Return on Investment for the Florida Sports Foundation Grants and Related Programs

Florida Sports Foundation Grant Program
Professional Sports Franchise Incentive
Spring Training Baseball Franchise Facility Incentive

April 2024

Table of Contents

EXECUTIVE SUMMARY

Background and Purpose

Legislation enacted in 2013 and revised in 2014 directs the Office of Economic and Demographic Research (EDR) and the Office of Program Policy Analysis and Government Accountability (OPPAGA) to analyze and evaluate specific state economic development incentive programs on a recurring three-year schedule.[1] EDR is required to evaluate the economic benefits of each program, using project data from the most recent three-year period, and to provide an explanation of the model used in its analysis and the model's key assumptions. Economic Benefit is defined as "the direct, indirect, and induced gains in state revenues as a percentage of the state's investment" – which includes "state grants, tax exemptions, tax refunds, tax credits, and other state incentives."[2] EDR's evaluation also requires identification of jobs created, the increase or decrease in personal income, and the impact on state Gross Domestic Product (GDP) for each program.

This is EDR's fourth evaluation of sports-related programs.[3] Three programs are addressed by this analysis:

- Florida Sports Foundation (FSF) Grant Program;
- Professional Sports Franchise Incentive;
- Spring Training Baseball Franchise Incentive; and

While other sports-related programs exist, they are not evaluated in this report.[4] The review period covers Fiscal Years 2019-20, 2020-21, and 2021-22.

Explanation of Return on Investment

In this report, the term "Return on Investment" (ROI) is synonymous with economic benefit, and is used in lieu of the statutory term. This measure does not address issues of overall effectiveness or societal benefit; instead, it focuses on tangible financial gains or losses to state revenues.

The ROI is developed by summing state revenues generated by a program less state expenditures invested in the program, and dividing that calculation by the state's investment. It is most often used when a project is to be evaluated strictly on a monetary basis, and externalities and social costs and benefits—to the extent they exist—are excluded from the evaluation. The basic formula is:

$$\frac{\text{(Increase in State Revenue – State Investment)}}{\text{State Investment}}$$

[1] Section 288.0001, F.S. Prior to the 2024 Session, seventeen major programs were specified.
[2] Section 288.005(1), F.S.
[3] The previous reports can be found at EDR's website: http://edr.state.fl.us/Content/returnoninvestment/**.** The specified programs for this review were substantially changed by Ch. 2023-173, L.O.F.
[4] Two additional programs were technically scheduled for review: the Food and Beverage Concession and Contract Awards to Minority Business Enterprises (s. 288.1167, F.S.) and the Homeless Shelter Designation of Sports Facilities (s. 288.1166, F.S). Because neither program generates distinctive tax revenues for the state which are unique to its program, they have not been reviewed.

Since EDR's Statewide Model[5] is used to develop these computations and to model the induced and indirect effects, EDR is able to simultaneously generate State Revenue and State Investment from the model so all feedback effects mirror reality. The result (a net number) is used in the final ROI calculation.

As used by EDR for this analysis, the returns can be categorized as follows:

- **Greater Than One (>1.0)**…the program more than breaks even; the return to the state produces more revenues than the total cost of the incentives.
- **Equal To One (=1.0)**…the program breaks even; the return to the state in additional revenues equals the total cost of the incentives.
- **Less Than One, But Positive (+, <1)**…the program does not break even; however, the state generates enough revenues to recover a portion of its cost for the incentives.
- **Less Than Zero (-, <0)**…the program does not recover any portion of the incentive cost, and state revenues are less than they would have been in the absence of the program. This typically occurs because taxable activity is shifted to non-taxable activity.

The numerical ROI can be interpreted as return in tax revenues for each dollar spent by the state. For example, an ROI of 2.5 would mean that $2.50 in tax revenues is received back from each dollar spent by the state.

The basic formula for ROI is always calculated in the same manner, but the inputs used in the calculation can differ depending on the needs of the investor. Florida law requires the return to be measured from the state's perspective as the investor, in the form of state tax revenues. In this regard, the ROI is ultimately shaped by the state's tax code.

Overall Results and Conclusions

As the graph below shows, the ROI for the various sports-related programs ranged from -0.93 to 1.21 [See Table below]. The primary reason for the downward shift in the ROIs is due to the COVID health crisis. Because large gatherings were discouraged during the crisis, many of the Special Events had limited spectator participation due to restrictions. These programs are designed to bring events to Florida, thus attracting out-of-state tourists. Hence, the restricted attendance negatively influenced the effectiveness of the programs. For more information about COVID's effect on Florida's economy during the crisis, see the attached contemporaneous report [Appendix Two]. The only program with an ROI that was not negative was the Florida Sports Foundation (FSF) Grant Program. There are a number of distinguishing traits between the FSF Grant Program and the other programs that account for this difference.

Program	2023 ROI	2020 ROI	2018 ROI	2015 ROI
FSF Grant Program	1.21	4.27	4.77	4.72*
Professional Sports Incentive	-0.80	0.75	0.32	0.30
Spring Training Incentive	-0.90	0.54	0.22	0.11

*Formerly Reported as 5.61; revised to 4.72 after applying new methodology to the prior inputs.

[5] See the Methodology section for more details.

First, FSF grants fund sporting events rather than finance facilities, and the grants are relatively small in comparison to the facility subsidies. The average FSF grant award within the review period was approximately $21,527, with an estimated 502,263 out-of-state visitors attributed to the subsidized sporting events held during the three affected years.

While events held in facilities funded by the Professional Sports Franchise Incentive brought in a larger number of out-of-state visitors, the higher costs of that program adversely impacted its ROI. As an example, the latest professional sports arena built in Florida cost upwards of $450 million, and the state incentive committed $2 million a year for the next 30 years to help subsidize its construction cost. In total, the incentives cost $16 million per year. In contrast, the FSF grant program spent approximately $7.7 million for all three fiscal years in the review period. The lower awards of FSF compared to the other programs is a significant factor in its higher ROI.

Second, events funded through the FSF program attract more out-of-state participants and visitors than in-state participants and visitors by design. The FSF grant program was the only program during the review period to have more out-of-state visitors than in-state visitors. This contributed to its higher ROI. The Professional Sports Franchise Incentive has a much smaller percentage—13.9 percent was used in this analysis.

Third, the FSF grant program funds single sporting events that will occur in the near future. This allows the FSF to more accurately estimate the economic impact of these sporting events, as well as to adjust the grant amount accordingly. For the other incentive programs, the state commits itself for 10, 15 or 30 years. This is problematic because the long-term economic impact of these sport teams is far from clear when the initial evaluation is made. Further, the introduction of more persistent economic shocks, such as the COVID health crisis, are rarely if ever considered.

Because of the close linkage between the sports-related programs and tourism, EDR believes that the "best" working ROIs are more reflective of these programs over a longer period of time and should be used for all forward-looking analyses:[6]

- Florida Sports Foundation (FSF) Grant Program...ROI of 4.3
- Professional Sports Franchise Incentive...ROI of 0.75
- Spring Training Baseball Franchise Incentive...ROI of 0.54

[6] For additional discussion related to the pandemic impact of COVID on tourism, see EDR's 2024 Return on Investment for VISIT FLORIDA at http://edr.state.fl.us/Content/returnoninvestment/Tourism2024.pdf.

METHODOLOGY

Statewide Model
EDR is tasked with evaluating the economic benefits of economic development incentive programs. Economic Benefit is defined as "the direct, indirect, and induced gains in state revenues as a percentage of the state's investment" – which includes "state grants, tax exemptions, tax refunds, tax credits, and other state incentives."[7] This measure does not address issues of overall effectiveness or societal benefit; instead, it focuses on tangible financial gains or losses to state revenues, and is ultimately conditioned by the state's tax policy.

EDR used the Statewide Model to estimate the Return on Investment for the programs under review. The Statewide Model is a dynamic computable general equilibrium (CGE) model that simulates Florida's economy and government finances.[8] The Statewide Model is enhanced and adjusted each year to reliably and accurately model Florida's economy. These enhancements include updating the base year the model uses as well as adjustments to how the model estimates tax collections and distributions.[9]

Among other things, the Statewide Model captures the indirect and induced economic activity resulting from the direct program effects. This is accomplished by using large amounts of data specific to the Florida economy and fiscal structure. Mathematical equations[10] are used to account for the relationships (linkages and interactions) between the various economic agents, as well as likely responses by businesses and households to changes in the economy.[11] The model also has the ability to estimate the impact of economic changes on state revenue collections and state expenditures in order to maintain a balanced budget by fiscal year.

When using the Statewide Model to evaluate economic programs, the model is "shocked"[12] using static analysis estimates of the initial or direct effects attributable to the projects funded by the incentives. In this analysis, direct effects are essentially the changes experienced by the businesses receiving the grants. Generally, the combined annual direct effects addressed the following issues:

- Incentive payments within the context of the state budget, including the corresponding award to businesses as subsidies to production.
- Capital investments related to the program.
- Demand associated with out-of-state visitor expenditures.

After the direct effects are developed and estimated, the model is then used to estimate the additional—indirect and induced—economic effects generated by the programs, as well as the supply-

[7] Section 288.0001, F.S., as created by s. 1, ch. 2013-39, Laws of Florida, and s. 1, ch. 2013-42, Laws of Florida.
[8] The statewide economic model was developed using GEMPACK software with the assistance of the Centre of Policy Studies (CoPS) at Victoria University (Melbourne, Australia).
[9] Reports as of January 1, 2024 have 2019 as the base year.
[10] These equations represent the behavioral responses to economic stimuli to changes in economic variables.
[11] The business reactions simulate the supply-side responses to the new activity (e.g., changes in investment and the demand for labor).
[12] In economics, a shock typically refers to an unexpected or unpredictable event that affects the economy, either positive or negative. In this regard, a shock refers to some action that affects the current equilibrium or baseline path of the economy. It can be something that affects demand, such as a shift in the export demand equation; or, it could be something that affects the price of a commodity or factor of production, such as a change in tax rates. In the current analyses, a counter-factual shock is introduced to remove the impact of the incentives on the economy.

side responses to the new activity, where the supply-side responses are changes in investment and the demand for labor arising from the new activity. Indirect effects are the changes in employment, income, and output by local supplier industries that provide goods and services to support the direct economic activity. Induced effects are the changes in spending by households whose income is affected by the direct and indirect activity.

All of these effects can be measured by changes (relative to the baseline) in the following outcomes:

- State government revenues and expenditures
- Jobs
- Personal income
- Florida Gross Domestic Product
- Gross output
- Household consumption
- Investment
- Population

EDR's calculation of the Return on Investment (ROI) used the model's estimate of net state revenues and expenditures. Other required measures for this report include the number of jobs created, the increase or decrease in personal income, and the impact on gross state product, all of which are included in the model results.

As with previous evaluations, EDR's calculation of ROI is based on the net economic impact rather than the gross economic activity generated by or attributed to program projects. The impact is due to new economic activity induced by a state subsidy after taking account of what would have occurred in the absence of this particular investment. EDR employs a number of approaches to isolate the new economic activity, including an assessment of the "but-for" assertion and accounting for any "Substitution Effect" on consumer spending induced by incentives or investments.

Incentive proponents assert that "but for" economic incentives, new business activities would not have otherwise occurred – in effect, the incentive is the primary or the determining factor in those business decisions. Similarly, some site selection and economic development professionals believe that incentives tip the scales between competing sites when all other factors are relatively equal. EDR's analysis of the three programs under review generally assumes that state incentives were the determining factor in the location decision of the sports program or sporting event, provided the program was designed to attract or retain sports-related activity to the state.

Regarding the Substitution Effect, there is consensus among economists that the only tangible economic benefits to the area economy from subsidies for professional and amateur sporting events are the result of new spending associated with the events.[13] This new spending is primarily by visitors from out-of-area, to the extent that such spending would not have otherwise occurred absent attending the event; however, it can also include capital expenditures.

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[13] For a discussion of these issues, see Appendix Two: Assessing the Economic Benefits of Public Subsidies for Professional Sports Facilities: A Literature Review, in "Return on Investment for The Florida Sports Foundation Grants and Related Programs, January 1, 2015: http://edr.state.fl.us/Content/returnoninvestment/SportsGrantsandPrograms.pdf

New spending specifically excludes “substitute” spending by in-area residents and “casual visitors” or “time-switchers” whose primary purpose for visiting is unrelated to the event. In these cases, the same amount would have been spent elsewhere, and the spending related to the sports event is simply redirected from what would have occurred absent the event. This “substitution effect” is best described as the expenditure of limited disposable entertainment income in or about the sports facility, rather than in other areas of the local economy. Because disposable personal income is fixed in the short run, this expenditure results in increases in discretionary spending in one area of the economy at the expense of another.

Out-of-State expenditures were calculated from estimates of the out-of-state visitors associated with the various programs, the daily expenditure amounts from those visitors, and the expected duration of each visit. If not otherwise stated in the Program Findings, VISIT FLORIDA average daily expenditures for domestic visitors and average duration of stay were used. To distribute the daily expenditures into the model, the analysis used VISIT FLORIDA’s expenditure categories for domestic visitors. This distributed the expenditures into six categories: Retail, Lodging, Food & Beverage, Transportation, Entertainment and other expenses. Taxable ticket sales to the sporting events were not separately estimated as ticket sales are captured in the overall Entertainment expenditure category. The resulting net economic benefit may then be proportionately attributed to all contributors or contributing public programs.

As for proportional attribution, in all but one of the facility construction programs, local governments contributed to the project funding. Further, these local sources financed a majority of the construction of the sport facilities that the state programs also helped fund. Similarly, sporting events that received grants from the Florida Sports Foundation also received grants from local sport commissions. For the purposes of this analysis, EDR proportionately attributed the out-of-state visitors between the state and the local funding sources.

Accounting for the “Substitution Effect” and proportionately attributing economic benefit are two of the strategies used to derive a credible estimate of program ROI to the state.

Data Sources and Development of the Universe

There were two primary sources of information for the three programs under review: The Florida Sports Foundation for program data and the Florida Department of Revenue for sales and use tax distributions. Surveys, impact studies and documents related to bonding of sports facilities supplemented this information. Detailed information is provided in the Program Findings; however, only data related to the review period, Fiscal Years 2019-20, 2020-21, and 2021-22, is considered in the evaluation.

Key Assumptions

The following key assumptions are used in the Statewide Model to determine the outcomes of the programs under review. Some of the assumptions are used to resolve ambiguities in the literature, while others conform to the protocols and procedures adopted for the Statewide Model.

1. The analysis assumes that state incentives were the determining factor in the sports program or sporting event's location decision, since the programs were designed to attract or retain sports-related activity to the state.

2. The analysis assumes all data provided by Florida Sports Foundation, Department of Revenue and other entities was complete and accurate. The data was not independently audited or verified by EDR.

3. The analysis assumes that given the time span under review, applying discount rates would not prove material to the outcome.

4. The analysis treats all grants, distributions or license plate revenues as a loss to the state's General Revenue Fund.

5. The analysis assumes that any expenditure made for incentives is a redirection from the general market basket of goods and services purchased by the state. Similarly, any revenue gains from increased business activities are fully spent by the state.

6. The analysis assumes the relevant geographic region is the whole state, not individual counties or regions. The Statewide Model does not recognize that any economic benefit arises from intrastate relocation. However, the model accounts and makes adjustments for the fact that industries within the state cannot supply all of the goods, services, capital, and labor needed to produce the state's output.

7. The analysis assumes that businesses treated the incentives as subsidies. The subsidies lowered the cost of operation for each individual firm.

8. The analysis assumes distribution of capital purchases by each business was the same as the industry in which it operates. This assumption was made because data was not available regarding the specific capital purchases associated with each project. It is also assumed that the businesses benefiting from a particular program were not large enough to affect the rate of return on capital within the industries in which the businesses operated.

9. The analysis assumes that the demand created by the sport or sports-related event from out-of-state visitors did not displace the demand for goods and services of existing Florida businesses. To do this, demand associated with the events was assumed to be from the rest of the world. The "rest of the world" is defined as other states or the international market.

10. The analysis assumes that ticket sales to the sporting events are captured by the VISIT FLORIDA visitor expenditure breakdown for out-of-state visitors. For in-state attendees, the analysis assumes that the tax associated with ticket purchases would have been collected from alternative or substitute purchases, and there is no net gain to the state.

11. The analysis assumes that all events not associated with the professional sports team, spring training team or bowl games that were hosted in those facilities could have been hosted elsewhere in the region. Therefore, these events were not included in the analysis.

12. The analysis assumes that when the financing responsibilities for facilities or events are shared, the economic benefit should be proportionately attributed among the public contributors based on the amount that each source contributes (see Appendix One).

13. The analysis did not take into account costs other than stadium financing or grant assistance. These costs include long-term maintenance and operation costs, infrastructure and land costs, or foregone property taxes usually borne by the local authorities for stadiums, arenas and ballparks. This cost burden usually falls on local governments or other publicly subsidized entities. For example, at the amateur level, local sports commissions host or help host the events. These costs were not included because of the lack of available data or the non-monetary nature of the assistance. For this reason, it is likely that the split overestimates the state share of these sporting events.

Key Terms

In the pages that follow, the analysis for each program includes diagnostic tables describing the composition and statistics of the projects under review. Key terms used in the tables are described below:

Actual State Payments Used in Analysis – Represents the amount of state payments made to the program in each fiscal year.

Total Net State Revenues $ (M) – Represents the amount of new state revenue generated by the program in each fiscal year.

Personal Income (Nominal $(M)) – Reflects income received by persons from all sources. It includes income received from participation in production as well as from government and business transfer payments. It is the sum of compensation of employees (received), supplements to wages and salaries, proprietors' income with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance.

Real Disposable Personal Income (Fixed 2018-19 $(M)) – Reflects total after-tax income received by persons; it is the income available to persons for spending or saving.

Real Gross Domestic Product (Fixed 2018-19 $(M)) – Measures the state's output; it is the sum of value added from all industries in the state. GDP by state is the state counterpart to the Nation's gross domestic product.

Consumption by Households and Government (Fixed 2018-19 $(M)) – Reflects the goods and services purchased by persons plus the expenditures by governments consisting of compensation of general government employees, consumption of fixed capital (CFC), and intermediate purchases of goods and services less sales to other sectors and own-account production of structures and software. It excludes current transactions of government enterprises, interest paid or received by government, and subsidies.

Real Output (Fixed 2018-19 $(M)) – Consists of sales or receipts and other operating income, plus commodity taxes and changes in inventories.

Total Employment (Jobs) – Provides estimates of the number of jobs, full time plus part time, by place of work. Full time and part time jobs are counted at equal weight. Employees, sole proprietors and active partners are included, but unpaid family workers and volunteers are not included.

Population (Persons) – Reflects first of year estimates of people, includes survivors from the previous year, births, special populations, and three types of migrants (economic, international, and retired).

PROGRAM FINDINGS

FLORIDA SPORTS FOUNDATION GRANT PROGRAM

Program Description

During the review period, the Florida Sports Foundation, Inc. (FSF) was a 501(c)(3) non-profit corporation, serving as the Sports Industry Development Division of Enterprise Florida, Inc. (EFI).[14] After EFI was abolished in 2023, FSF became a direct-support organization of the reactivated Department of Commerce.[15]

The Legislature first authorized the designation of a direct support organization to assist the state in the promotion and development of the sports industry in 1989.[16] In 1995, the Legislature authorized the sale of professional sports team license plates, the proceeds of which were allocated to the FSF to:

- Fund major sporting events;
- Promote the economic development of the sports industry;
- Distribute licensing and royalty fees to participating pro sports teams;
- Institute a grant program for communities bidding on minor sporting events that create an economic impact for the state;
- Distribute funds to Florida-based charities designated by the FSF and the participating pro sports teams; and
- Fulfill sports-promotion responsibilities of the Department required by statute.[17]

Following the abolishment of the Department of Commerce in 1996,[18] the FSF was assigned to the Office of Tourism, Trade and Economic Development (OTTED) in the Executive Office of the Governor, with specific statutory powers and duties.[19] In 1999, the Legislature transferred many of the responsibilities of the Governor's Council on Physical Fitness and Amateur Sports to the FSF, which included the operation of the "Sunshine State Games."[20] Its statutory responsibilities were further expanded in 2010 to include assisting OTTED in the retention of professional sports franchises and the spring training operations of Major League Baseball.[21]

When OTTED was abolished in 2011, FSF was merged into EFI, the state's principal economic development organization under contract with the then newly created Department of Economic Opportunity.[22] FSF operated as a separate corporation with EFI as its sole member, with FSF retaining the assets, liabilities and responsibilities of the original corporation. EFI was responsible for appointing

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[14] *See* former s 288.92(1)(e), F.S. (2022).
[15] *See* Ch. 2023-173, L.O.F., for specific changes.
[16] When created by statute, Direct-Service Organizations are typically non-profit corporations, authorized to carry out specific tasks in support of public entities or public causes. Section 1, ch. 88-226, L.O.F., created the Sports Advisory Council within the Florida Department of Commerce. Section 1, ch. 89-263, L.O.F., authorized the creation of a DSO to assist the Sports Advisory Council. Section 1, ch. 92-111, L.O.F., transferred the DSO to the Department of Commerce. The Council itself was ultimately abolished by s. 22, ch. 93-187, L.O.F.
[17] Section 3, ch. 95-282, L.O.F., which created s. 320.08058(9), F.S.
[18] Section 3, ch. 96-320, L.O.F.
[19] Section 56, ch. 96-320, L.O.F.
[20] Section 7, ch. 99-251, L.O.F.
[21] Section 6, ch. 2010-140, L.O.F.
[22] Section 30, ch. 2011-142, L.O.F.

FSF's officers, with the Governor appointing the board of directors. This basic structure continued throughout the review period, during which the FSF had the following stated mission:[23]

> *Promote and develop professional, amateur, recreational sports, and physical fitness opportunities that produce a thriving sports industry and environment, by:*
> - *Providing grants to support sporting events that bring out-of-state visitors to Florida.*
> - *Producing and distributing annual golf, fishing and boating, and baseball spring training guides for both in-state and out-of-state tourists and;*
> - *Organizing the annual Sunshine State Games, an Olympic-style festival for Floridians of all ages, and the Florida Senior Games State Championships for senior athletes, age 50 and over.*

Funding for the FSF is provided through a variety of revenue sources, including private contributions. Much of the state investment is from the sale of professional sports team license plates.[24] In addition, the FSF receives a portion of the proceeds from the US Olympic,[25] NASCAR,[26] and Play Tennis[27] license plates, as well as funding support from the State Economic Enhancement and Enhancement Trust Fund. From the state-appropriated sources during the review period, the total spending authority for the FSF was $4.7 million per year. Of the $14.1 million appropriated over the three years, nearly $13.7 million (97.1 percent) was expended.

Continuing today, key program expenditures include funding the Major and Regional Grant Program, the Small Market Grant Program, the Sport Industry Conference Assistance Grants, and the Amateur Sports Programs (Sunshine State Games and Florida Senior Games). Grant requests are submitted through the network of Sports Commissions/Industry Partners and Service Partners. They are evaluated based on need and the economic impact attributable to out-of-state participants and spectators. Initial estimates are provided in the grant applications and then validated after the events.

As noted above, the FSF has varied administrative responsibilities in support of the state's sports-tourism industry. Both the Sunshine State Games and the Senior Games primarily serve Florida residents. While it is possible that non-Florida residents participated, it is likely that the economic benefits from these participants are negligible. Florida Sports Foundation's main contribution to the Florida economy is through the grant programs, which are the focus of this analysis.

FSF Grant Programs

The FSF Major and Small Market grant programs assists 39 sports commissions, industry partners and service partners[28] in securing and hosting professional and amateur sporting events from recognised host organizations. These programs have specific qualifying criteria, designed "to assist communities and host organizations in attracting sports events" with an "emphasis on out-of-state economic impact,

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[23] *See* https://selectflorida.org/wp-content/uploads/FY21-22-Florida-Sports-Foundation-Annual-Report_.pdf and appendices available through https://selectflorida.org/wp-content/uploads/Annual-Report-2022.pdf.

[24] Section 320.08058(9), F.S. In FY 2023-24, FSF received revenue from 10 professional sports team license plates and 3 generic sports category plates. See the following three footnotes for specific statutory references to the generic plates.

[25] Section 320.08058(6), F.S.

[26] Section 320.08058(57), F.S.

[27] Section 320.08058(61), F.S.

[28] *See* https://selectflorida.org/wp-content/uploads/FY21-22-Florida-Sports-Foundation-Annual-Report_.pdf and appendices available through https://selectflorida.org/wp-content/uploads/Annual-Report-2022.pdf.

return on investment, community support and image value to the state."[29] Attempting to attract a somewhat different segment of the trade, the Sport Industry Conference Assistance Grants aids communities in attracting sports industry tradeshows, conferences and association meetings.[30] All grants are subject to pre-award evaluation and post-event verification of economic impact.

To measure the estimated economic impact of events, applications are required to include estimates of the number of out-of-state adults and youths attending or participating in the event, the length of their stay, and the projected number of hotel/accommodation room nights. Generally, completed applications are considered quarterly by the FSF Board of Directors.

After the event, each grantee submits a "Post Event Report" evidencing the direct impact of out-of-state event attendees prior to receiving reimbursement from the FSF. Grant awards are reduced when the event fails to meet certain qualifying thresholds.

Description of the Data

EDR examined the post-event reports of all sporting events receiving FSF grants, which provided the total number of out-of-state participants and spectators (both adults and children), as well as visiting media; the length of stay and room rates; and matching funds (cash) secured for the event. The analysis only included events that occurred within the study review period. Events that qualified for the grant but occurred outside the study review period were excluded from the study.

Analysis and Findings

The analysis addresses the impact of 361 sporting events that occurred within the three-year review period, where 1,872,092 out-of-state visitors generating 9,200,043 occupied beds could be attributed to these events. In those instances where the funding responsibility for an event was shared, the economic benefit was proportionately allocated among the public contributors in accordance with their respective contributions. Per event, the attribution of visitors to FSF's investment ranged from just under 1 percent to 100 percent. Further, each visitor stayed an average of 4.8 days in Florida based on an analysis of the post-event reports. After applying the described formula, a total of 502,263 out-of-state visitors and 2,495,030 occupied beds were attributed to the FSF Grants.

Values	2020	2021	2022	Grand Total
Out of State Visitors	475,998	453,862	942,232	1,872,092
Out of State Visitors Appropriated	133,771	98,710	269,782	502,263
Out of State Visitors Total Nights	2,937,093.39	2,436,233.21	3,826,716.31	9,200,042.90
Out of State Visitors Appropriated Nights	872,917.67	496,093.70	1,126,018.88	2,495,030.26

Building on this foundation, EDR used the Statewide Model to calculate the ROI and economic outcomes associated with the FSF program. The results are displayed in the following table.

[29] See Grant Program Policies & Procedures at https://playinflorida.com/wp-content/uploads/2019/06/FSF-Policies-and-Procedures-Major-Grant-Application-Program-2020.pdf & https://playinflorida.com/wp-content/uploads/2019/06/FSF-Policies-and-Procedures-Small-Market-Grant-Application-Program-2020.pdf last accessed on 9/22/20.

[30] See Sports Industry Conference Assistance Grant Policies and Procedures at https://playinflorida.com/wp-content/uploads/2019/06/FSF-Policies-and-Procedures-SICA-Grant-Application-Program-2020.pdf

Statewide Economic Model Impact Projections of the Florida Sports Foundation Grant Program

		FY2020	FY2021	FY2022	Total
State Payments in the Window	Nominal $ (M)	2.90	1.96	2.91	7.77
Total Net State Revenues	Nominal $ (M)	2.80	1.55	5.02	9.37
Return-on-Investment by Year		0.96	0.79	1.72	
Return-on-Investment for the 3 year period					1.21

		FY2020	FY2021	FY2022	Total		Average per Year
Personal Income	Nominal $ (M)	236.75	141.38	364.00	742.13		247.38
Real Disposable Personal Income	Fixed 2018-19 $ (M)	185.95	103.57	256.44	545.96		181.99
Real Gross Domestic Product	Fixed 2018-19 $ (M)	192.55	94.33	250.76	537.63		179.21
Consumption by Households and Government	Fixed 2018-19 $ (M)	166.74	67.11	116.59	350.43		116.81
Real Output	Fixed 2018-19 $ (M)	390.84	197.88	529.84	1,118.56		372.85

		FY2020	FY2021	FY2022	Minimum	Maximum	Average per Year
Total Employment	Jobs	2,018	741	2,632	741	2,632	1,797
Population	Persons	0	640	896	0	896	512

The ROI in this review period is 1.21, which is lower than the ROI of 4.27 in 2021 (and lower than the ROIs in 2018 and 2015 of 4.77 and 4.72, respectively). The lower ROI is primarily attributable to two factors:

1. A drop in the share of out-of-state visitors attributed to FSF (502,263 the 2024 report versus 654,666 in the 2021 report). This change is largely related to the significant increase in contributions by other partners relative to prior periods. It is unclear whether this shift will persist, since it could be related to a smaller number of purely local events during the COVID heath crisis, driving more dollars to the events that remained.

Funding Source	2020	2021	2022
Sum of Amount Awarded Final	2,897,556.26	1,961,641.42	2,912,323.02
Sum of Local Sports Commission Funding	12,858,612.63	13,757,653.69	12,422,906.23
Total Amount of Funding	15,756,168.89	15,719,295.11	15,335,229.25

2. A decline in the average visitor stay (4.8 days in the 2024 report versus 5.5 days in the 2021 report). This decline is likely related to behavioral changes during the COVID heath crisis.

Even with its lower than normal return, the grant program had an ROI that was higher than the other sports-related programs. Generally, this is due to FSF's ability to attract national events with significant out-of-state visitors for, on average, a small state share of the cost. The state share of the cost ran about $21,527.76 per event during the review period. Further, participatory sporting events have less of a discretionary element than events that are primarily designed for the spectators' entertainment value—this feature, to a degree, buffered the program from some of the worst effects from the COVID heath crisis.

All things considered, EDR believes that the "best" working ROI of 4.3 is more reflective of the FSF program over a longer period of time and should be used for all forward-looking analyses.

PROFESSIONAL SPORTS FRANCHISE INCENTIVE

Program Description

The Professional Sports Franchise incentive is the state's funding mechanism to attract and retain pro sports franchises in Florida. Qualified applicants are eligible for up to $2 million annually for 30 years. Along with local government resources, these dollars are pledged as security for bonds, the proceeds of which fund the acquisition, construction, reconstruction or renovation of pro sports facilities.

In its initial effort to attract professional sports franchises to the state, the Legislature authorized three funding mechanisms for the construction of facilities. In 1988, local governments were authorized to levy a local option sports facility sales tax on stadium admissions, concessions and parking. The dollars from this levy were matched by an equal amount of state funds, up to $2 million per year and $15 million over the life of the facility.[31] The law also authorized counties to levy a one-percent tourist development tax to pay the debt service on any bonds issued to finance the construction, reconstruction, or renovation of a professional sports franchise facility.

In 1991, the Legislature significantly revised the incentive to extend its duration, providing up to $2 million a year for up to 30 years to applicants certified by the Department of Commerce.[32] Certification criteria included a commitment by the franchise to use the facility for five years; a declaration by the local government that the project serves a public purpose; projections for paid attendance showing at least 300,000 attendees annually; projections demonstrating that the facility will generate at least $2 million annually in sales taxes; and demonstration of financial capability to provide more than one-half of the costs incurred or related to the improvement or development of the facility. This law also established an incentive for new spring training franchises, limited the total number of incentive awards to six, and prohibited facilities from receiving more than one award.

The qualifying criteria were amended in 1994 to extend the use commitment from five to ten years for pro sports franchises.[33] In addition, counties were authorized to levy an additional one-percent tourist development tax to pay the debt service on bonds issued to finance the construction, reconstruction, or renovation of a professional sports franchise facility.[34] The incentive was made available to fund facilities for "retained" pro franchise facilities in 1995,[35] and the cap on the number of awards was increased from six to eight in 1996.[36] The cap was increased again in 2000, with eight awards specifically reserved for pro facilities.[37]

To date, eight certified facilities for new or retained professional sports franchises have received funding distributions from DOR.[38] Each facility receives $166,667 monthly ($2 million annually) for no more than

[31] Section 288.1162, F.S., created in ch. 88-226, L.O.F. Approval was contingent upon review and recommendation by the Florida Department of Commerce, and subsequent Legislative authorization. If a local government was successful in signing a franchise before January 1, 1989, they would also have received an additional $1,757,920 to assist in locating the franchise in Florida. This incentive was not awarded to any franchise. Also see s. 212.20(6)(d)6.b., F.S.

[32] Chapter 91-274, L.O.F.

[33] Section 35, ch. 94-338, L.O.F.

[34] Section 37, ch. 94-338 and s. 1, ch. 94-275, L.O.F.

[35] Chapter 95-304, L.O.F.

[36] Section 45, ch. 96-320, L.O.F.

[37] Section 2, ch. 2000-186, L.O.F. Five awards were specifically authorized for retained Spring Training franchises.

[38] The eighth pro sport certification was specifically designated by s. 4, ch. 2006-262, L.O.F., for an NBA franchise located in Florida since 1997. In 2014, the Legislature established the Sports Development Program to provide an additional sales tax distribution to local governments for the purpose of constructing or renovating professional sports facilities; however, the

30 years, totaling a maximum of $60 million. These distributions fund a relatively small portion of the total debt financing for pro sports facilities, ranging from 6.0 percent to 17.4 percent. Finally, in some cases, the primary tenant also financially contributes to the construction or reconstruction of the facility.

Data

To evaluate the program, EDR reviewed published attendance figures for the eight professional teams that used facilities financed, in part, by the Professional Sports Franchise incentive during the review period.[39] This included NCAA Football and Basketball special events. In addition, EDR reviewed an analysis entitled *2010-11 Fiesta Bowl Festival of College Football: Economic Impact Study* which provided estimates of out-of-state visitors to certain bowl games at sport facilities. The study included separate estimates for both Bowl Championship Series (BCS) games and non-BCS games.

Further, EDR examined the bond documents associated with the building or renovation of the qualified facilities. The bond documents helped in calculating the proportions of total financing provided by local sources and the state's sales tax distributions.

Finally, the Department of Revenue provided sales tax distribution data for each Professional Sports Franchise Incentive recipient.

Building on this foundation, EDR used the Statewide Model to calculate the ROI and economic outcomes associated with the Professional Sports Franchise incentive program. The results are displayed in the following table.

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qualifying and certification criteria are substantially different from the Professional Sports Franchise Facility incentive. (Section 4, ch. 2014-167, L.O.F., creating s. 288.11625, F.S.). To date, no projects have qualified.

[39] The City of Jacksonville distribution expires in May 2024. The next expirations are: City of St. Petersburg (June 2025) and the 1st authorization for the Tampa Sports Authority (August 2025).

Analysis and Findings

Statewide Economic Model Impact Projections of the Professional Sports Franchise Incentive

		FY2020	FY2021	FY2022	Total
State Payments in the Window	Nominal $ (M)	16.00	16.00	16.00	48.00
Total Net State Revenues	Nominal $ (M)	(13.96)	(12.93)	(11.70)	(38.59)
Return-on-Investment by Year		(0.87)	(0.81)	(0.73)	
Return-on-Investment for the 3 year period					-0.80

		FY2020	FY2021	FY2022	Total		Average per Year
Personal Income	Nominal $ (M)	106.38	153.38	202.25	462.00		154.00
Real Disposable Personal Income	Fixed 2018-19 $ (M)	83.35	112.21	142.75	338.31		112.77
Real Gross Domestic Product	Fixed 2018-19 $ (M)	68.77	96.81	133.99	299.57		99.86
Consumption by Households and Government	Fixed 2018-19 $ (M)	61.89	69.27	52.68	183.84		61.28
Real Output	Fixed 2018-19 $ (M)	144.33	198.00	271.12	613.45		204.48

		FY2020	FY2021	FY2022	Minimum	Maximum	Average per Year
Total Employment	Jobs	281	516	813	281	813	537
Population	Persons	0	224	544	0	544	256

In 2018, EDR surveyed the eight professional sports teams to ascertain the number of out-of-state visitors attending events in their facilities during the review period. Three of the eight teams estimated that, on average, 13.9 percent of attendees were from out-of-state, based on the zip codes identified in billing documents. EDR applied this estimate to the published attendance figures to estimate the number of out-of-state attendees for this review period.

It is possible that the estimate does not account for all out-of-state visitors to professional sports games, as visitors may have purchased tickets through a third-party vendor. However, the number does not appear to be unreasonable. Two professional sports impact studies identified overnight, out-of-state attendees ranging from 6 percent to 10.5 percent.[40] Additionally, the estimate assumes that all of the out-of-state attendees were visiting Florida primarily to watch the sporting event. This is a generous assumption, as some of these visitors could have been "casuals" with a different primary reason for visiting Florida.

Attendees to NCAA Football and Basketball special events played at the facilities were included in the analysis. The analysis entitled *2010-11 Fiesta Bowl Festival of College Football: Economic Impact Study* provided the percentage of out-of-state visitors who attended either a BCS or a non-BCS bowl game. Using this share, EDR attributed an additional 153,977 visitors to professional sports facilities for the bowl games. These attendance figures are higher than the figures in the previous study, primarily because more special events occurred during this review period.

When financing responsibilities for facilities or events are shared, the economic benefit (or outcome) is proportionately attributed among the public contributors. In this case, EDR found that the Professional Sports Franchise incentive provided 26 percent of the public financing for the 8 facilities, while the local governments contributed the remaining 74 percent.

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[40] See *The Impact of Oriole Park at Camden Yards on Maryland's Economy, 2006* and *Seattle Seahawks Economic Impact, 1996*.

Based on the proportions of state and local financing, the analysis attributes 311,768 out-of-state visitors to the state incentive which is about 38% lower than the previous analysis (506,662). Including the bowl game attendees, total out-of-state visitors due to the state's share decreased to 465,745 which is 22.2 percent lower than seen in the 2021 analysis.

The Professional Sports Facilities Incentive Program has a projected ROI of -0.80. For every dollar spent through the incentive, the state of Florida lost 80 cents in tax revenue. In spite of this, the state incentives provided during the review period caused Florida's Real GDP to increase by about $299.57 million and led Real Disposable Personal Income to be $338.31 million higher than it otherwise would have been.

The program attracted the second highest number of out-of-state visitors in the study, and came in with the second highest ROI. Even so, the ROI is lower than the 1.21 ROI for the Florida Sports Foundation Grant Program. This is largely due to the cost of the program. The State's cost for the incentive program during the review period was $16 million per year. In contrast, the Florida Sports Foundation Grant program cost the State an average of nearly $2.6 million per year. Further, participatory sporting events have less of a discretionary element than events that are primarily designed for the spectators' entertainment value.

The ROI during this review period is lower than the previous analyses, -0.80 in this report versus 0.75, 0.32 and 0.30 in the prior reports. This decrease can be attributed to the COVID heath crisis and its impact on tourism. All things considered, EDR believes that the "best" working ROI of 0.75 is more reflective of the Professional Sports Franchise incentive program over a longer period of time and should be used for all forward-looking analyses.

SPRING TRAINING BASEBALL FRANCHISE INCENTIVE

Program Description
The Spring Training Baseball Franchise Incentive is the state's funding mechanism to attract and retain facilities for Major League Baseball (MLB) spring training in Florida. Qualified applicants are eligible for up to $500,000 annually for up to 30 years. These dollars are typically pledged with designated Tourist Development Tax revenue and other local government resources to secure bonds used to fund the acquisition, construction, reconstruction or renovation of spring training facilities.

In 1988, the Florida Legislature established the first state incentive to attract professional franchises to the state. In 1991, the law was significantly revised and expanded to include an incentive for new spring training baseball franchises. Certification criteria for the spring training franchise incentive included a commitment by the franchise to use the facility for fifteen years; projections for paid attendance showing at least 50,000 attendees annually; demonstration of financial capability to provide more than one-half of the costs incurred or related to the improvement or development of the facility; proof that the facility is located within 20 miles of an interstate or other limited-access highway system; and a requirement that the county levy a four-percent Tourist Development Tax, with 87.5 percent of the proceeds dedicated to the construction of the complex.[41] This law also limited the total number of awards for both the professional sports franchises and new spring training franchises to six, and prohibited facilities from receiving more than one award.

In 1999, the Legislature extended the use of the Professional Sports and Additional Professional Sports Tourist Development Taxes to fund debt service on spring training franchise facilities.[42] At that point, no local governments had applied for the incentive.

In 2000, the law was amended to provide the incentive to "retained" rather than "new" spring training franchises, to delete the requirement that the facility be located within 20 miles of an interstate or other limited-access highway system, and to establish ranking criteria for awards. The awards were limited to publically-owned facilities and were authorized for in-state relocations provided certain conditions were met. The law also imposed a cap of five awards.[43]

In 2006, the number of authorized awards for spring training facilities was expanded from five to ten, with the imposition of additional certification criteria. Counties were also authorized to use up to $2 million of their local option half-cent sales tax revenues annually to fund facilities for new or retained professional sports franchises and facilities for retained spring training franchises.[44] The scope of the incentive was expanded in 2010, to include any spring training franchise rather than only "retained" spring training franchises.[45] During the review period, seven facilities received the incentive.[46]

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[41] Ch. 91-274, L.O.F.
[42] Section 1, ch. 99-287, L.O.F
[43] Ch. 2000-186, L.O.F.
[44] Ch. 2006-262, L.O.F.
[45] Ch. 2010-140, L.O.F. Also, provisions relating to the spring training incentive were transferred from s. 288.1162 to the newly created s. 288.11621, F.S. Also see s. 212.20(6)(d)6.b., F.S.
[46] In total, eleven facilities have been certified since the inception of the program. Of the seven active facilities during the review period, the funding for the City of Dunedin (Toronto Blue Jays) expired in February 2023, leaving six active awards. Since 2015, seven facilities have been certified under the Retention of Spring Training Baseball Franchises incentive enacted in 2013 (s. 24, ch. 2013-42; amended by s. 5, ch. 2014-167, L.O.F.; and codified in s. 288.11631, F.S.). This program provides up to $20 million over 20 years to fund single-franchise facilities, and $50 million over 25 years to fund facilities housing more than one franchise. This program has not been reviewed as the Legislature has not required it to be evaluated.

Data
To analyze the program, EDR obtained attendance figures, by team, from the official Florida's Grapefruit League website, which is maintained by the Florida Sports Foundation.[47] EDR also reviewed the analysis entitled *2009 Major League Baseball Florida Spring Training Economic Impact Study*, which provided an estimate of out-of-state visitors whose primary reason for visiting Florida was to attend Spring Training games.[48] In addition, EDR reviewed the subsequent update entitled *2018 Major League Baseball Spring Training Economic Impact Study* which provided an estimate of out-of-state visitors whose primary reason for visiting Florida was to attend Spring Training games in 2018.[49] Both studies included information on average party size, average expenditure amount per party per day, and length of stay for these out-of-state visitors.

Further, EDR examined the bond documents associated with the building or renovation of the qualified facilities. The bond documents helped in calculating the proportions of total financing provided by local sources and the State's sales tax distributions.

Finally, the Department of Revenue provided sales tax distribution data for each Spring Training Baseball Facilities recipient.

Building on this foundation, EDR used the Statewide Model to calculate the ROI and economic outcomes associated with the Spring Training Baseball Franchise Incentive program. The results are displayed in the following table.

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[47] http://www.floridagrapefruitleague.com
[48] The Bonn Marketing Research Group, Inc. Report on file. Available upon request.
[49] http://playinflorida.com/wp-content/uploads/2018/08/GFL-IS-Page-by-Page-Booklet-spread.pdf

Analysis and Findings

Statewide Economic Model Impact Projections of the Spring Training Baseball Franchise Incentive

		FY2020	FY2021	FY2022	Total
State Payments in the Window	Nominal $ (M)	3.50	3.50	3.50	10.50
Total Net State Revenues	Nominal $ (M)	(3.06)	(3.23)	(3.17)	(9.46)
Return-on-Investment by Year		(0.87)	(0.92)	(0.91)	
Return-on-Investment for the 3 year period					-0.90

		FY2020	FY2021	FY2022	Total		Average per Year
Personal Income	Nominal $ (M)	23.13	13.13	15.63	51.88		17.29
Real Disposable Personal Income	Fixed 2018-19 $ (M)	18.06	9.55	10.77	38.38		12.79
Real Gross Domestic Product	Fixed 2018-19 $ (M)	14.89	8.33	10.20	33.42		11.14
Consumption by Households and Government	Fixed 2018-19 $ (M)	13.39	5.68	3.93	23.00		7.67
Real Output	Fixed 2018-19 $ (M)	31.27	14.97	19.00	65.24		21.75

		FY2020	FY2021	FY2022	Minimum	Maximum	Average per Year
Total Employment	Jobs	61	53	75	53	75	63
Population	Persons	0	32	64	0	64	32

Using the 2009 and 2018 economic impact studies for MLB Spring Training activities, EDR estimated the percentage of out-of-state visitors whose primary reason for visiting Florida was to attend Spring Training events. In the three-year review period, a projected 166,008 out-of-state visitors came to Florida for this purpose, an amount significantly lower than the 2021 study (50% lower). The analysis attributes only 22 percent of these visitors to the state incentive. This is due to two reasons. First, only the attendance from facilities actually financed by the incentive was included in the analysis. Second, local contributions were the primary source of financing for these facilities, and that condition was reflected in the apportionment of attendance between state and local governments. The expenditure amount per party and average number of nights stayed were drawn from the impact studies and then used to measure the dollar amount that each visitor added to Florida's economy.

Construction expenditures benefit the state through additional tax revenue, personal income and GDP growth; however, no recipient facilities were under construction or renovation during the review period. Consequently, no construction expenditures were included in the analysis.

The Spring Training Baseball Franchise Incentive program has a projected ROI of -0.90. For every dollar spent on the program, the state of Florida lost 90 cents in tax revenue. In spite of this, the state incentives provided during the review period caused Florida's Real GDP to increase by about $33.42 million and led Real Disposable Personal Income to be $38.38 million higher than it otherwise would have been.

The ROI during this review period is lower than the previous analyses, -0.90 in this report versus 0.54, 0.22 and 0.11 in the prior reports. The decrease in this report is primarily attributed to the response to the COVID health crisis and its impact on tourism. All things considered, EDR believes that the "best" working ROI of 0.54 is more reflective of the Spring Training Baseball Franchise Incentive program over a longer period of time and should be used for all forward-looking analyses.

Appendix A: Facilities Financing

Most stadiums and sports facilities are financed with tax-exempt bonds, which are issued through state and local governments or other public entities such as regional sports authorities. Tax-exempt bonds allow issuers to take on debt at a lower interest rate relative to taxable bonds. In turn, the underwriter is able to get a better return on their investment because their earnings are exempt from federal income tax. The bonds are secured by pledged revenues which are usually generated from a tax or fee. The most commonly pledged revenues for sports facilities bonds are tourist development taxes, ad valorem taxes, and sales taxes. In a few instances, the bonds have been issued as general obligation debt, which means that all revenues of the issuer, regardless of the source, may be used to pay debt service, if needed.

In Florida, the annual state sales tax distributions for qualified sports facilities have also been used to secure tax-exempt bonds. Issuing bonds provides a large amount of up-front cash that can be used for capital investment. However, most of the bonds are issued with 30-year maturity structures, which means that a large portion of the state funding is actually used to pay the interest cost of the debt. For example, a certified professional sports facility in Florida that receives $2 million a year for 30 years pledges this $60 million to pay debt service on $30 million of bonds. Therefore, the state's $60 million long-term investment results in $30 million of up-front cash that can be used to construct or renovate a facility. The state's investment for spring training facilities is significantly less. In most cases, certified spring training facilities receive $0.5 million each year for 30 years, which typically results in about $7.5 million of cash available for the state's $15 million investment. In both programs, the amount of cash available varies up or down slightly by facility, depending on what interest rate was at the time bonds were issued.

Most of these bonds were issued many years ago, and construction or renovations were completed well before the timeframe for analysis. This means that within this timeframe, the state's expenditures have mostly been used to pay debt service. When calculating the ROI for these programs, it is assumed that all activity at the facility within the review period would not have occurred absent the initial construction or renovation of the facility. The return generated from the state's initial investment in sports facilities is measured as tax revenues generated from spending by out-of-state visitors to sporting events at the publicly-funded facilities minus the state's ongoing financial obligation.

In addition to state sales tax distributions, all of the certified entities in Florida used other funding sources to complete the sports facilities projects. Most of the additional funding was provided through bonds issued by counties, cities, or regional sports authorities. The most commonly used local government revenue sources are county tourist development taxes,[50] followed by local option sales taxes.[51] In a few cases, proceeds from land sales or other non-ad-valorem revenues were also used.

Because local governments also invested in these projects, the state cannot claim all of the benefits. In order to determine what portion of the return to attribute to the state, EDR estimated the portion of

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[50] These include the original and additional Tourist Development Taxes, the Professional Sports Franchise Facility Tax, and the Additional Professional Sports Franchise Facility Tax. Also, five counties may levy the High Tourism Impact tax, the revenues from which may be used to fund publicly-owned facilities. (s. 125.0104(3), F.S.)

[51] Subject to referendum approval, local governments may use proceeds from the Local Government Infrastructure Surtax. (s. 212.55(2)(d)1.a., F.S.) Counties may also use up to $2 million annually of the local government half-cent sales tax allocated to them by the state. (s. 218.64(3)(a), F.S.)

the investment that came from state funds. It is important to note that there is not one single source of comprehensive data about sports facilities financing that includes all associated costs and funding sources. In order to estimate the state's share, EDR compiled information from many different sources, including the Florida Sports Foundation's facility certification application files that included financing plans for the facilities, individual bond offering documents found in the Municipal Securities Rulemaking Board's (MSRB) Electronic Municipal Market Access (EMMA) online database, and financial statements of local governments and regional sports authorities. EDR found that on average, the state funded 17.4 percent of pro sports facility projects and 37.4 percent of spring training facility projects. EDR also found that, in Florida, the average total cost (including interest) of a pro sports facility was $419.5 million, which is substantially higher than the average total cost of a spring training facility which was $42.1 million.

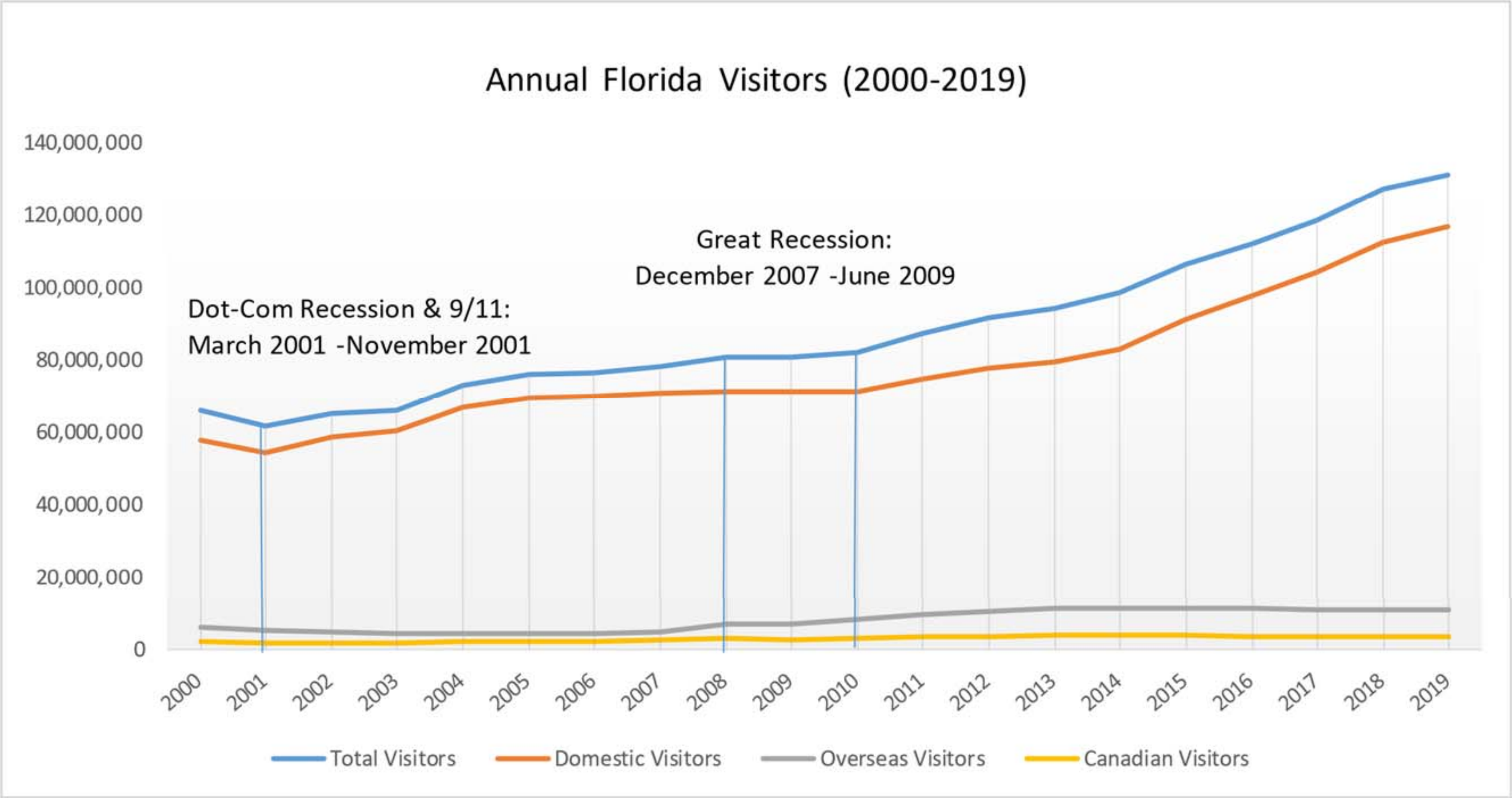
Florida:
An Update on Tourism

January 27, 2021

Presented by:

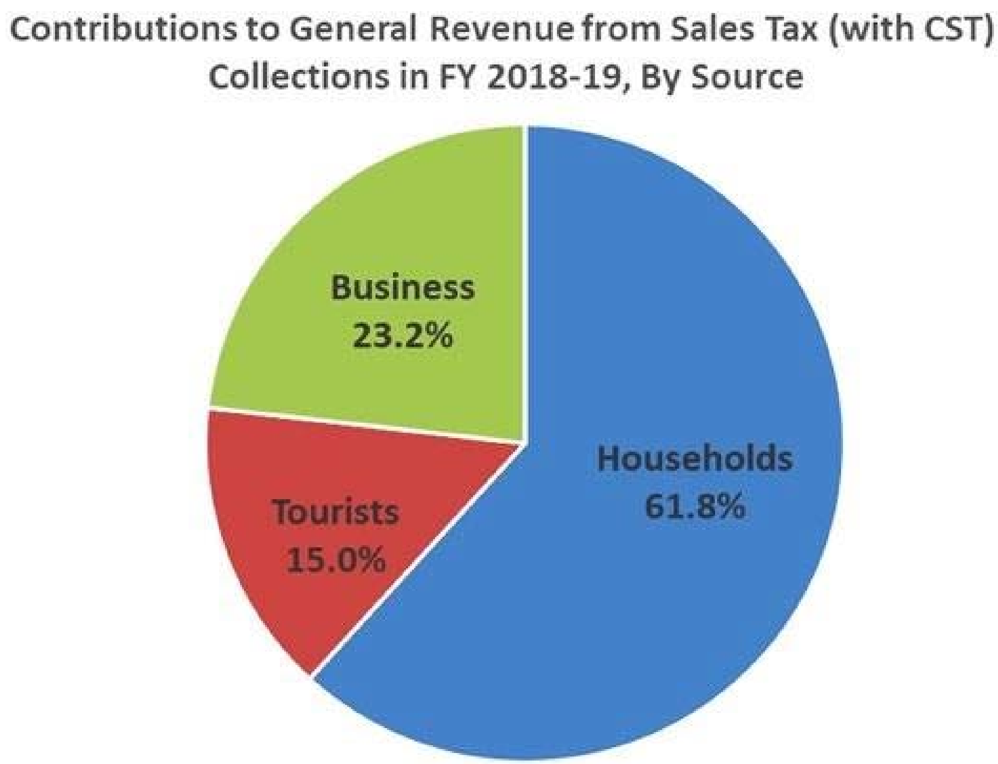
The Florida Legislature
Office of Economic and Demographic Research
850.487.1402
http://edr.state.fl.us

Florida Tourism Pre-Pandemic…



- In the 2000 calendar year, Florida had 65,832,000 visitors.
- In the 2019 calendar year, Florida had nearly double that amount with 131,423,000 visitors. Since the beginning of Florida's recovery from the Great Recession in 2010, tourism has grown each year.

Florida's Tourism Sensitivity…



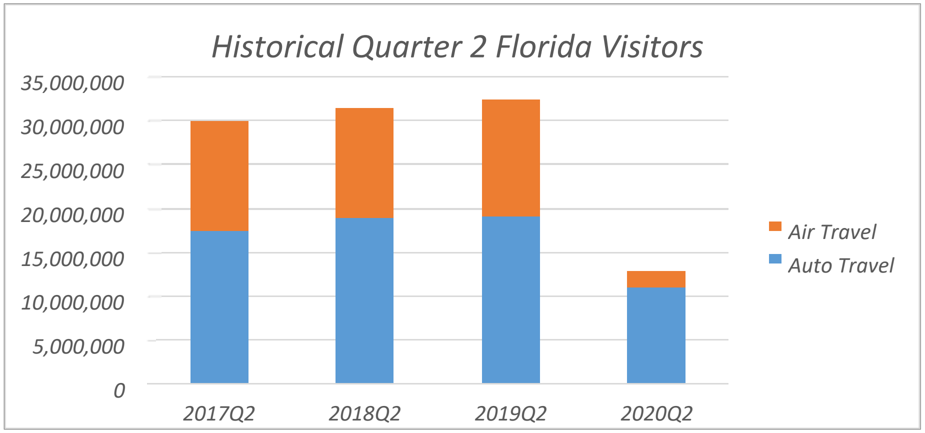
The Legislative Office of Economic and Demographic Research has just updated and refined an empirical analysis of the various sources of the state's sales tax collections. In FY 2018-19, sales tax collections provided nearly $25.4 billion dollars or 76.0% of Florida's total General Revenue collections. Of this amount, an estimated 15.0% (over $3.8 billion) was directly attributable to purchases made by tourists.

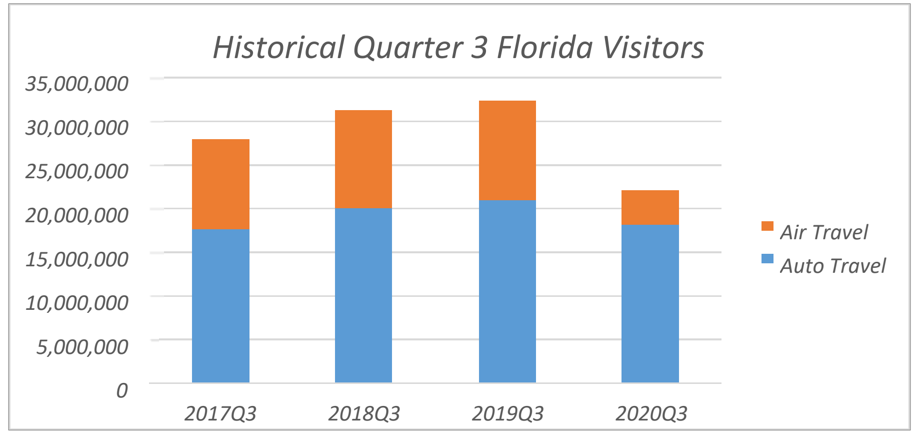
Pandemic…

- First currently known cases were reported in China in December 2019, but evidence exists that the first case was at least a month earlier.
- Near the end of Florida’s 2020 Regular Session, the World Health Organization declared a Global Pandemic (March 11, 2020).
- Global and national recessions have since been called.
  - ✓ The US economy declined in the first quarter (January, February and March) by its fastest rate since the Great Recession. According to the US Commerce

    Department, Bureau of Economic Analysis, GDP shrank at a 5.0 percent annualized rate. The National Bureau of Economic Research (NBER) had previously dated the business cycle peak to February 2020 after 128 months of expansion, marking that month as the official turning point which began the recession.
  - ✓ During the second quarter (April, May and June), the US economy further contracted—this time, at its greatest rate in postwar history. According to the US Commerce Department, Bureau of Economic Analysis, GDP shrank at an annualized rate of 31.4 percent.
  - ✓ In the third quarter (July, August and September), the US economy gained at a 33.4 percent annual rate according to the just released “third” estimate that was only slightly higher than the “second” estimate. Year over year, the real level is 2.8 percent lower than the third quarter of 2019. [Next Release: January 28, 2021]

Pandemic's Immediate Impact…





2020:Q1

- Total Visitors…31,387,000 (93.7% of PY)
- Air…86.5% of PY
- Auto…88.6% of PY

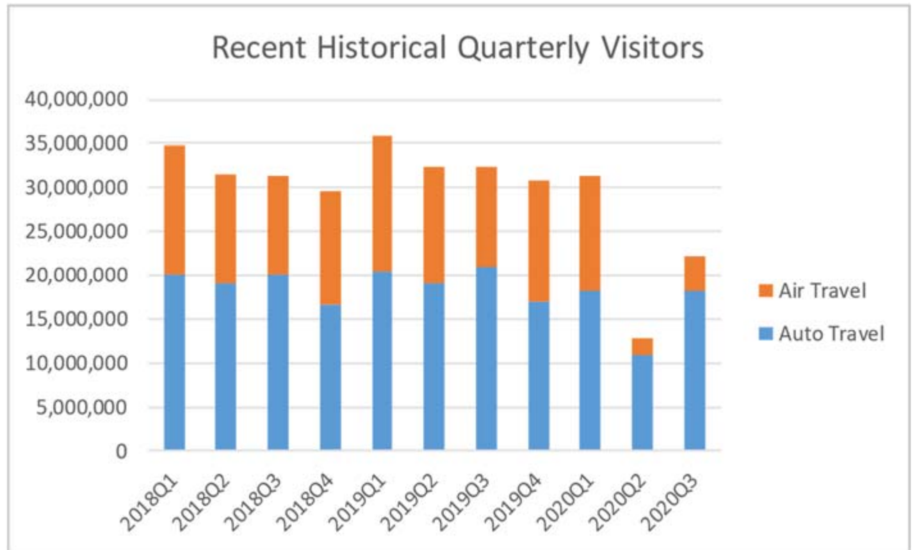
2020:Q2

- Total Visitors…12,859,000 (38.0% of PY)
- Air…14.6% of PY
- Auto…57.2% of PY

2020:Q3

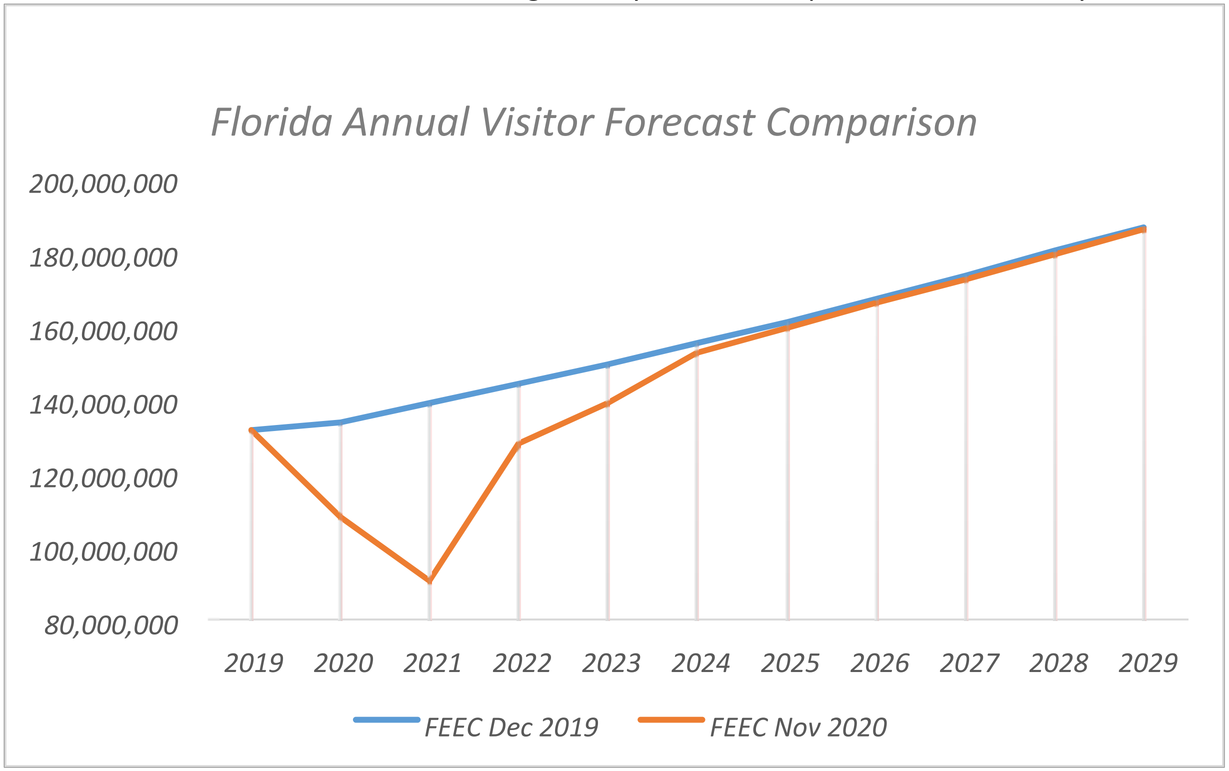
Total Visitors…22,112,500 (64.8% of PY)

- Air…34.2% of PY
- Auto…86.8% of PY

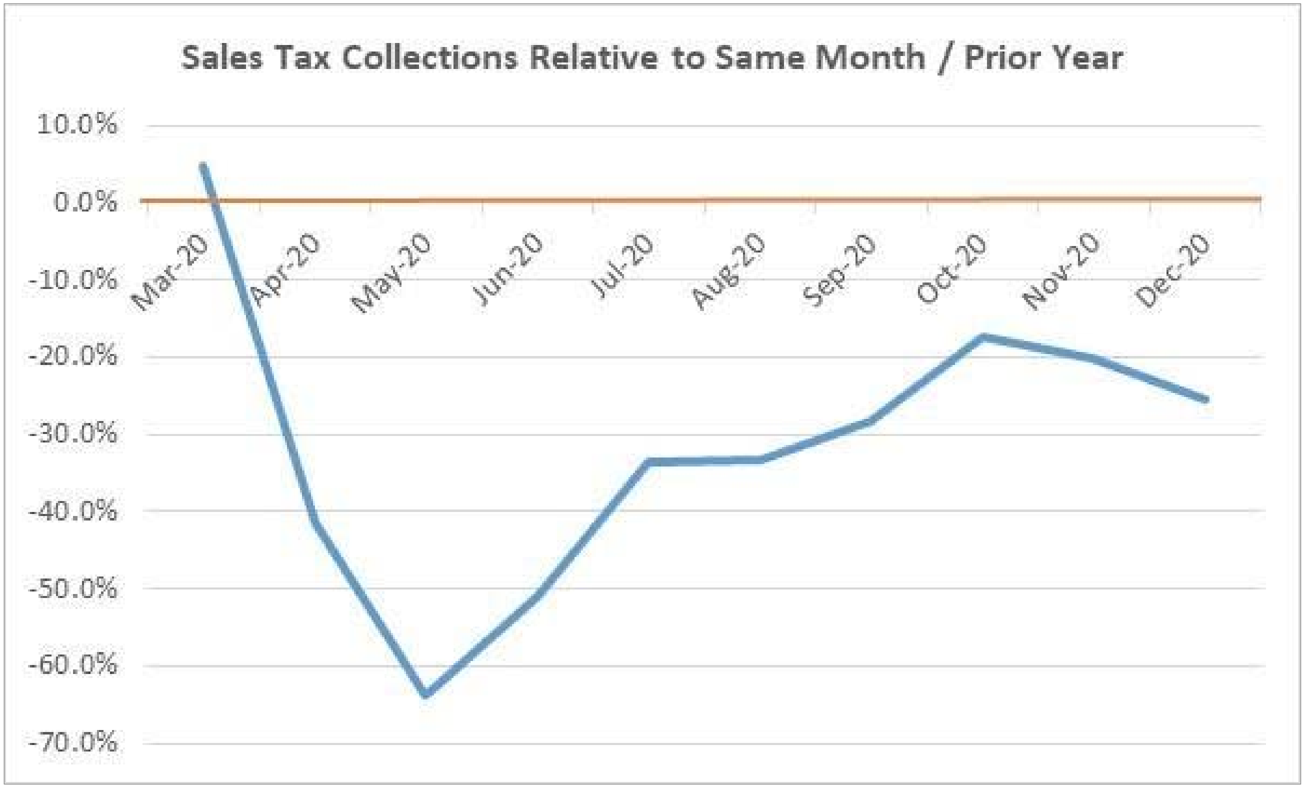


Florida-Based Vulnerability

Florida's tourism-sensitive economy is particularly vulnerable to the longer-term effects of the pandemic. Previous economic studies of disease outbreaks have shown that it can take as much as
12 to 15 months after the outbreak ends for tourism to return to pre-disease levels. The magnitude of this event is greater. Several industry groups have already predicted that it will take at least two years to reach recovery from this pandemic. Current expectations are that leisure driving vacations will recover first, and then—in order—business travel, domestic air travel, and international travel. The new tourism forecast generally follows this pattern with recovery in 2024.



Sales Tax Impact…



Average fiscal year growth over most recent five years: 6.1% from FY 2014 -15 through FY 2018 -19.

Mar-20	*4.6%*
Apr-20	*-41.3%*
May-20	*-63.7%*
Jun-20	*-51.0%*
Jul-20	*-33.5%*
Aug-20	*-33.3%*
Sep-20	*-28.1%*
Oct-20	*-17.4%*
Nov-20	*-20.2%*
Dec-20	*-25.5%*
Cumulative	***-31.5%***

In the ten months that sales tax collections have been reported since Florida's first two cases were officially confirmed by the Department of Health on March 2nd, the tourism category collections have been down cumulatively by -31.5%. Even though a significant part of the loss arises from a reduction in the number of out-of-state tourists, this category also includes sales to Florida residents at restaurants, local attractions and other leisurebased activities which have likewise been negatively affected by the pandemic.

Recent Research…

- A recent report from Skift Research and McKinsey & Company on the status of the travel industry offered insights and proposals, many of which are applicable to State DMOs. The report noted that "travelers are keen to travel but are restrained in the leisure space by the inability to do anything meaningful at the destination, due to necessary public health measures and safety precautions, such as quarantines, closures, and other restrictions." Business travelers may be further limited by corporate travel policies developed in response to the pandemic that reflect the company's focus on its duty-of-care obligations to employees.

- Until the travel economy recovers, the report suggests the industry pursue emerging opportunities in tourism. For example, in-state, drive-to "nearby vacations" in outdoor venues are a substitute for out-of-state and international travel. Additionally, "the working-from-anywhere trend has the potential to blur permanently the lines between leisure and business travel." These digital nomads and "bleisure" travelers are a growth market opportunity for facilities designed for or adapted to extendedstays, provided the traveler's health safety concerns are addressed.

- Finally, the report recommends that marketers understand customers as microsegments, not monoliths, especially in an environment of diminished demand. The report suggests that micro-segmentation has value in forecasting and stimulating demand, as well as informing commercial and marketing strategies.