

**The Florida Senate**  
**PROFESSIONAL STAFF ANALYSIS AND ECONOMIC 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: Transportation and Economic Development Appropriations Committee

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BILL: PCS for CS/SB 544

INTRODUCER: Transportation and Economic Development Appropriations Committee

SUBJECT: Economic Development for the Greater Tampa Bay, Greater Orlando and the Greater Miami-Dade Areas

DATE: April 17, 2007

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

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Pugh</u>	<u>Cooper</u>	<u>CM</u>	<u>Fav/CS</u>
2.	<u>Keating</u>	<u>Johansen</u>	<u>FT</u>	<u>Favorable</u>
3.	<u>Noble</u>	<u>Noble</u>	<u>TA</u>	<u>Pre-meeting</u>
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

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## **I. Summary:**

The Proposed Committee Substitute (PCS) for Committee Substitute for Senate Bill (CS/SB) 544 creates the “Economic Development for the Greater Tampa Bay, the Greater Orlando and the Greater Miami-Dade Areas Act”. The bill authorizes \$97.8 million in non-recurring general revenue funds, to be split equally among three professional sports franchises that are planning to either build new facilities or renovate existing facilities. The three franchises are: the Tampa Bay Lightning, the Orlando Magic, and the Florida Marlins.

The non-recurring lump-sum funding will be held in reserve by the Office of Tourism, Trade, and Economic Development (OTTED), and released to the applicable unit of local government only when the facility certification process is complete.

Funding under this act does not supplant the existing state sales tax revenue that is being received by the facilities used by the Lightning and the Marlins, pursuant to section 288.1162, Florida Statutes. Nor does this act eliminate the Magic’s opportunity to benefit from future sales tax distribution once it applies for and receives certification from OTTED under section 288.1162, Florida Statutes.

The PCS does not amend or create any Florida statutes.

## **II. Present Situation:**

### **Incentives for Sports Facilities**

Several state incentive programs are available to attract, recruit, and retain businesses in Florida. The majority of the programs are coordinated and administered by OTTED and Enterprise Florida, Inc. They range from tax exemptions and tax credits, to cash payments from state sales tax revenues pursuant to chapter 212, Florida Statutes.

In 1988, with the enactment of chapter 88-226, Laws of Florida (L.O.F.), the Legislature created a funding mechanism for state support of the construction of professional sports facilities in Florida. The now-defunct Department of Commerce was assigned the duties of screening applicants, developing rules for processing applications, and presenting the applications to the Legislature for funding approval.<sup>1</sup>

It was not until 1991 that the current structure for certification of facilities for professional sports franchises and the annual distribution of \$2 million to certified facilities became law. The first facility, Joe Robbie Stadium (now called Dolphin Stadium), with the Florida Marlins as the applicant, was certified in July 1993. It began receiving a distribution of state sales tax revenues in June 1994. Through Fiscal Year 2005-2006, this stadium has received nearly \$26.7 million in state sales tax revenues pursuant to section 212.20, F.S.

Over the years, seven facilities for professional sports franchises have been certified pursuant to section 288.1162, F.S. Through Fiscal Year 2005-2006, they have received about \$147.2 million total in state funding pursuant to section 212.20, F.S.

The statutory criteria used by OTTED for certification of professional sports facilities include:

- A unit of local government must be responsible for the construction, management, or operation of the professional sports franchise facility, or holds title to the property on which the professional sports franchise facility is located;
- A new professional sports franchise has agreed to use the facility for 10 years and a retained franchise has agreed to use the facility for 20 years;
- The franchise's governing league approves of the facility;
- Verified projections indicate the franchise will draw more than 300,000 people annually in paid attendance;
- An independent analysis or study, verified by OTTED, demonstrating that the amount of state sales tax generated by the facility will be at least \$2 million annually;
- The county or municipality in which the facility is or will be located certifies that the application serves a public purpose;
- The applicant demonstrates that it has provided, is capable of providing, or has commitments to provide more than 50 percent of the funds necessary to pay the costs incurred or related to the facility; and
- The applicant has not been previously certified and received funds for the certified facility.

Funds to be distributed under section 212.20, F.S., for certified facilities must be used only for the acquisition, construction, reconstruction, or renovation of a facility for a new or retained professional sports franchise; to pay or pledge for the payment of debt service, debt service reserve funds, arbitrage rebate obligations, or other amounts payable with respect to any bonds

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<sup>1</sup> See ch. 88-226, L.O.F. (Filed as HB 1717 by Rep. Bell, et al.)

issued for the acquisition, construction, reconstruction, or renovation of such a facility; for the reimbursement of these costs; or for refinancing bonds issued for these purposes.

No facility can be certified more than once.<sup>2</sup> No sports franchise can be the basis for more than one certification unless the previous certification was withdrawn by the facility or invalidated by OTTED before funds were distributed under section 212.20, F.S., or the previous certification occurred between May 23 and May 25, 1993.<sup>3</sup> However, any funds distributed pursuant to section 212.20, F.S., for the second certification must be offset by the amount distributed to the previous certified facility, and distribution of funds for the second certification shall not be made until all amounts payable for the first certification have been distributed.<sup>4</sup>

### **Florida's 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.<sup>5</sup> According to OTTED, there are currently seven certified professional sports franchise facilities:<sup>6</sup>

- Dolphin Stadium (formerly Joe Robbie Stadium and Pro Player Stadium), home of the Florida Marlins<sup>7</sup>;
- Alltel Stadium, home of the Jacksonville Jaguars;
- Tropicana Field, home of the Tampa Bay Devil Rays;
- 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.

An anticipated eighth certified facility is specified in law. This facility shall be for a franchise that is a member of the National Basketball Association, has been located within the state since 1987, and has not been previously certified.<sup>8</sup> The only professional sports franchise in Florida that meets these criteria is the Orlando Magic. This provision is scheduled for repeal on July 1, 2010. Recent news reports indicate the Magic, Orange County, and the City of Orlando are discussing a \$480 million proposal, including land and infrastructure costs.<sup>9</sup>

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<sup>2</sup> Section 288.1162(4)(d), F.S.

<sup>3</sup> Section 288.1164(9), F.S.

<sup>4</sup> Ibid.

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> The Miami Dolphins also play in Dolphin Stadium.

<sup>8</sup> Section 288.1162(7)(b), F.S., as amended by s. 2, ch. 2006-262, L.O.F.

<sup>9</sup> Orlando Sentinel, "Is Arena Deal too Good to Magic?" published Jan. 30, 2007. Article available at: <http://www.orlandosentinel.com/news/local/orange/orl-arenamoney3007jan30,0,1398391.story?coll=orl-home-headlines>.

### III. Effect of Proposed Changes:

The PCS for CS/SB 544 creates a certification process for three professional sports franchise facilities that, if met, will make available \$97.8 million in non-recurring general revenue funds to the applicable local governments to help pay for these facilities.

Section 1 creates the “Economic Development for the Greater Tampa Bay, the Greater Orlando, and the Greater Miami-Dade County Areas Act”. The finding is that professional sports franchises and their ancillary operations promote and attract tourism and recreation to the state and improve the prosperity of the state and local communities where the franchises are located, thus providing an appropriate public purpose for the expenditure of state funds.

Under section 1, OTTED shall certify applicants for three professional sports franchise facilities that meet the following certification requirements:

- A unit of local government is responsible for the construction, maintenance, or operation of the professional sports franchise facility, or holds title to or a leasehold interest in the property on which the professional sports franchise facility is or will be located;
- The person filing on behalf of the applicant is or will be the owner or operator of the professional sports franchise facility;
- The applicant has projections, verified by OTTED, demonstrating that the professional sports franchise will attract a paid attendance of more than 300,000 annually;
- The applicant has an independent analysis or study, verified by OTTED, demonstrating that the amount of revenues generated by the state sales and use tax imposed under chapter 212, F.S., through activities at the professional sports franchise facility, will equal at least \$4 million annually;
- The municipality or county in which the facility for a professional sports franchise is or will be located has certified by resolution after a public hearing that the application serves a public purpose;
- OTTED has received a signed agreement from the applicant or current owner of the professional sports franchise guaranteeing that the franchise will play at least 90 percent of its home games at the facility, including preseason, regular season, and postseason games. Except in the case of a force majeure event, if the franchise fails to meet this requirement, the guarantor per the terms of the agreement will pay the Department of Revenue (DOR) the difference, if any, between the amount of state funds distributed pursuant to this act and the total amount of the sales and use tax revenues generated by the facility from the date the state funds were distributed under this section until the date the franchise ceased to play games at the franchise facility;
- Local governmental/ private match of funds or commitment of funds for the construction of or improvements to a facility of at least \$60 million in the aggregate.

The PCS appropriates the non-recurring sum of \$97.8 million in general revenue funds to OTTED for distribution to the applicable units of local government that are responsible for the construction, management, or operation of the professional sports franchise facility, or that hold title to the property on which the facility is located for the purpose of acquisition, construction, reconstruction, renovation, capital improvement or maintenance, for the benefit of three teams.

The appropriation is to be split equally for new or renovated facilities benefiting the following professional sports franchises: the Tampa Bay Lightning, the Orlando Magic, and the Florida Marlins.

OTTED will distribute the money to a local government only after it determines all the requirements listed in this act have been met.

The PCS specifies the eligible uses of the state funds, which include:

- The construction, reconstruction, renovation, capital improvement or maintenance of the certified facility or ancillary facilities.
- Payment of debt service on, and any issuance costs incurred in connection with, bonds or other indebtedness issued for the construction, reconstruction, renovation, or capital improvement of the certified facility or ancillary facilities.
- Reimbursement of costs for the refinancing of bonds or other indebtedness issued for the construction, reconstruction, renovation, or capital improvement of the certified facility or ancillary facilities.

Section 1 also defines several terms used in the act: “force majeure event,” “league,” “professional sports franchise,” and “unit of local government.”

Section 2 provides that this act shall take effect July 1, 2007.

#### **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:**

The PCS for CS/SB 544 appropriates \$97.8 million in non-recurring general revenue funds to OTTED, to be held in reserve until specific conditions are met, and then distributed to the applicable units of local government for professional sports facilities benefiting the Tampa Bay Lightning, the Orlando Magic, and the Florida Marlins. The appropriation will be split equally among the three facilities.

Funding under this act will be in addition to the existing state sales tax revenue that is being received by the facilities used by the Lightning and the Marlins, and which is contemplated for the Magic, pursuant to section 288.1162, F.S.

**B. Private Sector Impact:**

Indeterminate, but positive to the three professional sports franchises that will be receiving financial assistance to help build new facilities, or renovate an existing facility, where their teams play. To the extent that a new or newly renovated sports facility encourages private development in the same neighborhood, property owners and businesses are likely to benefit, as well.

**C. Government Sector Impact:**

OTTED is likely to incur minimal, indeterminate administrative expenses to implement the provisions of this PCS.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

## **VIII. Summary of Amendments:**

None.

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This Senate Professional Staff Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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