

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: CS/SB 494

INTRODUCER: Commerce and Consumer Services Committee and Senator Diaz de la Portilla

SUBJECT: Economic Development Motorsports

DATE: March 31, 2006

REVISED: _____

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

I. Summary:

This committee substitute provides for a sales tax distribution of up to \$2 million for 30 years for a certified motorsports entertainment complex.

The Governor's Office of Tourism, Trade, and Economic Development (OTTED) is responsible for screening applicants and certifying the eligible motorsports entertainment complex. The criteria for certification are delineated in newly created s. 288.1171, F.S. The Homestead-Miami Speedway is the only complex that would meet these criteria.

This committee substitute substantially amends section 212.20 of the Florida Statutes and creates section 288.1171 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 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 generated,⁷ 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;

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

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.

- 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.

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.

Motorsports in Florida

Florida has many motorsports facilities, both publicly and privately owned. There are two major publicly owned motorsports entertainment complexes in the state: Daytona International Speedway (Volusia County) and the Homestead-Miami Speedway (Miami-Dade County). The Daytona International Speedway facility and property is owned by Volusia County with a small portion owned by the Volusia Racing Recreational District, a special district. The Homestead-Miami Speedway facility and property is owned by the City of Homestead. In both areas, the facilities are leased from the governmental entity to International Speedway Corporation (ISC) that operates the speedways.

The Daytona International Speedway was constructed in 1959 and is located on 480 acres. The facility has current seating of 165,059 and a 2.5-mile track with 31 degree banked turns. Events held at the Daytona International Speedway include NASCAR Nextel Cup Series, Busch Series, Craftsman Truck Series, Crown Royal IROC, and ARCA Re/Max Series.

The Homestead-Miami Speedway was constructed in 1995 and is located on 600 acres. The facility has current seating of 65,000 and a 1.5-mile tract with 30 degree banked turns. Events held at the Homestead-Miami Speedway include NASCAR Nextel Cup Series, Busch Series, Craftsman Truck Series, Grand American Road Racing Series, the Rolex Sports Car Series, and Championship Auto Racing Team Series.

Currently, there are no sales tax revenue distributions for motorsports entertainment complexes.

III. Effect of Proposed Changes:

Section 1 amends s. 212.20(6)(d)7., F.S., to provide a sales tax distribution to a motorsports entertainment complex that is certified by OTTED pursuant to s. 288.1171, F.S., which is created in section 2 of this committee substitute.

This section requires the Department of Revenue (DOR) to distribute up to \$166,667 monthly (\$2 million annually) to the certified motorsports entertainment complex. The DOR must begin the distributions 30 days after they have been notified by OTTED that the complex has been certified. Distributions must continue for 30 years.

This section further limits the sales tax distribution by tying the distribution amount to sales taxes collected by the complex. Specifically, each fiscal year's total distribution may not exceed the difference between the state sales taxes collected by the complex in the previous calendar year and those sales taxes collected in calendar year 2000.

Section 2 creates s. 288.1171, F.S., to provide definitions, to provide certification criteria for an applicant for a motorsports entertainment complex, to require OTTED to evaluate and certify applicants, and allow the DOR to audit to ensure funds have been properly expended.

This section defines “motorsports entertainment complex” as a closed-course racing facility, with ancillary grounds and facilities, which:

- Has at least 65,000 permanent seats;
- Has at least 7 scheduled days of motorsports events annually;
- Has at least 125,000 paid admissions annually;
- Serves food at the facility during motorsports events; and
- Engages in tourism promotion.

This section also defines the following terms: applicant, motorsports event, office, owner, sanctioning body, and unit of local government.

In addition to meeting the definition of a motorsports entertainment complex as specified above, an applicant for a certified motorsports entertainment complex must meet the following criteria:

- The complex, or the land on which the complex is located, must be owned by a unit of local government;
- The complex must have held at least seven scheduled days of motorsports events in the most recently completed calendar year or seven scheduled days of motorsports events must be scheduled in the calendar year after submission of the application;
- The applicant has completed an independent analysis that demonstrates that the project will attract, or in the most recently completed calendar year has attracted, paid attendance of more than 125,000 annually;
- The applicant must demonstrate that sales tax revenues will be at least \$1 million annually;¹⁰
- The municipality or county in which the complex is located has certified by resolution after a public hearing that the applicant serves a public purpose; and
- The complex is located in a county defined in s. 125.011(1), F.S.¹¹

¹⁰ The applicant may provide a certification by a nationally recognized certified public accounting firm to demonstrate that at least \$1 million of sales taxes will be generated annually.

¹¹ Section 125.011(1), F.S., provides that “county” means any county operating under a home rule charter adopted pursuant to ss. 10, 11, and 24, Art. VIII of the State Constitution of 1885, as preserved by Art. VIII, s. 6(e) of the State Constitution of

The Homestead-Miami Speedway is the only complex that would qualify under these criteria.

OTTED must evaluate applications and certify an applicant as a motorsports entertainment complex, and must make a determination regarding any application within 120 days after the application is filed. OTTED is authorized to adopt rules for receipt and processing of applications. Upon certification, OTTED must notify the applicant and the DOR of such certification. No complex certified under this section is eligible for any additional certification or funding under the section.

Funds distributed to the certified motorsports entertainment complex may only be used for the following purposes:

- Construction, reconstruction, expansion, or renovation of a motorsports entertainment complex;
- Debt Service or other amounts payable with respect to bonds issued for construction, reconstruction, expansion, or renovation, or refinancing of bonds;
- Construction, reconstruction, expansion, or renovation of transportation or other infrastructure improvements; and
- Advertising and promotion of or related to the motorsports entertainment complex, or the municipality or county in which the complex is located.

This section provides that the DOR may audit the certified motorsports entertainment complex to verify that the funds have been expended as required by the provisions of this section. If the DOR determines that the funds have not been expended as required by this section, it may pursue recovery of such funds.

Section 3 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:**

If a motorsports entertainment complex is certified to receive sales tax distributions pursuant to the provisions of this committee substitute, the result could be a loss of up to \$2 million annually to the General Revenue Fund for 30 years, for a maximum of \$60 million.

B. Private Sector Impact:

None.

C. Government Sector Impact:

OTTED may incur administrative costs relating to evaluating applications and certifying the motorsports entertainment complex. The DOR may incur administrative costs relating to auditing requirements and the implementation of the sales tax distributions.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

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.
