

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Appropriations Subcommittee on Transportation, Tourism, and Economic Development

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BILL: SB 414

INTRODUCER: Senator Lee

SUBJECT: Sports Development

DATE: February 19, 2019

REVISED: \_\_\_\_\_

|    | ANALYST         | STAFF DIRECTOR  | REFERENCE  | ACTION                      |
|----|-----------------|-----------------|------------|-----------------------------|
| 1. | <u>Anderson</u> | <u>McKay</u>    | <u>CM</u>  | <u>Favorable</u>            |
| 2. | <u>Hrdlicka</u> | <u>Hrdlicka</u> | <u>ATD</u> | <u>Recommend: Favorable</u> |
| 3. | _____           | _____           | <u>AP</u>  | _____                       |

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**I. Summary:**

SB 414 repeals the Sports Development program in s. 288.11625, F.S. The program provides an avenue for applicants to apply for a distribution from the state to fund the construction or improvements to a professional sports franchise facility. Since the program was enacted in 2014, no application has been approved by the Legislature. The bill also makes conforming changes to other statutes, related to Sports Development program distributions and reporting requirements.

This bill has no fiscal impact.

The bill takes effect July 1, 2019.

**II. Present Situation:**

**Professional Sports in Florida**

Florida is home to 10 teams<sup>1</sup> currently competing in five major professional sports leagues, which include:<sup>2</sup>

| Franchise      | Sport    | League | Year Founded | Facility  | Facility Opened | County     |
|----------------|----------|--------|--------------|---|-----------------|------------|
| Miami Dolphins | Football | NFL    | 1966         | Hard Rock Stadium (previously Sun Life Stadium) | 1987            | Miami-Dade |

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<sup>1</sup> Inter Miami CF is an expansion team in Major League Soccer (MLS) due to begin play in 2020. Major League Soccer, *It's official: Major League Soccer awards expansion team to Miami*, January 29, 2018, available at <https://www.mlssoccer.com/post/2018/01/29/its-official-major-league-soccer-awards-expansion-team-miami> (last visited February 13, 2019).

<sup>2</sup> For general information related to professional sports in Florida, see the Florida Sports Foundation website available at <http://www.flasports.com/> (last visited February 13, 2019).

|                          |            |     |      |   |                                   |              |
|--------------------------|------------|-----|------|---|-----------------------------------|--------------|
| Tampa Bay Buccaneers     | Football   | NFL | 1976 | Raymond James Stadium                           | 1998                              | Hillsborough |
| Miami Heat               | Basketball | NBA | 1988 | American Airlines Arena                         | 1999                              | Miami-Dade   |
| Orlando Magic            | Basketball | NBA | 1989 | Amway Center                                    | 2010                              | Orange       |
| Tampa Bay Lightning      | Hockey     | NHL | 1992 | Amalie Arena (previously Tampa Bay Times Forum) | 1996                              | Hillsborough |
| Florida Panthers         | Hockey     | NHL | 1993 | BB&T Center                                     | 1998                              | Broward      |
| Miami Marlins            | Baseball   | MLB | 1993 | Marlins Park                                    | 2012                              | Miami-Dade   |
| Jacksonville Jaguars     | Football   | NFL | 1995 | TIAA Field (previously EverBank Field)          | 1995                              | Duval        |
| Tampa Bay Rays           | Baseball   | MLB | 1998 | Tropicana Field                                 | 1990, occupied by Rays since 1998 | Pinellas     |
| Orlando City Soccer Club | Soccer     | MLS | 2015 | Orlando City Stadium                            | 2017                              | Orange       |

Florida is also home to the Major League Baseball's (MLB) Spring Training Grapefruit League, with 15 teams holding preseason training and exhibition games in the state; two National Association of Stock Car Auto Racing (NASCAR) tracks in Daytona and Homestead; the headquarters of the PGA Tour and the LPGA; the US Tennis Association National Campus; and various other sports.<sup>3</sup>

## State Incentives for Professional Sports Franchises

### *Professional Sports Franchise Program*

The Professional Sports Franchise program provides the procedure by which professional sports franchises in Florida may be certified to receive a distribution from state sales and use tax revenue to pay for the construction or renovation of a facility for a new or retained professional sports franchise.<sup>4</sup> Local governments, non-profit, and for-profit entities may apply to the program. Approved applicants are eligible to receive annual payments totaling \$2,000,004 from the state for not more than 30 years.<sup>5</sup> The Department of Revenue (DOR) disburses the payments. The program is limited to eight certified facilities at one time.<sup>6</sup>

<sup>3</sup> Florida Sports Foundation, *Professional Teams*, available at <https://www.flasports.com/professional-teams/> (last visited February 13, 2019). See also Florida Grapefruit League homepage, available at <http://www.floridagrapefruitleague.com/>; NASCAR, *NASCAR Tracks*, available at <https://www.nascar.com/tracks>; PGA Tour, *About the PGA TOUR*, available at <https://www.pgatour.com/company/aboutus.html>; LPGA, *About LPGA*, available at <http://www.lpga.com/about-lpga>; USTA, *USTA Locations*, January 1, 2017, available at <https://www.usta.com/en/home/about-usta/usta-history/national/usta-locations.html> (all sites last visited February 13, 2019).

<sup>4</sup> Section 288.1162, F.S.

<sup>5</sup> Section 212.20(6)(d)6.b., F.S. The distributions are from the state's sales and use tax collection.

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

Currently, there are eight certified new or retained professional sports franchise facilities in Florida receiving distributions under the program. The facilities and distribution information for each are as follows:

| Facility Name                                      | Certified Entity                       | Franchise                            | First Distribution | Contract Expiration | Total distributions as of February 2019 |
|--|--|--------------------------------------|--------------------|---------------------|---|
| Hard Rock Stadium<br>(previously Sun Life Stadium) | Dolphins Stadium/South Florida Stadium | Florida (Miami) Marlins <sup>7</sup> | 06/1994            | 06/2023             | \$51,333,436                            |
| TIAA Field<br>(previously EverBank Field)          | City of Jacksonville                   | Jacksonville Jaguars                 | 06/1994            | 05/2024             | \$49,500,099                            |
| Tropicana Field                                    | City of St. Petersburg                 | Tampa Bay Rays                       | 07/1995            | 06/2025             | \$47,333,428                            |
| Amelie Arena<br>(previously Tampa Bay Times Forum) | Tampa Bay Sports Authority             | Tampa Bay Lightning                  | 09/1995            | 08/2025             | \$47,000,094                            |
| BB&T Center  | Broward County                         | Florida Panthers                     | 08/1996            | 07/2026             | \$45,166,757                            |
| Raymond James Stadium                              | Hillsborough County                    | Tampa Bay Buccaneers                 | 01/1997            | 12/2026             | \$44,333,422                            |
| American Airlines Arena                            | BPL, LTD                               | Miami Heat                           | 03/1998            | 03/2028             | \$41,833,417                            |
| Amway Center                                       | City of Orlando                        | Orlando Magic                        | 02/2008            | 01/2038             | \$22,166,711                            |

(Information from the Department of Revenue)<sup>8</sup>

### ***Sports Development Program***

In 2014, the Legislature created the Sports Development program to provide another procedure by which professional sports franchises in Florida can apply to receive a distribution of state sales and use tax revenue to pay for the construction or improvement of a professional sports franchise facilities. Distributions are limited to an annual cap of \$13 million for all certified applicants.<sup>9</sup> The maximum annual distribution for a single facility is \$3 million, and distributions can be made for up to 30 years for a potential maximum amount of \$90 million per certified applicant. Applicants are evaluated by the Department of Economic Opportunity (DEO) and recommended for funding to the Legislature. After receiving legislative approval, the

<sup>7</sup> The Marlins franchise relocated from Sun Life Stadium to Marlins Park for the 2012 baseball season.

<sup>8</sup> Department of Revenue, *Professional Sports Franchise distributions by Fiscal Year*, February 1, 2019 (on file with the Senate Commerce and Tourism Committee).

<sup>9</sup> Sections 212.20(6)(d)6.f. and 288.11625, F.S. The distributions are from the state's sales and use tax collection.

distributions are made by the DOR. A facility cannot be a participant of this program while receiving any distributions under another state sports facility program.

Eligible participants of the program are specified as professional sport franchises of the National Football League, the National Hockey League, the National Basketball Association, Major and Minor League Baseball, Major League Soccer, the North American Soccer League, the Professional Rodeo Cowboys Association, and a promoter or host of a signature event administered by the Breeders' Cup Limited or NASCAR.<sup>10</sup>

No applicant has been approved by the Legislature for this program. In 2015, four applicants were recommended by the DEO; in 2016, three applicants who had been recommended were recommended again; in 2017, one new applicant was recommended; and in 2018 and 2019, DEO did not receive any applications. No distributions have been approved by the Legislature in any year.<sup>11</sup>

### ***Reports***

Reports on both programs discussed above are prepared by the Office of Program Policy Analysis and Government Accountability (OPPAGA) and the Office of Economic and Demographic Research (EDR) every three years, according to a timetable set forth in statute.<sup>12</sup> The Sports Development program was scheduled for its first report in 2018, but was not evaluated in either the EDR report or the OPPAGA report because no applications have been approved by the Legislature.<sup>13</sup>

### **III. Effect of Proposed Changes:**

The bill repeals s. 288.11625, F.S., the Sports Development program (Section 1). The program will not be an available avenue for applicants to request state funding for the construction, reconstruction, renovation, or improvement of professional sports facilities.

The bill also makes conforming changes to several statutes:

- Section 212.20(6)(d)6.f., F.S., is repealed (Section 2). This sub-subparagraph directs the Department of Revenue to make distributions related to the Sports Development program.
- Section 212.205, F.S., is amended to correct a cross reference due to the repeal of s. 212.20(6)(d)6.f., F.S. (Section 5).
- Section 218.64(2) and 218.64(3)(c), F.S., are amended to repeal an authorization for municipalities to use their local government half-cent sales tax revenue to reimburse the state

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<sup>10</sup> Section 288.11625(2)(c), F.S.

<sup>11</sup> Letters from the DEO to the Legislature dated January 23, 2015, February 1, 2016, February 1, 2017, February 1, 2018, and February 1, 2019 providing a list of applications transmitted to the Legislature for approval are on file the Senate Transportation, Tourism, and Economic Development Appropriations Subcommittee.

<sup>12</sup> Section 288.0001, F.S.

<sup>13</sup> Office of Economic and Demographic Research, *Return on Investment for the Florida Sports Foundation Grants and Related Programs*, p. 1, fn. 4, January 1, 2018, available at <http://edr.state.fl.us/content/returnoninvestment/SportsGrantsandPrograms2018.pdf> (last visited February 13, 2019). Office of Program Policy Analysis and Government Accountability, *Florida Economic Development Program Evaluations – Year 5*, Report No. 17-14, p. 45, December 28, 2017, available at <http://www.oppaga.state.fl.us/MonitorDocs/Reports/pdf/1713rpt.pdf> (last visited February 13, 2019).

under the Sports Development program (Section 3). The Sports Development program requires reimbursement to the state for distributions under certain circumstances, such as if the professional sports franchise no longer uses the facility or a finding is made that the application contained fraudulent information.

- Section 288.0001(2)(c), F.S., is repealed (Section 5). This paragraph directs the EDR and OPPAGA to provide an analysis of the Sports Development program every three years.

The bill takes effect July 1, 2019.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

#### **V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

No applications have been approved by the Legislature under the program that the bill repeals.

C. Government Sector Impact:

The DEO has not received any applications to review in the past two application cycles.

#### **VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: 212.20, 212.205, 218.64, and 288.0001.

This bill repeals section 288.11625 of the Florida Statutes.

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.