

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/HB 77 Sports Franchise Facilities  
**SPONSOR(S):** Government Accountability Committee; Avila and others  
**TIED BILLS:** IDEN./SIM. **BILLS:** SB 122

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Government Accountability Committee	14 Y, 5 N, As CS	Moore	Williamson
2) Appropriations Committee	21 Y, 8 N	Proctor	Leznoff

### SUMMARY ANALYSIS

Florida is home to many professional and semi-professional sports franchises. These franchises use facilities located on land leased from a local government and also have facilities on land they previously purchased from a local government.

The bill prohibits a sports franchise from constructing, reconstructing, renovating, or improving a facility on public land leased from the state or a political subdivision thereof. The bill also requires a sale of public land by the state or a political subdivision thereof for a sports franchise to construct, reconstruct, renovate, or improve a facility on such land to be at fair market value.

The bill requires a contract or agreement, or a renewal of or an amendment to an existing contract or agreement, entered into on or after July 1, 2017, between the state or a political subdivision and a sports franchise to fund the construction, reconstruction, renovation, or improvement of a facility to include a provision requiring the sports franchise to pay any outstanding debt incurred by the state or political subdivision to fund such construction, reconstruction, renovation, or improvement if the sports franchise permanently discontinues use of the facility.

The bill creates the following definitions:

- "Facility" means a structure, and its adjoining parcels of land, primarily used to host games or events held by a sports franchise.
- "Sports franchise" means a professional or semi-professional sports franchise, including, but not limited to, a franchise of the National Football League, the National Hockey League, the National Basketball Association, the National League or American League of Major League Baseball, Minor League Baseball, Major League Soccer, the North American Soccer League, or the promoter of a signature event sanctioned by the National Association for Stock Car Auto Racing.

The bill specifies that the provisions in the bill may not be construed to impair any contract entered into before July 1, 2017, without the consent of the parties.

The bill may have an indeterminate fiscal impact to both local and state government.

The bill provides for an effective date of July 1, 2017.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### Background

##### Florida Sports and Facilities

Many professional and semi-professional sports organizations and facilities reside in Florida. With respect to professional sports, Florida is home to professional football, basketball, baseball, hockey, and soccer teams and two National Association of Stock Car Racing (NASCAR) sanctioned tracks.<sup>1</sup> These teams use facilities located on land leased from a local government and also have facilities on land they previously purchased from a local government. Florida also hosts professional golf, tennis, equestrian, and rodeo events. Notably, the Breeder's Cup, Players Championship, and Daytona 500 all take place in Florida, and the Professional Golf Association (PGA) and Ladies Professional Golf Association (LPGA) both are headquartered in Florida.

Additionally, 15 Major League Baseball teams come to Florida every year for spring training in the state's Grapefruit League.<sup>2</sup> The teams use 14 spring training facilities, 13 of which are constructed on publicly owned land.<sup>3</sup> The only facility on privately owned land is the Atlanta Braves/ESPN Wide World of Sports Complex.<sup>4</sup>

Florida is also home to numerous minor league and semi-professional sports franchises in various sports.<sup>5</sup> Florida has many Minor League Baseball teams, three Arena Football League teams,<sup>6</sup> three North American Soccer League teams,<sup>7</sup> and two East Coast Hockey League teams.<sup>8</sup> Most of the facilities that such teams use are located on city- or county-owned land.<sup>9</sup>

The following table provides basic information about Florida's 10 professional sports franchises and their facilities:

Franchise	League	Inaugural Season	Home Facility	County	Facility Opened	Land Owner
Miami Dolphins	NFL	1966	Hard Rock Stadium	Miami-Dade	1987	South Florida Stadium LLC <sup>10</sup>
Tampa Bay Buccaneers	NFL	1976	Raymond James Stadium	Hillsborough	1998	Hillsborough County <sup>11</sup>
Miami Heat	NBA	1988	American Airlines Arena	Miami-Dade	1999	Miami-Dade County <sup>12</sup>
Orlando Magic	NBA	1989	Amway Center	Orange	2010	City of Orlando <sup>13</sup>

<sup>1</sup> NASCAR website, [http://www.nascar.com/en\\_us/NASCAR-Tracks.html](http://www.nascar.com/en_us/NASCAR-Tracks.html) (last visited Jan. 12, 2017).

<sup>2</sup> Florida Sports Foundation website, <http://www.flasports.com/spring-training> (last visited Jan. 12, 2017).

<sup>3</sup> Telephone conversation with John Webb, President of the Florida Sports Foundation (Jan. 12, 2017).

<sup>4</sup> *Id.*

<sup>5</sup> Florida Sports Foundation Director and Facilities Guide, 2014-2015, p. 17-25, *available at* <http://www.flasports.com/sports-development/directory-and-facilities-guide> (last visited Jan. 12, 2017).

<sup>6</sup> Arena League Football website, <http://www.arenafootball.com> (last visited Jan. 12, 2017).

<sup>7</sup> North American Soccer League website, <http://www.nasl.com/teams> (last visited Jan. 12, 2017).

<sup>8</sup> East Coast Hockey League website, <http://www.echl.com/directory> (last visited Jan. 12, 2017).

<sup>9</sup> The Florida Everblades (of the East Coast Hockey League) play at the Germain Arena in Lee County, which is privately owned. Lee County Property Appraiser's Office website, <http://www.leepa.org/Display/DisplayAccount.aspx?Account=BB00285430> (last visited Jan. 12, 2017).

<sup>10</sup> Miami-Dade County Property Appraiser's Office website, <http://www.miamidade.gov/propertysearch/#/> (last visited Jan. 12, 2017).

<sup>11</sup> Hillsborough County Property Appraiser's Office website, <http://gis.hcpafl.org/propertysearch/#/parcel/basic/18290972800000000010A> (last visited Jan. 12, 2017).

<sup>12</sup> Miami-Dade County Property Appraiser's Office website, <http://www.miamidade.gov/propertysearch/#/> (last visited Jan. 12, 2017).

Franchise	League	Inaugural Season	Home Facility	County	Facility Opened	Land Owner
Tampa Bay Lightning	NHL	1992	Amalie Arena	Hillsborough	1996	Hillsborough County <sup>14</sup>
Florida Panthers	NHL	1993	BB&T Center	Broward	1998	Broward County <sup>15</sup>
Miami Marlins	MLB	1993	Marlins Park	Miami-Dade	2012	Miami-Dade County <sup>16</sup>
Jacksonville Jaguars	NFL	1995	EverBank Field	Duval	1995	City of Jacksonville <sup>17</sup>
Tampa Bay Rays	MLB	1998	Tropicana Field	Pinellas	1990	St. Petersburg <sup>18</sup>
Orlando City Soccer Club (Lions)	MLS	2015	Orlando City Stadium	Orange	N/A <sup>19</sup>	Orlando City Soccer Club <sup>20</sup>

### City and County Authority to Sell and Lease Land

Florida law provides broad authority to cities and counties to conduct governmental functions and render governmental services, except when expressly prohibited by law.<sup>21</sup> Such authority includes, but is not limited to, certain statutorily enumerated powers and all implied authority necessary to effectively exercise those express powers, including the authority to contract and to purchase, lease, sell, and exchange real or personal property.<sup>22</sup>

Counties and municipalities may also offer private entities below-market rate leases or deeds for real property for economic development purposes.<sup>23</sup>

### State Funding for Professional Sports Facilities

Current law provides a process by which an applicant may be certified to receive state funding to make payments on bonds issued for the acquisition, construction, reconstruction, or renovation of a facility for a new or retained professional sports franchise.<sup>24</sup> The Department of Economic Opportunity (DEO) is responsible for screening and certifying applicants for state funding.<sup>25</sup> In order for an applicant to be certified, DEO must determine that a unit of local government<sup>26</sup> is responsible for the construction, management, or operation of the facility or holds title to the property on which the facility is located.<sup>27</sup> A certified applicant may receive up to \$166,667 monthly (\$2,000,004 annually) for a period of up to 30

<sup>13</sup> Orange County Property Appraiser's Office website, <https://www.ocpafl.org/searches/parcelsearch.aspx> (last visited Jan. 12, 2017).

<sup>14</sup> Hillsborough County Property Appraiser's Office website, <http://gis.hcpafl.org/propertysearch/#/parcel/basic/19291952R000010000140A> (last visited Jan. 12, 2017).

<sup>15</sup> Broward County Property Appraiser's Office website, [http://www.bcpa.net/RecInfo.asp?URL\\_Folio=494026070010](http://www.bcpa.net/RecInfo.asp?URL_Folio=494026070010) (last visited Jan. 12, 2017).

<sup>16</sup> Miami-Dade County Property Appraiser's Office website, <http://www.miamidade.gov/propertysearch/#> (last visited Jan. 12, 2017).

<sup>17</sup> Duval County Property Appraiser's Office website, [http://apps.coj.net/PAO\\_PropertySearch/Basic/Detail.aspx?RE=1308490000](http://apps.coj.net/PAO_PropertySearch/Basic/Detail.aspx?RE=1308490000) (last visited Jan. 12, 2017).

<sup>18</sup> Stephen Nohlgren, *What is Tropicana Field worth if Tampa Bay Rays Leave? That depends*, TAMPA BAY TIMES, Feb. 6, 2015, available at <http://www.tampabay.com/news/localgovernment/what-is-tropicana-field-worth-if-rays-leave-that-depends/2216781>.

<sup>19</sup> For more information about the Orlando City Stadium, visit <http://www.orlandocitysc.com/stadium> (last visited Jan. 12, 2017).

<sup>20</sup> Jeff Weiner, *Orlando OKs stadium-land deal with Orlando City Soccer Club*, ORLANDO SENTINEL, Jan. 25, 2016, available at <http://www.orlandosentinel.com/news/breaking-news/os-orlando-city-soccer-stadium-vote-20160125-story.html>.

<sup>21</sup> See ss. 125.01 and 166.021, F.S.

<sup>22</sup> Sections 125.01(3)(a) and 166.021(1), F.S. See also Art. VIII, s. 2, FLA. CONST.

<sup>23</sup> See ss. 125.045(5)(a) and 166.021(8)(e), F.S.

<sup>24</sup> Section 288.1162, F.S.

<sup>25</sup> Section 288.1162(1), F.S.

<sup>26</sup> The term "unit of local government" means a county, municipality, special district, district school board, local agency, authority, or consolidated city-county government or any other local governmental body or public body corporate and politic authorized or created by general or special law and granted the power to issue general obligation or revenue bonds. Sections 218.1162(4)(a) and 218.369, F.S.

<sup>27</sup> Section 288.1162(4)(a), F.S.

years.<sup>28</sup> The number of facilities that DEO may certify to receive funding is limited to eight, and each facility may only receive one certification.<sup>29</sup> Eight facilities have been granted certification, so no other facility is eligible to receive funding under this section.

In 2014, the Legislature created a new program to allow for distributions of state sales and use tax revenue to fund the construction, reconstruction, renovation, or improvement of professional sports franchise facilities.<sup>30</sup> DEO is responsible for administering the program and screening applicants for funding.<sup>31</sup> An applicant must be either a unit of local government that is responsible for the construction, management, or operation of a facility or an entity that is responsible for the construction, management, or operation of a facility that is located on property owned by a unit of local government.<sup>32</sup> A request for funding must be approved by the Legislature through enactment of a general law or conforming bill that is approved by the Governor.<sup>33</sup> An approved applicant may receive up to \$3 million per year for up to 30 years, depending upon the total cost of the project.<sup>34</sup> However, no funding requests have been approved by the Legislature since the program was created.

### **Effect of Proposed Changes**

The bill creates s. 288.11633, F.S., and prohibits a sports franchise from constructing, reconstructing, renovating, or improving a facility on public land leased from the state or a political subdivision thereof. The bill also requires a sale of public land by the state or a political subdivision thereof for a sports franchise to construct, reconstruct, renovate, or improve a facility on such land to be at fair market value.

The bill requires a contract or agreement, or a renewal of or an amendment to an existing contract or agreement, entered into on or after July 1, 2017, between the state or a political subdivision and a sports franchise to fund the construction, reconstruction, renovation, or improvement of a facility to include a provision requiring the sports franchise to pay any outstanding debt incurred by the state or political subdivision to fund such construction, reconstruction, renovation, or improvement if the sports franchise permanently discontinues use of the facility.

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The bill specifies that the provisions in the bill may not be construed to impair any contract entered into before July 1, 2017, without the consent of the parties.

### **B. SECTION DIRECTORY:**

Section 1. creates s. 288.11633, F.S., relating to sports franchise facilities.

Section 2. provides an effective date of July 1, 2017.

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<sup>28</sup> Section 212.20(6)(d)6.b., F.S.

<sup>29</sup> Section 288.1162(6), F.S.

<sup>30</sup> Chapter 2014-167, L.O.F.

<sup>31</sup> Section 288.11625(1), F.S.

<sup>32</sup> Section 288.11625(2)(b), F.S.

<sup>33</sup> Section 288.11625(4)(e), F.S.

<sup>34</sup> *Id.*; s. 288.11625(6)(a), F.S.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

See fiscal comments.

#### 2. Expenditures:

See fiscal comments.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

#### 1. Revenues:

See fiscal comments.

#### 2. Expenditures:

See fiscal comments.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

See fiscal comments.

### D. FISCAL COMMENTS:

There may be an indeterminate impact to state and local government, and sport franchises, for the payment of any outstanding debt related to the construction, renovation, or improvements of a sports franchise facility if the sports franchise permanently discontinues use of that facility, and has an agreement that was executed or amended on or after July 1, 2017. In these circumstances, the state or local government would no longer be obligated for the debt; the sports franchise would incur those costs.

To the extent a sports franchise purchases land at fair market value, the state or local government would receive increased revenues associated with the land purchase as well as property taxes on that land.

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

#### 1. Applicability of Municipality/County Mandates Provision:

Not applicable. The bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

#### 2. Other:

None.

### B. RULE-MAKING AUTHORITY:

None.

### C. DRAFTING ISSUES OR OTHER COMMENTS:

Other Comments: Meaning of Terms

The meaning of the terms “renovate” and “improve” is unclear.

Other Comments: Laws Requiring Facility Updates

It is unclear how the bill would affect a sports franchise that is mandated by law or regulation to update or “improve” its facility for safety reasons.

**IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**

On February 21, 2017, the Government Accountability Committee adopted an amendment and reported the bill favorably as a committee substitute. The amendment required a contract or agreement, or a renewal of or an amendment to an existing contract or agreement, entered into on or after July 1, 2017, between the state or a political subdivision and a sports franchise to fund the construction, reconstruction, renovation, or improvement of a facility to include a provision requiring the sports franchise to pay any outstanding debt incurred by the state or political subdivision to fund such construction, reconstruction, renovation, or improvement if the sports franchise permanently discontinues use of the facility. The amendment also specified that the bill may not be construed to impair any contract entered into before July 1, 2017, without the consent of the parties.

This analysis is drafted to the committee substitute as approved by the Government Accountability Committee.