

**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 Community Affairs Committee

BILL: CS/SB 2540

INTRODUCER: Community Affairs Committee and Senator Fasano

SUBJECT: Professional Sports Franchises

DATE: April 14, 2010                      REVISED: 3/17/10 \_\_\_\_\_

|    | ANALYST      | STAFF DIRECTOR | REFERENCE   | ACTION                  |
|----|--------------|----------------|-------------|-------------------------|
| 1. | <u>Pugh</u>  | <u>Cooper</u>  | <u>CM</u>   | <b>Fav/4 amendments</b> |
| 2. | <u>Gizzi</u> | <u>Yeatman</u> | <u>CA</u>   | <b>Fav/CS</b>           |
| 3. | _____        | _____          | <u>FT</u>   | _____                   |
| 4. | _____        | _____          | <u>WPSC</u> | _____                   |
| 5. | _____        | _____          | <u>RC</u>   | _____                   |
| 6. | _____        | _____          | _____       | _____                   |

**Please see Section VIII. for Additional Information:**

- |                              |                                     |   |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes        |
| B. AMENDMENTS.....           | <input type="checkbox"/>            | Technical amendments were recommended   |
|                              | <input checked="" type="checkbox"/> | Amendments were recommended             |
|                              | <input type="checkbox"/>            | Significant amendments were recommended |

**I. Summary:**

Fifteen of the 30 Major League Baseball franchises conduct their spring training seasons in Florida. Since 2000, a dedicated source of state general revenue funds has assisted, or will assist, in the construction of 10 spring-training stadiums or related facilities.

Currently, s. 288.1062, F.S., specifies a process by which the Governor’s Office of Tourism, Trade, and Economic Development (OTTED) has certified 10 local governments to receive up to \$15 million each in state sales tax revenues to help pay for spring-training facilities. One of those certified local governments – Vero Beach – has been without a team for 2 years, and Fort Lauderdale will lose the Baltimore Orioles to Sarasota after the 2010 spring season.

However, the current statute does not

- Require OTTED and the certified local governments to enter into contracts before receiving the state funds;
- Have a reporting requirement or other mechanism by which OTTED can monitor the funds’ expenditures; and
- Include provisions to decertify and recover state funds from local governments whose spring training franchises have relocated.

CS/SB 2450 proposes a number of changes to current Florida law to address these issues. The CS directs OTTED and its partners to develop a strategic plan to help guide the future of spring training baseball in Florida. The CS also provides an opportunity for currently certified local governments who have lost their teams to recruit new franchises, before they are decertified by OTTED and must return state funds.

In addition, CS/SB 2540 expands the scope of the incentive – currently restricted to “retained” spring training franchises that were based in Florida prior to 2000 – to include any spring training franchise. This allows the incentive to be used by local communities to attract Arizona-based teams to Florida, should additional state funding become available.

This CS substantially amends the following sections of the Florida Statutes: 14.2015, 212.20, 218.64, 288.1162 and 288.1229.

This CS creates section 288.11621 of the Florida Statutes.

## II. Present Situation:

### Florida’s Grapefruit League

“The Florida Grapefruit League Association was formed to compile and exchange information to better help and retain [the enhancement of] Florida’s Relationship with all Spring Training venues”.<sup>1</sup>

The Washington Capitals were the first professional team to come to Florida for spring training in 1888, spending three weeks in Jacksonville to prepare for the upcoming regular season.<sup>2</sup> In the modern era, Florida’s Grapefruit League<sup>3</sup> has been the spring-training home to as many as 20 of the 30 Major League Baseball teams. However since the late 1990s, it has slowly been losing teams to Arizona’s Cactus League,<sup>4</sup> which has a storied, 60-year history of its own with Major League Baseball spring training. A 2007 economic impact study indicated that spring training generates nearly \$311 million annually to Arizona’s economy.<sup>5</sup>

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.<sup>6</sup> These revenue sources, coupled with local bed-tax and other funds, have enabled the construction of new spring-training ballparks, some shared. For example, the Cincinnati Reds and the Chicago White Sox will share a \$108 million spring training complex in Goodyear, Arizona.<sup>7</sup> Both teams will use the 10,000-seat stadium, but have separate clubhouses,

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<sup>1</sup> Florida’s Grapefruit League, Major League Baseball Spring Training, information available online at <http://www.floridagrapefruitleague.com/aboutus.html> . Last visited April 12, 2010.

<sup>2</sup> Baseball in Florida, written by Kevin M. McCarthy. Published by Pineapple Press in 1996. Page 141.

<sup>3</sup> More information about the league is available at <http://www.floridagrapefruitleague.com/>. Last visited March 11, 2010.

<sup>4</sup> The Cactus League began in 1947 with two teams, and now has 15 teams.

<sup>5</sup> See report at [http://www.cactusleague.com/downloads/2007\\_Cactus\\_League\\_Report.pdf](http://www.cactusleague.com/downloads/2007_Cactus_League_Report.pdf).

<sup>6</sup> 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 vote of 52 percent to 48 percent, authorizing new tourism taxes.

<sup>7</sup> Information available at <http://www.goodyearaz.gov/index.asp?NID=1800>.

offices, and practice fields. Meanwhile, the Chicago Cubs have announced intentions to stay in Mesa, contingent on the city of Mesa securing the funding to build a new \$84 million spring training complex, with a 15,000-seat stadium.<sup>8</sup>

Aside from the availability of large, new facilities, baseball teams are drawn to Arizona due to the close proximity of the spring training stadiums, which are located within two adjacent counties: Maricopa and Pima. Florida’s spring training facilities, on the other hand, are scattered along the state’s two coasts and its central regions, making travel between stadiums both time-consuming and exhausting for players.

Since 1998, the following six teams have left the Grapefruit League for the Cactus League: the Texas Rangers, the Kansas City Royals, the Chicago White Sox, the Los Angeles Dodgers, the Cleveland Indians, and the Cincinnati Reds.

**Florida’s Current Grapefruit League Teams<sup>9</sup>**

| Team                            | Host Community in 2010             | State Certified?  | Public or Private Stadium? | Term of Lease | Average Attendance Per Game in 2009 |
|---------------------------------|------------------------------------|-------------------|----------------------------|---------------|-------------------------------------|
| Atlanta Braves                  | Disney                             | No                | Private                    | 2017          | 8,314                               |
| Baltimore Orioles <sup>10</sup> | Fort Lauderdale (Sarasota in 2011) | Yes (both cities) | Public                     | 2010          | 4,588                               |
| Boston Red Sox                  | Fort Myers                         | No                | Public                     | 2019          | 7,855                               |
| Detroit Tigers                  | Lakeland                           | Yes               | Public                     | 2016          | 6,946                               |
| Florida Marlins                 | Jupiter                            | No                | Public                     | 2017          | 4,102                               |
| Houston Astros                  | Osceola County                     | Yes               | Public                     | 2016          | 3,666                               |
| Minnesota Twins                 | Fort Myers                         | No                | Public                     | 2020          | 7,209                               |
| New York Mets                   | St. Lucie County                   | Yes               | Public                     | 2017          | 5,136                               |
| NY Yankees                      | Tampa                              | No                | Public                     | 2027          | 10,558                              |
| Philadelphia Phillies           | Clearwater                         | Yes               | Public                     | 2024          | 8,353                               |
| Pittsburg Pirates               | Bradenton                          | Yes               | Public                     | 2036          | 4,589                               |
| St. Louis Cardinals             | Jupiter                            | No                | Public                     | 2027          | 5,652                               |
| Tampa Bay Rays <sup>11</sup>    | Charlotte County                   | Yes               | Public                     | 2029          | 6,513                               |
| Toronto Blue Jays               | Dunedin                            | Yes               | Public                     | 2016          | 4,292                               |

<sup>8</sup> The Arizona Legislature is considering a bill to add a \$1 surcharge on rental car fees in Maricopa County, and an 8-percent surcharge on all Grapefruit League tickets, to raise an estimated \$81 million over 25 years. At least some of the revenues would be used to finance the new Cubs complex. An alternate plan to raise the necessary funds for the new Cubs complex is through tax-increment financing.

<sup>9</sup> Information in this chart was compiled from information provided by the Florida Sports Foundation, the Florida Grapefruit League, and OTTED.

<sup>10</sup> 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 have decided to relocate to Sarasota after the 2010 season.

<sup>11</sup> The Rays originally played their spring training games at Florida Power Park-Al Lang Field in St. Petersburg, but have moved to the newly renovated Port Charlotte Park in Charlotte County, built in part with state certification funds.

| Team            | Host Community in 2010         | State Certified? | Public or Private Stadium? | Term of Lease  | Average Attendance Per Game in 2009 |
|-----------------|--------------------------------|------------------|----------------------------|----------------|-------------------------------------|
| Wash. Nationals | Viera                          | No               | Public                     | 2017           | 3,868                               |
| <b>None</b>     | Indian River Co. <sup>12</sup> | Yes              | Public                     | Not Applicable | Not Applicable                      |

*Note: Shaded cells indicate teams playing in communities that have received state certification under s. 288.1162, F.S.*

According to The Florida Grapefruit League website,<sup>13</sup> the total attendance in 2009 was 1,561,873 fans, or 6,030 fans per game. This was a 115,000 decline in attendance from the previous 2008 spring training, which in turn experienced a drop of about 40,000 in attendance from 2007. Spring training typically lasts for two months, this year, the Grapefruit League Spring Training season runs from March 2 to April 3.<sup>14</sup>

A June 2009 economic impact study on baseball spring training in Florida estimated \$442 million in direct spending during the 2009 season.<sup>15</sup> When calculated using an economic multiplier effect, the direct spending generated an estimated \$752.3 million in total spending and \$284.3 million in income. Spring training events also created or supported 9,205 full-time and part-time jobs. According to the study, every \$1 spent for spring training-related activities turned over 1.7 times in the overall state economy.

Of the 1.56 million people who attended spring training games in 2009, nearly 52 percent (811,286 persons) were Floridians, and 71 percent indicated the desire to attend more baseball games, as their primary reason for traveling to spring training venues.<sup>16</sup>

**Florida’s Role in Funding Spring Training Facilities**

***Background***

The Legislative enactment of ch. 88-226, L.O.F., established a state funding mechanism for the construction of new professional sports franchise facilities within the state of Florida.<sup>17</sup> In 1991, additional legislation authorized state funding to local-government-owned facilities for the construction of “new spring training franchises”, defined as teams not based in Florida prior to July 1, 1990. Although the new law also provided a certification process for local governments, no local government ever applied for the certification at that time.<sup>18</sup>

<sup>12</sup> The 2008 spring training schedule was the last spring training season for the Los Angeles Dodgers at the publicly owned Dodger Town in Indian River County’s Vero Beach. The Dodgers now share a new, \$100 million facility with the Chicago White Sox in Glendale, Arizona.

<sup>13</sup> Supra FN 2.

<sup>14</sup> Grapefruit League Master Schedule, available online at <http://springtrainingonline.com/features/master-schedule.htm> Last visited on April 12, 2010.

<sup>15</sup> “2009 Major League Baseball Florida Spring Training Economic Impact Study.” June 2009. Prepared by the Florida Sports Foundation and The Bonn Marketing Research Group. On file with the Senate Commerce Committee.

<sup>16</sup> Ibid. Page 40.

<sup>17</sup> Information in this paragraph based on bill analysis for HB 1439 (ch. 2000-186, L.O.F.).

<sup>18</sup> Only three spring training franchises met the original date criteria: the Blue Jays, the Marlins, and the Devil Rays (now known as the Rays).

State funding for the construction of sport franchise facilities is provided from 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* of \$41,667 monthly.

### ***The 2000 Amendments***

The intensified pressure from Arizona to recruit Grapefruit League teams in the late 1990's, forced the 2000 Legislature to amend s. 288.1162, F.S., to make the certification process easier for local governments.<sup>19</sup> The major force in expanding eligibility came from the replacement of the definition for "new spring training franchise" with that of "retained spring training franchise," to mean a franchise that has been based in Florida prior to January 1, 2000.

The amendment also gave OTTED, as the successor to the Department of Commerce, the power to certify spring training facilities for state funding. Based on this legislation, certification applicants were required to submit the following information to OTTED:

- 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.

OTTED was also required to "competitively evaluate" the applications, using the following new nine criteria 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;
- 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;

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<sup>19</sup> Chapter 2000-186, L.O.F., which amended s. 288.1162, F.S.

- 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.

Subsection (5)(d) and (6) of s. 288.1162, F.S., specify how local government may use state appropriated funds. Subsection (5)(d), provides that the state funds “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 relocation.<sup>20</sup> However, the current statute does not define the term “relocate” nor does it explain the procedures for the current host community to use in order make its decision to approve or veto the relocation. This subsection further provides that state funds may not be expended to subsidize privately owned and maintained facilities for use by the retained spring training franchise.<sup>21</sup>

Subsection (6), specifies that state funds may only be used to pay for “the acquisition, construction, reconstruction, or renovation of a facility for a retained spring training franchise or to pay or pledge for the payment of debt service” on such facility, or for reimbursement or refinance of bonds issued for the facility.<sup>22</sup>

The 2000 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 that were awarded during 2000 include:

- 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.

### ***The 2006 Amendment***

In 2006, the Legislature amended s. 288.1162, F.S., to authorize five more certifications for spring training facilities. The certification criteria were essentially identical to the 2000

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<sup>20</sup> Section 288.1162(5)(d), F.S.

<sup>21</sup> *Id.*

<sup>22</sup> Section 288.1162(6), F.S.

certifications, and the source of funding in s. 212.20, F.S., was unchanged. Of the six local governments that submitted applications, OTTED selected the following five:

- 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.<sup>23</sup>

Eight of the ten local governments have either begun spending or have encumbered state funds. In regards to the other two local governments:

- Fort Lauderdale has received in excess of \$1.5 million in state funds, as of March 2010, but has not spent or otherwise encumbered the funds because the city’s plans to build a new stadium for the Orioles was dashed due to Federal Aviation Administration (FAA) restrictions.<sup>24</sup> As mentioned previously, the Orioles have entered into an agreement with Sarasota to relocate there for spring training after the 2010 season.
- Sarasota also has received in excess of \$1.5 million in state funds, as of March 2010, but has not encumbered or spent any of the funds because it lost the Reds to Arizona. As soon it enters into a formal agreement with the Orioles, the city plans to pledge the state revenue stream to help pay debt service on bonds to be issued to pay for facility renovations.

**DOR Distributions to Hosts of Certified Spring Training Facilities<sup>25</sup>**  
*As of March 31, 2010*

| Host Community      | First Distribution Date/<br>Expiration Date | Total Paid to Date |
|---------------------|---|--------------------|
| Clearwater          | Feb. 2001/Feb. 2031                         | \$4.54 million     |
| Dunedin             | Feb. 2001/Feb. 2023                         | \$4.54 million     |
| Indian River County | Feb. 2001/Feb. 2031                         | \$4.54 million     |
| Osceola County      | Feb. 2001/Feb. 2016                         | \$4.54 million     |
| Lakeland            | Feb. 2001/Feb. 2016                         | \$4.28 million     |
| Charlotte County    | March 2007/Feb. 2037                        | \$1.54 million     |
| Bradenton           | March 2007/Feb. 2037                        | \$1.54 million     |
| Fort Lauderdale     | March 2007/Feb. 2037                        | \$1.54 million     |
| Sarasota            | March 2007/Feb. 2037                        | \$1.54 million     |
| St. Lucie County    | March 2007/Feb. 2037                        | \$813,462          |

**Recent Developments**

The city of Sarasota and the Baltimore Orioles have tentatively agreed to enter into a 30-year agreement, whereby the city and Sarasota County will help finance a \$31 million renovation of existing spring training facilities for the Orioles in time for the 2011 season. The city of

<sup>23</sup> The City of Fort Myers’ application for a new facility for the Boston Red Sox was not approved by OTTED in 2006.

<sup>24</sup> Among the conditions imposed by the FAA was 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.

<sup>25</sup> Chart information provided by DOR. Complete Excel chart on file with the Commerce Committee.

Sarasota's existing stream of state funding of \$15 million over 30 years, will also be used to finance the renovations. However, no formal agreement has been signed.

During the summer of 2009, a group of entrepreneurs in Naples, Florida, submitted a bid for the Chicago Cubs, who are under new ownership. As mentioned above, the Cubs ownership announced that the team will remain in Mesa, Arizona, where it has played its spring training games for the past 50 years. However, if the funding stream for a new complex is not approved, there are indications by the media, that the Cubs might exercise a buyout clause in its agreement with Mesa in 2012.

### III. Effect of Proposed Changes:

This CS clarifies and strengthens existing statutory provisions related to the state certification for local governmental entities to apply and receive state funding for spring training facilities.

Generally, the CS grants OTTED the explicit authority to:

- Enter into contracts with certified local governments receiving state funding for spring-training facilities;
- Decertify local governments that no longer meet the certification requirements; and to recover unencumbered state funds; and
- Develop a strategic plan for supporting spring training baseball in Florida.

The CS also removes a potential impediment to Florida communities that are interested in recruiting teams from Arizona's Cactus League, by deleting the current definition requiring *eligible teams* to be based in Florida prior to January 1, 2000.

**Section 1** amends s. 14.2015, F.S., to replace a cross-reference, consistent with the proposed changes in Section 5 of the CS.

**Section 2** amends s. 212.20, F.S., to correct a cross-reference and make technical changes to recognize that local governments will be certified for spring training franchises, pursuant to s. 288.11621, F.S., as proposed in Section 5 of the CS.

**Section 3** amends s. 218.64, F.S., to make technical changes consistent with the creation of s.288.11621, F.S., in Section 5 of the CS.

**Section 4** amends s. 288.1162, F.S., to delete all references to retained spring training baseball franchises and to the certification process for local governments seeking state funds to help finance spring-training facilities. (Many of these provisions are recreated in Section 5 of the CS.)

The law also is amended to direct the Auditor General, rather than the Department of Revenue, to conduct audits pursuant to s. 11.45, F.S., to verify that the funds are being spent for the purposes provided in law. If the Auditor General determines that the state funds have not been spent as required by law, he must notify the Department of Revenue, which may pursue recovery of the funds.



**Section 5** creates s. 288.11621, F.S., which is devoted exclusively to the state funding program for communities with spring-training franchises. Although the majority of these provisions are based on existing law, there are several provisions designed to increase program oversight and accountability.

Provisions in the existing spring training certification program that are preserved, albeit modified and reordered, in the new s. 288.11621, F.S., include the requirement:

- For OTTED to verify certain information provided by an applicant local government that the:
  - Applicant is responsible for the acquisition, construction, management, or operation of a spring training facility, or holds title to the property on which the facility is located;
  - Applicant has a signed agreement with a spring training team;
  - Applicant has made a financial commitment to provide at least 50 percent of the funds needed to acquire, construct, or renovate the spring-training facility;
  - Applicant demonstrates that the spring training facility will attract an annual paid attendance of at least 50,000 persons; and
  - The spring training facility is or will be located in a county that levies a tourist development tax pursuant to s. 125.0104, F.S.
  
- OTTED to competitively evaluate applications for funding using the following criteria, with priority given in descending order:
  - The anticipated economic impact on the local community by the new or modified facility, including projections on paid attendance, local and state tax collections, and job creation resulting from spring-training activities. Priority is given to applicants who can demonstrate the largest projected economic impact.
  - The amount of local matching funds committed to the facility project, relative to the amount of state funding sought, with priority given to applicants that commit the largest amount of local match relative to the state funding sought.
  - The potential for facilities to serve multiple purposes.<sup>26</sup>
  - The intended use of the state funds by the applicant, with priority given to applicants who want to use the funds to acquire a facility, construct a new facility, or renovate an existing facility.
  - The length of time the applicant has been a host community for a spring training franchise, with priority given to applicants having agreements with the same franchise for the longest period of time.
  - The length of time that the facility has been used by one or more spring training teams, with priority given to applicants whose facilities have been in continuous use .
  - The term remaining on the lease between the applicant and a spring training team for the facility's use, with priority given to applicants having the shortest lease terms remaining.
  - The length of time that a spring training franchise has agreed to use the applicant's facility, with priority given to applicants having the longest terms.

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<sup>26</sup> This is the only new evaluative criterion to be used by OTTED when reviewing applications.

- The net increase of total active recreational space owned by the applicant local government, following the acquisition of land for a new spring training facility. Priority is given to applicants having the largest percentage increase in total active recreational space available for public use.
- Whether the facility is located in a brownfield, an enterprise zone, a community development area, or a revitalization area in an urban infill redevelopment plan.
- That no more than 10 communities can be certified at any one time.
- That OTTED may adopt rules to implement this program.

CS/SB 2540 also includes a number of new provisions aimed at improving state oversight and management of the spring-training certification program.

- DEFINITIONS: The CS provides new definitions for the following terms to be used under the new s. 288.11621, F.S.:
  - Agreement,
  - Applicant,
  - Certified applicant,
  - Facility,
  - Local funds and Local matching funds, and
  - Office.
- CERTIFICATION PROCESS:
  - Certified local governments' agreements with spring training teams must be for a term of at least 20 years, rather than the minimum 15 years specified in current law.
  - Local governments certified by OTTED on or after July 1, 2010, must enter into a formal agreement with OTTED that specifies:
    - The amount of state funds to be distributed;
    - The criteria to be met in order to remain certified;
    - The process by which a local government will be decertified if it fails to comply with certification requirements;
    - That state funds may be recovered in case of decertification;
    - Information that the certified local government must provide to OTTED; and
    - Any other provision deemed prudent by OTTED.
- USE OF FUNDS:
  - State funds may only be used to:
    - Acquire, construct, or renovate a facility for a spring training franchise; pay or pledge debt service, or to fund debt service reserves, for bonds issued to build or renovate a spring training facility; or
    - Assist in the relocation of a spring training franchise from one local community to another, with the approval of the host community.
      - However, a host community must agree through a majority vote of its governing board to allow its retained spring training team to relocate to another Florida community.

- State funds may *not* be used to subsidize facilities that are privately owned and maintained, and which are used only by the team.
  - DOR may not distribute funds to any new certified local government (certified after July 1, 2010) until it is notified by OTTED that the local government has encumbered funds for the spring training facilities.
  - All certified applicants, current or future, must place unexpended state funds in a trust fund or separate account for the purposes provided in law.
  - Certified local governments which have lost their terms may ask DOR to suspend further distributions of the state funds for 12 months after the expiration of their existing team agreements, in order to give them time to enter into a new agreement, at which point the distributions would resume.
  - Expenditure of the state funds to local governments certified prior to July 1, 2009, must begin within 48 months of the initial receipt of the funds, and construction or renovations to a spring training facility must be completed within 24 months of the project's beginning date.<sup>27</sup>
- ANNUAL REPORTS: On or before September 1 of each year, all certified local governments must submit an annual report to OTTED that includes the following information:
    - A copy of its most recent annual audit;
    - A detailed report on all local and state funds expended to date on the project being financed pursuant to this section;
    - A copy of the contract between the certified local governmental entity and the spring training team;
    - A cost-benefit analysis of the team's impact on the host community; and
    - Evidence that the certified community continues to meet the certification requirements in effect at the time the applicant was certified.
  - DECERTIFICATION: The CS provides OTTED with the explicit authority to decertify local communities that no longer meet the criteria, and be able to collect the state funds that had not been encumbered.
    - There are two ways the decertification process is initiated:
      - Certified local governments could ask to be decertified, or
      - OTTED could initiate the decertification if the certified applicant does not:
        - Have a valid agreement with a spring training franchise.
        - Satisfy its commitment to provide local matching funds to the facility.
    - In the latter instance, decertification proceedings against a local government certified prior to July 1, 2010, are stayed until 12 months after the expiration of its most recent agreement with a baseball team without a new agreement being signed – if the local government can demonstrate to OTTED that it is in active

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<sup>27</sup> This would apply to all 10 currently certified communities, but for all practical purposes may be used only by Fort Lauderdale, which no longer has a team and has not encumbered the state funds.

negotiations with a different major league spring training franchise from the one that formed the basis of its original certification.<sup>28</sup>

- A local government facing decertification has 60 days to petition a review by OTTED's executive director after it receives a notice of OTTED's intent to decertify. The executive director then has 45 days to issue a decision.
  - OTTED must notify DOR within 10 days after an order of decertification becomes final, at which time DOR stops the distribution of the state funds to the decertified local government.
  - A decertified local government must repay all of the unencumbered state funds received through this program, plus any interest earnings, within 60 days after the decertification order becomes final. The returned funds will be deposited into the state's General Revenue Fund.
  - However, a local governmental entity may not be decertified if it has paid or pledged for the payment of or to fund debt service on bonds issued for the acquisition, reconstruction, or renovation of a facility.
- **ADDITIONAL CERTIFICATIONS:** If a local government is decertified, OTTED may accept applications for additional certifications for the vacant slot.
- **STRATEGIC PLANNING:** The CS further directs OTTED to develop a comprehensive strategic plan for Florida to retain and recruit spring training franchises.
  - The Florida Sports Foundation and the Florida Grapefruit League are invited to assist OTTED in developing the plan, which shall include the following topics:
    - Financing options for spring training facilities;
    - Monitoring and oversight of the use of state funds awarded to certified communities;
    - Identification of the financial impact that spring training has on the state and ways in which to maintain or improve that impact;
    - Identification of opportunities to develop public-private partnerships to engage in marketing activities and advertise spring training baseball;
    - Identification of efforts made by other states to maintain or develop partnerships with baseball spring training teams; and
    - Recommendations for legislative consideration to sustain or improve Florida's spring training tradition.
  - A copy of the strategic plan must be submitted to the Governor, the President of the Senate, and the Speaker of the House of Representatives by December 31, 2010.
- **RULEMAKING:** The CS also directs OTTED to adopt rules to implement the certification, decertification, and review processes required by the new s. 288.11621, F.S.

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<sup>28</sup> This would apply to all 10 currently certified communities, but for all practical purposes may be used by the three that no longer have teams: Indian River County/Vero Beach, Sarasota, and Fort Lauderdale.

- **AUDITS:** The Auditor General may conduct audits to verify that the state funding is being expended as required in this section. If the Auditor General determines that is not the case, then he may contact DOR to recover the funds.

**Section 6** amends s. 288.1229, F.S., to allow the sports-related direct-support organization under contract to OTTED to provide assistance in the retention of spring-training baseball and other professional sports franchises. The direct-support organization that is currently under contract with OTTED to provide assistance in sports-related matters is the Florida Sports Foundation.

**Section 7** provides that a relocation agreement to relocate from one local government entity to another, shall be recognized as a valid agreement so long as the Office of Tourism, Trade, & Economic Development approves the continuing release of funds to the local government that the franchise is relocated to before the effective date of this act. Establishing legislative recognition of the validity of these agreements which were in effect before the effective date of this act.

**Section 8** specifies that this act shall take effect upon becoming law.

#### **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:**

Indeterminate at this time. However, since the provisions of this CS will allow OTTED to recover unencumbered state funds from decertified local governments, it is possible that at least \$1.54 million in released state funds can be returned to the state's General Revenue Fund. Additionally, up to \$13.46 million in sales tax revenue currently dedicated for the next 27 years to building spring training facilities in Fort Lauderdale, which no longer has a team, could instead be redirected to the state's General Revenue Fund, unless OTTED decides to certify a new community.

##### **B. Private Sector Impact:**

None.

C. Government Sector Impact:

Indeterminate at this time.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Community Affairs on April 14, 2010:**

- Provides new definitions for “agreement” and “local funds”, and modifies the definition for “applicant”.
- Allows applicants to place unexpended funds in a *separate account* as well as a trust fund.
- Clarifies that a certified applicant must show that it continues to meet the conditions *in effect when it was certified* for annual recertification.
- Amends the decertification provisions to state that a certified local governmental entity may not be decertified if it has paid/pledged for the payment of/fund of debt service on bonds issued for the acquisition, reconstruction, or renovation of a facility.
- Provides that a relocation agreement from one local government entity to another shall be recognized as a valid agreement so long as the Office of Tourism, Trade, & Economic Development approves the continuing release of funds to the relocated local government before the effective date of this act.
- Does *not* allow private entities to become certified applicants to receive state funds for spring training facilities.
- Makes clarifying and technical amendments throughout the CS to provide for these new provisions.
- Changes the original effective date from July 1, 2010 to “upon becoming law.

B. Amendments:

- **Barcode 788344 by Commerce on March 17, 2010:** Allows a partnership between local governments within the same county, to combine as one applicant for OTTED certification for the spring training baseball incentive funds.
- **Barcode 194924 by Commerce on March 17, 2010:** Clarifies the annual reporting requirement by specifying that a certified local government must show that it continues to meet the conditions in effect when it was certified.

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- **Barcode 895900 by Commerce on March 17, 2010:** Changes the original effective date from July 1, 2010 to “upon becoming law.”
  - **Barcode 356860 by Commerce on March 17, 2010:** Adds a definition for “agreement,” to mean a certified, signed lease between an applicant and the spring training baseball franchise for the use of a facility. This definition is applicable to local governments that apply to OTTED for certification after July 1, 2010.

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This Senate Bill Analysis does not reflect the intent or official position of the bill’s introducer or the Florida Senate.

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