

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/CS/SB 1708

SPONSOR: Fiscal Policy Committee, Comprehensive Planning, Local and Military Affairs Committee, Senator Latvala and others

SUBJECT: Spring training facilities

DATE: April 26, 2000 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Cooper</u>	<u>Yeatman</u>	<u>CA</u>	<u>Favorable/CS</u>
2.	<u>Hayes</u>	<u>Hadi</u>	<u>FP</u>	<u>Favorable/CS</u>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

The bill provides for the distribution of sales tax proceeds to applicants which qualify as a “facility for a retained spring training franchise.” An approved applicant can receive \$41,667 monthly for 30 years (\$15 million). Criteria are specified for the Office of Tourism, Trade and Economic Development for selecting a limited number of facilities for a retained spring training franchise.

The bill amends the following sections of the Florida Statutes: 212.20 and 288.1162.

II. Present Situation:

Chapter 88-226, Laws of Florida, established a funding mechanism for state support of the construction of new professional sports franchise facilities within Florida. Under this act, the Department of Commerce (DOC) was assigned the duties of screening applicants, developing rules for processing applications, and presenting the applications to the Legislature.

Current law, s. 288.1162, F.S., requires the Florida Sports Foundation (FSF), a direct support organization under the Governor’s Office of Tourism, Trade and Economic Development (OTTED), to carry out the applicant screening duties. The FSF submits the applications to OTTED which certifies the eligibility of the applicants professional sports franchise category of either “new,” “retained” or “new spring training.” An applicant may only have one certification per facility. The statutory cap on potentially eligible applicants is eight.

Once an applicant’s facility is certified by OTTED as one of these types of professional sports franchise facilities, it is eligible to receive funding from the General Revenue Fund under s. 212.20(6)(f)5., F.S. These general revenue funds are generated from tax on sales or use of tangible personal property, admissions, rentals, and services. An applicant whose professional sports franchise is certified as “new or retained” can receive \$2 million annually for 30 years (\$60 million), and an applicant whose franchise is certified as a “new spring training franchise” can

receive \$500,000 annually for 30 years (\$15 million). The current potential amount of general revenue which could be distributed to professional sports franchise applicants through the program is \$16 million annually, with a total 30-year potential pay out of \$480 million.

DOR is authorized to audit the distribution and expenditure of the funds, subject to the confidentiality requirements of chapter 213, F.S. The funds may only be used for the public purpose of paying for the construction, reconstruction, or renovation of the eligible facility or to pay for debt service on bonds issued to finance such expenditures.

A “new professional sports franchise” is described as one that was not based in this state prior to April 1, 1987. A “retained” franchise is described as one that has had a league-authorized location in this state on or before December 31, 1976, has continuously remained at that location, and has never been located at a facility that has been previously certified under s. 288.1162, F.S.

The following franchises have applied for and been certified to receive funds as new professional sports franchise facilities:

Florida Panthers	--	\$60,000,000 for Broward County;
Florida Marlins	--	\$60,000,000 for Joe Robbie Stadium;
Jacksonville Jaguars	--	\$60,000,000 for the City of Jacksonville;
Tampa Bay Lightning	--	\$60,000,000 for the Tampa Sports Authority;
Tampa Bay Devil Rays	--	\$60,000,000 for Tropicana Field.
Miami Heat	--	\$60,000,000 for the American Airlines Arena.

The following franchise has applied for and received certification as a “retained professional sports franchise facility:

Tampa Bay Buccaneers	--	\$60,000,000 for Raymond James Stadium.
----------------------	----	---

A “new spring training franchise” is described as one that was not based in this state prior to July 1, 1990. To date, no local government or organization has applied for certification to receive funds as a “new spring training franchise facility.” There are currently 20 professional spring training franchise facilities in Florida.

III. Effect of Proposed Changes:

Section 1 amends s. 212.20(6)(f), F.S., to authorize DOR to distribute up to \$41,667 monthly in sales tax proceeds to qualified applicants certified as a facility for a retained spring training franchise. This replaces the authority to distribute sales proceeds to applicants certified as new spring training franchise facilities, for which no applicants have been qualified. This new distribution is limited to a monthly distribution of \$208,335 in the aggregate to all certified recipients. Distributions to an individual franchise is limited to 30 years.

Section 2 amends s. 288.1162, F.S., to authorize OTTED to screen and select applicants to receive state funding to support qualified retained spring training franchises. This replaces the screening and selection mechanism for applicants certified as new spring training franchise

facilities, for which no applicants have been qualified. The term “retained spring training franchise” is defined as a franchise that has been based in the state prior to January 1, 2000.

To qualify for funding as “facility for a retained spring training franchise,” OTTED must determine that:

- A local government entity is responsible for the acquisition, construction, management, or operation of the facility, or holds title to the property on which the facility is located;
- The applicant has a verified copy of a signed agreement with a retained spring training franchise for the use of the facility for a term, including options to renew or extend the agreement, of at least 15 years;
- The applicant has a financial commitment to provide 50 percent or more of the funds required by an agreement for the acquisition, construction, or renovation of the facility by the spring training franchise; the agreement can be contingent upon receipt of sales tax funds or other conditions precedent to use by the franchise;
- The applicant’s projections that the facility will attract more than 50,000 annual paying attendants are valid; and
- The facility is located in a county that is levying a local option tourist tax under s. 125.0104, F.S.

Upon qualifying for review, OTTED must competitively evaluate the applications, which must be submitted by October 1, 2000. If more than five applications are received, and the aggregate funding requests exceeds \$208,335 per month, OTTED must rank the applications using the following criteria, with priority given in descending order:

- the intended use of the funds, with priority given to the construction of a new facility;
- the length of time the franchise has been located in the state, with priority given to franchises 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 franchises leasing facilities from a local government, the remaining time on the lease, with priority given to the shortest time period remaining on the lease;
- the duration of the future use agreement with the franchise, with priority given to the 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 recreation space owned by the local government after acquiring the facility property, with priority given to the largest percentage increase of total active recreation space;
- the location of the facility in a brownfield, enterprise zone, community redevelopment area, or other area of targeted development of revitalization include in an Urban Infill Redevelopment Plan, with priority given to facilities located in these areas; and
- the projections of 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.

Funds may not be used to subsidize privately owned and maintained facilities for use by the spring training franchise. Funds may be used to relocate a retained spring training franchise to another unit of local government only if the existing unit of local government with the retained spring training franchise agrees to the relocation. In addition, funds may be used to pay for the acquisition, construction, reconstruction, or renovation of a facility, or to pay or pledge against the debt service on a facility, or for the reimbursement or refinancing of bonds issued to acquire, construct, reconstruct, or renovate facilities.

OTTED is required to certify at least five facilities for retained spring training franchises, and OTTED may not certify funding for less than the applicant's requested amount.

Section 3 provides that the CS will take effect upon becoming a law.

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:

Up to \$75,000,600 in sales tax revenue over 30 years could be used to finance the acquisition, construction, reconstruction, or renovation of retained spring training franchise facilities in this state.

B. Private Sector Impact:

The economic benefits of a retained spring training franchise facility will vary from host community to host community. In 1991, the Florida Sports Foundation estimated that the 18 spring training facilities statewide generate \$305 million in economic activity. Currently there are 20 facilities statewide, and it is estimated that the aggregate impact has increased since 1991.

A recent study measured the economic impact of nine major league spring training operations in West Central Florida. This study found the annual impact to be \$142.8 million.

C. Government Sector Impact:

OTTED will be responsible for screening and selecting fund recipients. DOR will be required monthly to distribute sales tax proceeds to qualified recipients.

Based on the monthly cap of \$208,335, the fiscal impact is estimated to be \$2.5 million for fiscal year 2000-2001.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.