

REVENUE ESTIMATING CONFERENCE

TAX: Sales Tax

ISSUE: Performing arts center funding

BILL NUMBER(S): HB 955

SPONSOR(S): Representative Randolph

MONTH/YEAR COLLECTION IMPACT BEGINS: 07/01/2011

DATE OF ANALYSIS: March 9, 2011

SECTION 1: NARRATIVE

- a. **Current Law:** Section 212.20, F.S., provides for the Department of Revenue to redistribute funds back to organizations such as the professional Golf Hall of Fame and professional sports facilities.

- b. **Proposed Change:** Adds an additional distribution of \$166,667 monthly to certified performance arts centers. Distribution shall begin 60 days after certification or 07/01/2012, whichever occurs later and shall not continue longer than 30 years and can't exceed the amounts expended for public purposes as provided in s. 288.163. Provides for OTTED to certify an applicant.

SECTION 2: DESCRIPTION OF DATA AND SOURCES

Online research of performance arts centers in Florida
 Property tax data

SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)

Assume that there are 2 performance art centers that could qualify in 2012..
 Assume that OTTED can certify 2 performance art centers 07/01/2012.
 Assume that OTTED can certify 8 additional performance art centers 07/01/2015.

SECTION 4: PROPOSED FISCAL IMPACT

State Impact: All Funds	FY 2011-12 Cash	FY 2011-12 Annualized	FY 2012-13 Cash	FY 2013-14 Cash	FY 2014-15 Cash
High					
Middle		(\$20.0m)	(\$3.4m)	(\$4.0m)	(\$4.0m)
Low					

SECTION 5: CONSENSUS ESTIMATE (ADOPTED 3/11/11) The conference adopted the proposed estimate.

	FY 2011-12 Cash	FY 2011-12 Annualized	FY 2012-13 Cash	FY 2013-14 Cash	FY 2014-15 Cash
General Revenue	0	(20.0)	(3.4)	(4.0)	(4.0)
State Trust	0	0	0	0	0
Total State Impact	0	(20.0)	(3.4)	(4.0)	(4.0)
Total Local Impact	0	0	0	0	0
Total Impact	0	(20.0)	(3.4)	(4.0)	(4.0)

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Defines performance art centers:

- One or more theatres,
- 3500 or fewer seats
- Live theatre, opera, ballet
- Owned and operated by a local unit of government

In order to be certified by OTTED, the performing arts center must prove:

- That a unit of local government is responsible for the construction, maintenance, or operation of the center, or holds title or leasehold interest in the property on which the center is located, and that the applicant is or will be the owner, tenant, or operator of the center.
- Projects that the center will attract paid attendance of more than 150,000 annually.
- Demonstrates the effect of the center on the local community, and that taxes imposed under chapter 212 will exceed \$60 million over 30 years.
- Prove that the applicant is capable of providing more than one-half of the costs incurred or related to the improvement and development of the center.
- A resolution by the local government with which the center is located that certifies that funding for the performance arts center serves a public purpose.

Beginning FY 2012-13, OTTED may certify no more than 2 facilities.

Beginning FY 2015-16, OTTED may certify no more than 8 facilities.

A certified performing arts center must prove the funding is used for the public purpose of:

- Paying for the acquisition, construction, reconstruction, renovation, maintenance of the center and ancillary facilities including parking structures, meeting rooms and concession space.
- Paying or pledging for the payment of debt service on or funding debt service with respect to bonds or other indebtedness issues on or after 01/01/2009, for the acquisition, construction, reconstruction, renovation, maintenance of the center and ancillary facilities.
- Reimbursing costs for refinancing bonds or other indebtedness, issued for the acquisition, construction, reconstruction, renovation, maintenance of the center and ancillary facilities.

Bill analysis for HB 549 in 2010 indicated that there were two performance arts centers that could be affected by the bill's passage. The Broward Center for the Performing Arts is launching a \$40 million campaign, \$24 million to be used for construction. The Orlando Dr. Phillips Performing Arts Center began construction in the fall of 2009. The project had spent \$80 million to date of the analysis.

Performing arts centers in Florida:

1. Adrienne Arsht Center for the Performing Arts
2. Art and Culture Center of Hollywood
3. Bob Carr Performing Arts Centre (will be replaced by the Dr. Phillips Center for Performing Arts)
4. Broward Center for the Performing Arts
5. Coral Springs Center for the Arts
6. Straz Center for the Performing Arts (formerly the Tampa Bay Performing Arts Center)
7. Mahaffey Theatres
8. Dr. Phillips Center for Performing Arts
9. Raymond F. Kravis Center for the Performing Arts
10. Times-Union Center for the Performing Arts