

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: CS/SB 1074

SPONSOR: Commerce and Economic Opportunities Committee and Senator King

SUBJECT: Motorsports

DATE: February 23, 2000 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Schmeling</u>	<u>Maclure</u>	<u>CM</u>	<u>Favorable/CS</u>
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

This committee substitute establishes conditions under which an owner of a motorsports entertainment complex may enter into promotional contracts with certain entities licensed under Florida’s Beverage Law. The committee substitute further specifies that unless certain conditions exist, the owner of a motorsports entertainment complex is not considered a vendor under the Beverage Law merely because it is affiliated with, a shareholder of, or sharing in percentage payments with any licensed vendor at the complex.

This committee substitute creates section 549.10, Florida Statutes.

II. Present Situation:

Chapter 549, F.S., governs automobile race meets, including issues relating to meet notice, duties and compensation of sheriffs, and penalties for failure of a person to remove himself or herself from an automobile racecourse. Section 549.08, F.S., is the “Municipal Motor Vehicle Racing Act of 1984,” and governs “racing events,” which are defined as motor vehicle races which are sanctioned by a nationally or internationally recognized racing organization. The term includes the preparations, practices, and qualifications for the race. Section 549.09, F.S., provides for a motorsport nonspectator liability release.

Chapters 561 through 565, 567, and 568, F.S., are commonly referred to as Florida’s “Beverage Law,” and provide for the regulation of the state’s alcoholic beverage industry. The Beverage Law is a hierarchical three-tier business licensing system in which licenses are sold to private producers or their agents, distributors, and retailers. The state maintains control over this industry through the approval of the sale of licenses, as well as the oversight of the business practices of licensees.

The three-tiered system is built on mechanisms which ensure separation between the groups of licensees. Licensed manufacturers are required to distribute at wholesale to licensed distributors

only; licensed distributors are required to sell and distribute at wholesale only to persons who are licensed to sell alcoholic beverages; and licensed vendors are required to sell at retail only (s. 561.14, F.S.). In addition, any manufacturer, distributor, or exporter is prohibited from being licensed as a vendor, and vendors are prohibited from being licensed as a manufacturer, distributor, or exporter (s. 561.22, F.S.). A license or renewal may not be issued to a vendor if the individual, copartnership, or corporation is interested or connected, directly or indirectly, with any corporation which is engaged, directly or indirectly, or through any subsidiary or affiliate corporation, including any stock ownership, in manufacturing, distributing, or exporting alcoholic beverages (s. 561.22, F.S.). Finally, separation is maintained by Florida's tied-house evil law (s. 561.42, F.S.), which prohibits a licensed manufacturer or distributor of beer, wine, or liquor from having any financial interest, directly or indirectly, in the establishment or business of any vendor licensed under the Beverage Law. This law also prohibits a manufacturer or distributor from providing any type of financial assistance to a vendor, as well as the acceptance of such assistance by the vendor.

Section 561.15, F.S., establishes license qualification requirements and parameters under which a license may be suspended or revoked. Such qualifications include that a license be issued only to people or corporate officers of good moral character and not less than 21 years of age. No license may be issued to an individual who has been convicted within the last past five years of any offense against the beverage laws of this state; who has been convicted within the last past five years of soliciting for prostitution, pandering, letting premises for prostitution, or keeping a disorderly place; who has been convicted in the last past 15 years of any felony; or to a corporation, any of the officers of which shall have been so convicted.

Noting that there are a variety of types of entities that can be licensed as an alcoholic beverage vendor, and in the absence of clear legislative directive, the Department of Business and Professional Regulation reports that the department has been contemplating the extent to which affiliates or shareholders of vendors are themselves considered vendors.

III. Effect of Proposed Changes:

This committee substitute defines the terms "motorsports entertainment complex," "motorsports event," "owner," and "sanctioning body." A motorsports entertainment complex is defined as a closed-course motorsports facility and its ancillary grounds and facilities which:

- Has at least 70,000 permanent seats for race patrons;
- Has at least seven scheduled days of motorsports events each calendar year;
- Has at least four motorsports events each calendar year;
- Serves food at the facility during sanctioned motorsports events;
- Engages in tourism promotion; and
- Has on the property permanent exhibitions of motorsports history, events, or vehicles.

According to the Florida Sports Foundation, at this time, the only motorsports entertainment complex meeting these requirements is the Daytona International Speedway; however, the Miami-Dade Homestead Motorsports Complex expects to meet these requirements by October 2000.

This committee substitute establishes conditions under which an owner of a motorsports entertainment complex who is not a licensed vendor may enter into promotional contracts, including contracts which may require the payment of fees, with certain entities licensed under Florida's Beverage Law. Such owners are specifically prohibited from contracting with beer and wine distributors (unless those distributors are also licensed as manufacturers), and liquor distributors, manufacturers, brokers, sales agents, and importers.

The committee substitute further specifies that an owner of a motorsports entertainment complex is not considered a vendor under Florida's Beverage Law merely because it is affiliated with, a shareholder of, or sharing in percentage payments with any licensed vendor at the complex "and meets the qualifications specified in s. 561.15," F.S., unless:

- The owner of the motorsports entertainment complex obligates or requires the licensed vendors operating at the motorsports entertainment complex to purchase or sell any particular brands of beverages defined in s. 561.01, F.S., in areas that are accessible to the public. Areas accessible to the public do not include any restricted access areas that are under lease, license, or occupancy contracts with the owner.
- A beer distributor, with the knowledge of the owner, is directly or indirectly participating in or contributing to any advertising or promotional funds being used to pay fees to the owner of the motorsports entertainment complex.

It is not immediately clear in what context the above phrase "and meets the qualifications specified in s. 561.15," F.S., should be read. For example, the phrase could be read to mean an owner is not considered a vendor merely because it meets the qualifications specified in s. 561.15, F.S., or it could be read to mean the owner must meet the qualifications of s. 561.15, F.S.

This committee substitute takes effect October 1, 2000.

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:**

None.

B. Private Sector Impact:

To the extent that this committee substitute facilitates the ability of the owners of motorsports entertainment complexes to enter into promotional activities with alcoholic beverage licensees, those owners may benefit.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.