majority of the programs are coordinated and administered by the Office of Tourism, Trade, and Economic Development (OTTED) and Enterprise Florida, Inc. (EFI).

Incentives for Sports and Tourism Facilities

Chapter 212, F.S., governs taxes on sales, use, and other transactions. Section 212.20, F.S., governs the distribution of some of those funds collected by the Department of Revenue (DOR). Several provisions within s. 212.20, F.S., provide economic assistance to certain economic sectors.

Since 1993, certified facilities for new or retained professional sports franchises have received funding distributions from the DOR.¹ Other examples include facilities for retained spring

¹ Section 212.20(6)(d)7.b., F.S., using criteria set out in s. 288.1162(4), F.S.

training franchises;² the Professional Golf Hall of Fame facility;³ and the International Game Fish Association World Center facility.⁴ Recipients receive a fixed monthly distribution of sales tax revenues set by statute for a fixed number of years:

- A facility for a new/retained professional sports franchise: \$166,667 monthly (\$2 million annually) for no more than 30 years, totaling a maximum of \$60 million;
- A facility for a retained spring training franchise: up to \$41,667 monthly (\$500,000 annually) for no more than 30 years, totaling a maximum of \$15 million;
- The Professional Golf Hall of Fame: \$167,667 monthly (\$2.012 million annually) for up to 25 years, totaling a maximum of \$50 million; and
- The International Game Fish Association World Center facility: \$83,333 monthly (\$1 million annually) for up to 14 years, totaling a maximum of \$14 million.

The criteria used by OTTED for certification include ownership of the property on which the facility is located,⁵ a declaration by the local government that the project serves a public purpose,⁶ projections for paid attendance, projections for sales tax revenues generated⁷, and demonstration of the financial capability to provide more than one-half of the costs incurred or related to the improvement or development of the facility. Other requirements generally include reviews, recertification, sanctions, audits, and a prohibition of additional certifications for the same facility.

Certified Professional Sports Facilities

Section 288.1162(7), F.S., provides that OTTED may certify up to eight facilities for new or retained professional sports franchises.⁸ According to OTTED, there are currently seven certified professional sports franchise facilities:⁹

- Pro Player Stadium, home of the Florida Marlins;
- Alltel Stadium, home of the Jacksonville Jaguars;
- Tropicana Field, home of the Tampa Bay Devil Rays;
- St. Pete Times Forum, home of the Tampa Bay Lightning;
- Home Depot Stadium, home of the Florida Panthers;
- Raymond James Stadium, home of the Tampa Bay Buccaneers; and
- American Airlines Arena, home of the Miami Heat.

² Section 212.20(6)(d)7.b., F.S., using criteria set out in s. 288.1162(5), F.S.

³ Section 212.20(6)(d)7.c., F.S., using criteria set out in s. 288.1168(2), F.S.

⁴ Section 212.20(6)(d)7.d., F.S., using criteria set out in s. 288.1169(2), F.S.

⁵ Except for the International Game Fish Association World Center facility.

⁶ Except for facilities for retained Spring Training Franchises.

⁷ Section 288.1162, (4)(e), F.S., requires facilities for professional sports franchises to project they will generate \$2 million in sales tax revenue per year; s. 288.1168 (2)(e), F.S., requires the Professional Golf Hall of Fame to demonstrate they will generate \$2 million in sales tax revenue per year; s. 288.1169 (2)(e), F.S., requires the International Game Fish Association World Center to demonstrate they will generate at least \$1 million in sales tax revenue per year. However, spring training facilities are not required by statute to demonstrate a specified dollar amount of annual sales tax generated.

⁸ A “new professional sports franchise” means a professional sports franchise that was not based in Florida prior to April 1, 1987, and a “retained professional sports franchise” means a professional sports franchise that has had a league-authorized location in Florida on or before December 31, 1976.

⁹ The only facility certified for a retained professional sports franchise is Raymond James Stadium for the Tampa Bay Buccaneers. The rest are certified for new professional sports franchises.

Certified Spring Training Facilities

Section 288.1162(7), F.S., provides that OTTED can certify up to five retained spring training facilities. Currently, there are five certified facilities for retained spring training franchises in the following cities:

- Clearwater, for the Philadelphia Phillies;
- Dunedin, for the Toronto Blue Jays;
- Indian River County, for the L.A. Dodgers;
- Lakeland, for the Detroit Tigers; and
- Osceola County, for the Houston Astros.

III. Effect of Proposed Changes:

Section 1 amends s. 288.1162(7), F.S., to reserve the eighth certification of a facility for a new or retained professional sports franchise for an NBA franchise that has been located within Florida since 1987 and has not been previously certified. The only professional sports franchise that meets these criteria is the Orlando Magic. This provision is scheduled to be repealed on July 1, 2010.

Section 2 provides an effective date of July 1, 2006.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

The authorization for the 8th new or retained professional sports franchise facility has been in statute since July 1, 1996, and the annual \$2 million loss to the General Revenue Fund was accounted for in 1996,¹⁰ so this bill will have no fiscal impact.

B. Private Sector Impact:

None.

¹⁰ The fiscal impact of ch. 96-320, L.O.F., can be found in the Fiscal Analysis and Brief, 1996 Legislative Session, Measures Effecting Revenues and Tax Administration – 1996 Regular Session.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

VIII. Summary of Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
