

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 637 Admissions Tax
SPONSOR(S): Finance & Tax Council; Dorworth
TIED BILLS: **IDEN./SIM. BILLS:** SB 1128

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1)	Finance & Tax Council	16 Y, 0 N, As CS	Aldridge	Langston
2)	Policy Council	12 Y, 3 N	Varn	Ciccione
3)	Economic Development & Community Affairs Policy Council		Tecler	Tinker
4)				
5)				

SUMMARY ANALYSIS

Council Substitute for House Bill 637 creates a new exemption from sales tax on admissions to:

- A National Basketball Association All-Star game
- A National Hockey League All-Star game
- The Home Run Derby held by Major League Baseball prior to the Major League Baseball all-star game
- The National Football League's Pro Bowl
- The National Basketball Association's Rookie Challenge, Celebrity Game, 3-Point Shooting Contest, and Slam Dunk Challenge

The Revenue Estimating Conference has estimated that the bill has no revenue impact in FY 2010-11, and has a recurring negative indeterminate impact on state and local government revenues in later years.

The bill provides an effective date of July 1, 2010.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

CURRENT SITUATION

Section 212.04, F.S., imposes a six percent sales tax on admissions. Section 212.04(2)(a), provides exemptions from the sales tax on admissions. Among these are exemptions for admissions to:

- The National Football League championship game
- Any semifinal game or championship game of a national collegiate tournament
- A Major League Baseball all-star game
- Any postseason collegiate football game sanctioned by the National Collegiate Athletic Association

Background

The state of Florida has hosted the following events:

<u>Year</u>	<u>Event</u>	<u>Location</u>	<u>Attendance</u>
1990	NBA All-Star Game	Miami	14,810
1992	NBA All-Star Game	Orlando	14,272
1999	NHL All-Star Game	Tampa	19,758
2003	NHL All-Star Game	Sunrise	19,250
2010	NFL Pro Bowl	Miami Gardens	70,697

The Orlando Business Journal has reported that Orange County is in the bidding process for the 2012 National Basketball Association All-Star Game.¹

Currently five states, Arizona, Florida, Michigan, Minnesota, and Texas provide tax exemptions for Super Bowl tickets.²

¹" 2012 NBA All-Star Game may come to Orlando's Amway Center," Orlando Business Journal, Dec 11, 2009, <http://orlando.bizjournals.com/orlando/stories/2009/12/14/story1.html>

PROPOSED CHANGES

CS/HB 637 provides that admissions to the following events are also exempt from sales tax:

- A National Basketball Association All-Star game
- A National Hockey League All-Star game
- The Home Run Derby held by Major League Baseball prior to the Major League Baseball All-Star Game
- The National Football League's Pro Bowl
- The National Basketball Association's Rookie Challenge, Celebrity Game, 3-Point Shooting Contest, and Slam Dunk Challenge

B. SECTION DIRECTORY:

Section 1. Amends s. 212.04(2)(a)4., F.S., providing an exemption from the sales tax on admissions for specified events.

Section 2. Provides an effective date of July 1, 2010.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The Revenue Estimating Conference has estimated that the bill has no revenue impact in FY 2010-11, and has a recurring negative indeterminate impact on state government revenues in later years.

2. Expenditures:

The Department of Revenue estimates an insignificant operational impact.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The Revenue Estimating Conference has estimated that the bill has no revenue impact in FY 2010-11, and has a recurring negative indeterminate impact on local government revenues in later years.

2. Expenditures:

The Department of Revenue estimates an insignificant operational impact.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

If the bill encourages the newly exempt events to be held in Florida, then positive job and income impacts can be expected in the communities in which such events may be held.

D. FISCAL COMMENTS:

None.

² Email from Bert L. Waisanen, Program Principal, Fiscal Affairs, National Conference of State Legislatures, March 18, 2010, on file with the Policy Council.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill reduces the authority that municipalities or counties have to raise revenues in the aggregate through local option sales taxes. Though the Revenue Estimating Conference has estimated the local government revenue impact of the bill to be negative indeterminate, historical information considered by the conference suggests that the impact on local governments in aggregate will be insignificant. Therefore, it is not expected that the bill is a mandate, requiring a 2/3ds vote of the membership of each house.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

On March 11, 2010, the Finance and Tax Council adopted one amendment removing language from the original bill that provided the sales tax exemption to “the events surrounding the all-star games for the National Basketball Association and the National Hockey League” and replaced it with clarifying language in the Council Substitute that those events are “The National Basketball Association's Rookie Challenge, Celebrity Game, 3-Point Shooting Contest, and Slam Dunk Challenge.”

The bill passed favorably as a Council Substitute. The analysis reflects the Council Substitute.