

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.)

BILL: CS/SB 650

SPONSOR: Commerce and Economic Opportunities Committee and Senator Garcia

SUBJECT: Commercial Development/Motorsports Entertainment Complex

DATE: March 9, 2001 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Birnholz	Maclure	CM	Favorable/CS
2.	_____	_____	CA	_____
3.	_____	_____	FT	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This committee substitute provides for the distribution of a portion of revenues from the tax on sales, use, and other transactions to a motorsports entertainment complex that has been certified by the Office of Tourism, Trade, and Economic Development (OTTED) as meeting requirements specified in s. 288.1170, F.S., created by this committee substitute. Thirty days after OTTED notifies the Department of Revenue of an applicant’s certification, an amount not to exceed \$83,333 shall be distributed monthly to the applicant for up to 360 months. The committee substitute delineates requirements for certification of an applicant as a motorsports entertainment complex and requires OTTED to recertify the complex annually.

A certified applicant may use funds to pay for the following public purposes: construction, reconstruction, expansion, or renovation of the complex; related transportation or infrastructure improvements; debt service reserve funds, arbitrage rebate obligations, or other amounts relating to bonds with respect to the aforementioned; and, advertising and promotion of the complex or the community. The Department of Revenue may audit to verify that the distributions have been expended pursuant to law.

This committee substitute substantially amends section 212.20, Florida Statutes, and creates section 288.1170, Florida Statutes.

II. Present Situation:

Chapter 88-226, L.O.F., established a funding mechanism for state support of the construction of professional sports facilities within Florida. (s. 288.1162, F.S.) Amended eight times since 1988, s. 288.1162, F.S., requires the Governor’s Office of Tourism, Trade, and Economic Development (OTTED) to screen facilities applying for state funding and certify the eligibility of an applicant

under one of three categories: “facility for a new professional sports franchise,” “facility for a retained professional sports franchise,” or “facility for a retained spring training franchise.” Current law caps the number of professional sports franchise facilities eligible for certification at eight and requires OTTED to certify at least five retained spring training franchises. To date, there are seven certified professional sports franchise facilities (six “new” facilities, one “retained” facility) and five certified spring training franchise facilities.

In 1993, the Legislature authorized the same type of funding mechanism for the Professional Golf Hall of Fame facility (s. 288.1168, F.S.) and, in 1996, for the International Game Fish Association World Center facility (s. 288.1169, F.S.). Applicants seeking designation as either of these facilities are also to be certified by OTTED.

Certification criteria generally include such things as relationship with and support of a unit of local government, projections for paid attendance, an independent analysis demonstrating that the amount of tax revenues projected to be generated will exceed any money received from the state, and demonstration of being able to provide or having financial or other commitments to provide more than one-half of the costs incurred or related to the improvement and development of a facility. Section 288.1162, F.S., also prohibits a previously certified applicant which has received funding based on its certification from being eligible for an additional certification. Sections 288.1168 and 288.1169, F.S., contain requirements for recertification by OTTED every 10 years, as well as mechanisms for imposing monetary sanctions for failure to meet all certification requirements.

Section 212.20, F.S., authorizes \$166,667 of general sales tax revenues to be distributed monthly (for up to 300 months) to a certified professional golf hall of fame. This same section authorizes \$83,333 of general sales tax revenues to be distributed monthly to the certified International Game Fish Association facility for up to 168 months. The monthly distribution for each applicant that has been certified as a “facility for a new professional sports franchise” or a “facility for a retained professional sports franchise” pursuant to s. 288.1162, F.S., is \$166,667, while up to \$41,667 is distributed monthly to each applicant that has been certified as a “retained spring training franchise facility.”¹ Distributions to these facilities are to continue for not more than 30 years.

The Department of Revenue is authorized to audit to verify that the distributions under the various sections have been expended as required by those sections; however, only s. 288.1162, F.S., states that the department may pursue recovery of funds if they have been determined to have been expended outside the requirements of the law. There are no procedures for decertification.

III. Effect of Proposed Changes:

This committee substitute provides for the distribution of a portion of revenues from the tax on sales, use, and other transactions to a motorsports entertainment complex that has been certified

¹ No more than \$208,335 may be distributed monthly in the aggregate to all certified retained spring training franchise facilities.

by the Office of Tourism, Trade, and Economic Development (OTTED) as meeting requirements specified in s. 288.1170, F.S., created by this committee substitute.

Section 1: Section 212.20, F.S., governs the distribution by the Department of Revenue of funds collected under the provisions of ch. 212, F.S. If the amendments to s. 212.20, F.S., made by ch. 2000-260, L.O.F., are not repealed, that section will also govern distributions of the taxes collected under the new telecommunications tax statutes enacted in 2000. Section 1 of this committee substitute amends s. 212.20(6)(e), F.S., as it will read if the telecommunications tax amendments are repealed.

This committee substitute amends s. 212.20(6)(e), F.S., to provide for the distribution of a portion of revenues from the tax on sales, use, and other transactions to a motorsports entertainment complex that has been certified by OTTED as meeting requirements specified in s. 288.1170, F.S., created by this committee substitute. Thirty days after OTTED notifies the Department of Revenue of an applicant's certification, an amount not to exceed \$83,333 shall be distributed monthly to the applicant for up to 360 months.

Section 2: This section is identical to Section 1 of this committee substitute except that Section 2 amends s. 212.20(6)(e), F.S., as it will read if the telecommunications tax amendments are not repealed.

Section 3: This committee substitute creates s. 288.1170, F.S., to delineate requirements for certification of an applicant as a motorsports entertainment complex, which is defined as a closed-course racing facility, with ancillary grounds and facilities. By definition, the motorsports entertainment complex must have at least 70,000 seats and seven scheduled days of motorsports events each calendar year. The complex must also have paid admissions of more than 200,000 annually, serve food during sanctioned motorsports races, and engage in tourism promotion.

Certification Criteria

OTTED shall serve as the state agency for certifying an applicant as a motorsports entertainment complex. In order to make this certification, OTTED must determine that:

- an applicant meets the definition of "motorsports entertainment complex" as defined in this section;
- a unit of local government holds title to the complex or the land on which the complex is located, or a unit of local government is responsible for the complex's construction, management, and operation;
- seven scheduled days of motorsports events were held at the complex in the most recently completed calendar year, or seven scheduled days of motorsports events are scheduled to be held at the complex in the calendar year which begins after the submission of the application;
- the applicant has an independent analysis, verified by OTTED, which demonstrates that the project will attract paid attendance of more than 200,000 annually or has attracted this level of paid attendance during the past calendar year;

- the applicant has an independent analysis, verified by OTTED, that demonstrates that the amount of revenues generated by taxes imposed with respect to the use and operation of the complex will equal or exceed \$1 million annually;
- the municipality or county in which the complex is located has certified by resolution after a public hearing that the application serves a public purpose;
- the complex is located in a county defined in s. 125.011(1), F.S.; and
- the applicant has demonstrated that it is capable of providing, or has financial or other commitments to provide, more than one-half of the costs that will be incurred for the improvement and development of the facility.

Post-Certification Notice

Once OTTED certifies an applicant as a motorsports entertainment complex, the office must send an official letter to the applicant and the executive director of the Department of Revenue notifying them of the certification. If OTTED does not certify an applicant, the office must notify the applicant no later than 10 days after making such determination.

Recertification

Each year, OTTED must recertify that a certified complex generates \$1 million in sales tax revenues. If the complex fails to do so, the distribution of revenues to the complex will be reduced until revenues generated by the complex equal or exceed \$1 million for a consecutive 12-month period. This committee substitute specifies a formula for providing distributions on a pro rata basis. OTTED must notify the Department of Revenue if it determines that the complex is no longer certified to receive distributions or if the distribution amount is to be adjusted. This committee substitute also specifies that no motorsports entertainment complex that has been previously certified under s. 288.1170, F.S., and has received funding under that certification is eligible for any additional certification.

Authorized Uses of Sales Tax Distributions

A certified applicant may use funds to pay for the following public purposes: construction, reconstruction, expansion, or renovation of the complex; related transportation or infrastructure improvements; debt service reserve funds, arbitrage rebate obligations, or other amounts relating to bonds with respect to the aforementioned; and, advertising and promotion of the complex or the community. The Department of Revenue may audit to verify that the distributions have been expended pursuant to law.

Section 4: This committee substitute takes effect October 1, 2001.

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:**

Although this committee substitute has not been reviewed by the Revenue Estimating Conference, the fiscal impact of its provisions can be estimated to be a Fiscal Year 2001-02 loss to the General Revenue Fund of approximately \$750,000 with a recurring loss of \$1 million. This estimate is based on the following:

- there is only one qualifying motorsports facility in the state (Metro-Dade Homestead Motorsports Complex);
- this committee substitute provides for monthly distributions of up to \$83,333 to certified motorsports entertainment complexes; and
- the effective date of this committee substitute is October 1, 2001.

B. Private Sector Impact:

As the motor sports entertainment industry continues to develop and improve in Florida, there may be a positive economic impact on private businesses near a facility.

C. Government Sector Impact:**Local Government**

In order for an applicant to be certified as a motorsports entertainment complex, the municipality or county in which the complex is located must certify by resolution after a public hearing that the application serves a public purpose.

State Government

According to the Office of Tourism, Trade, and Economic Development, the new applicant screening and certification process will have a minimal impact on the office. This committee substitute also requires the Department of Revenue to process sales tax distribution payments to certified complexes and authorizes the department to audit to verify that the distributions have been expended pursuant to law.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

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