Florida Legislature

Florida Economic Development Program Evaluations – Year 2

REPORT NO. 15-01
1/1/2015

Office of Program Policy Analysis and Government Accountability

OPPAGA supports the Florida Legislature by providing data, evaluative research, and objective analyses that assist legislative budget and policy deliberations. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021), by FAX (850/487-9213), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475). Cover photo by Mark Foley.

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Executive Summary

Scope

Section 288.001, *Florida Statutes*, requires the Office of Program Policy Analysis and Government Accountability (OPPAGA) and the Office of Economic and Demographic Research (EDR) to provide a detailed analysis of state economic development programs according to a recurring schedule established in law. The analysis is due to the Legislature by January 1 of each year.[1]

OPPAGA must evaluate each program over the previous three years for effectiveness and value to the state's taxpayers and include recommendations for consideration by the Legislature. The analysis may include relevant economic development reports or analyses prepared by the Department of Economic Opportunity (DEO), Enterprise Florida, Inc. (EFI), or local or regional economic development organizations; interviews with parties involved; or any other relevant data.[2, 3]

EDR must evaluate and determine the economic benefits, as defined in s. 288.005(1), *Florida Statutes*, of each program over the previous three years. For the purposes of EDR's analysis, the calculation of economic benefits is the same as the state's return on investment. The analysis will also identify the number of jobs created, the increase or decrease in personal income, and the impact on state gross domestic product from the direct, indirect, and induced effects of the state's investment in each program over the previous three years.

Incentives administered by three entities are scheduled for review by January 1, 2015.

1. Office of Film and Entertainment administered Entertainment Industry Financial Incentive Program and the Entertainment Industry Sales Tax Exemption Program
2. VISIT FLORIDA and its programs
3. Florida Sports Foundation and related programs

The review period covers Fiscal Years 2010-11, 2011-12, and 2012-13.

[1] The first scheduled reviews were published on January 1, 2014. See *Florida Economic Development Program Evaluations–Year 1*, OPPAGA Report No. 14-01, January 2014 and *Return-on-Investment for Select State Economic Development Incentive Programs*, Office of Economic and Demographic Research, January 1, 2014.

[2] The 2011 Legislature created DEO by repealing the Department of Community Affairs, the Agency for Workforce Innovation, and the Office of Tourism, Trade and Economic Development (OTTED) and transferring some or all of their functions to the new department; this included economic incentive-related functions previously performed by OTTED. A primary purpose of the legislation was to streamline the state's economic development and workforce functions. The new department began operations on October 1, 2011.

[3] EFI is a public-private partnership created by the Legislature to serve as the state's principal economic development organization.

Background

The economic development incentives and programs offered by the Office of Film and Entertainment, VISIT FLORIDA, and the Florida Sports Foundation represent a wide range of benefits for businesses. For example, entertainment industry incentives include tax credits and sales tax exemptions, while VISIT FLORIDA primarily offers tourism marketing, promotion, and advertising programs. In addition, sports incentives are provided through grants and a professional sports facility funding program.

Entertainment Industry Incentives. The Legislature established film and entertainment industry incentives to encourage the use of Florida as a site for filming and digital production and to develop and sustain the workforce and infrastructure for such productions. The Office of Film and Entertainment (OFE) is the primary entity responsible for administering two incentive programs.[4]

- Entertainment Industry Financial Incentive Program–-offers transferable tax credits for expenditures related to qualified productions
- Entertainment Industry Sales Tax Exemption Program–-provides sales tax exemptions for certain purchases by qualified production companies

VISIT FLORIDA Programs. The Legislature created VISIT FLORIDA (VF) as the state's official tourism marketing corporation, representing Florida's entire tourism industry. The organization's primary responsibilities include

- conducting domestic and international marketing activities;
- administering domestic and international advertising campaigns;
- conducting research on tourism and travel trends;
- managing the state's welcome centers; and
- administering a number of small grant programs.

Florida Sports Foundation Programs. The Florida Sports Foundation serves as the Sports Industry Development Division of EFI. The purpose of the foundation is to

- assist Florida's communities with securing, hosting and retaining sporting events and sports related businesses;
- provide Floridians with participation opportunities in Florida's Sunshine State Games and Florida Senior Games;
- serve as Florida's designated resource for sports tourism research;
- promote targeted leisure sports industries in Florida; and
- assist national and Florida state governing bodies to promote amateur sport development in the state.

In addition, state law provides procedures by which new or retained professional sports franchises in Florida may be certified to receive state funding to pay for acquiring, constructing, reconstructing, or renovating facilities. DEO is responsible for screening and certifying applicants for state funding, and the Florida Sports Foundation provides access to information about the program.[5]

See Exhibit 1 for a summary of each program under review.

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[4] The office is administratively housed within DEO. The Department of Revenue also has some program responsibilities.

[5] Since 1994, the Legislature has allocated state funding for 8 major professional sports facilities; 10 Major League Baseball spring training facilities; the Professional Golf Hall of Fame; and the International Game Fish Association World Center.

Exhibit 1
The Three Entities under Review Provide a Wide Variety of Economic Development Incentives

Program	Incentive Type	Statutory Reference
Entertainment Industry Incentives ▪ *Transferable Tax Credits:* Qualified productions in Florida may receive transferable tax credits; these productions include motion pictures, television programs, commercials, documentaries, music videos, and digital media. Qualified expenditures include payments for goods and services purchased or leased from state businesses and wages paid to legal state residents. No production may receive tax credits exceeding 30% of qualified expenditures. ▪ *Sales Tax Exemptions.* Qualified companies in Florida engaged in producing motion pictures, television series, commercials, music videos, and sound recordings may apply for an exemption from sales tax on the purchase or lease of certain items used exclusively as an integral part of production activities in the state.	- Transferable Tax Credits - Sales Tax Exemptions	ss. 288.1254 and 288.1258, *F.S.*
VISIT FLORIDA Programs ▪ *Tourism Promotion and Marketing:* VF partners with businesses, destinations, and destination marketing organizations throughout the state. To enhance brand awareness and leverage funds for marketing efforts, partners participate in promotional opportunities and advertising campaigns. ▪ *Cooperative Marketing Program:* Participating partners are required to contribute cash in order to be featured in a VF advertisement. By leveraging private sector funding, VF maximizes its own advertising budget for greater exposure. Cooperative advertising can help generate statewide visitation, as well as attract visitors to specific areas or attractions. ▪ *Welcome Centers:* VF manages five welcome centers at key locations in the state that serve as a "one-stop resource" for visitors. Four welcome centers are located along the main travel corridors leading into the state, and the fifth welcome center operates in the state capitol building in Tallahassee. ▪ *Grants*: A number of small grant programs provide organizations and state agencies funding for certain tourism-related activities. These include convention grants for attracting national conferences and conventions to Florida.	- Tourism Promotion - Cooperative Marketing - Welcome Centers - Grants	ss. 288.122, 288.1226, 288.12265, and 288.124 *F.S.*
Florida Sports Foundation Programs ▪ *Major, Regional, and Small Grant Programs:* Grant Programs assist communities and host organizations in attracting sports events, with the intent that these events will have significant economic impact generated by out-of-state visitors. Events considered for grant funding include amateur or professional sports or other types of athletic events approved by the foundation's board. ▪ *Professional Sports Facility Funding*: Qualified professional sports franchises receive state funding for the public purpose of construction, reconstruction, renovation, or improvement of facilities.	- Grants - Professional Sports Facility Funding	ss. 288.1162, 288.11621, 288.1166, 288.1167, 288.1168, 288.1169 and 288.1171, *F.S.*

Source: *The Florida Statutes.*

Findings

Stakeholders are generally satisfied with the economic programs and services offered by the Office of Film and Entertainment, VISIT FLORIDA, and the Florida Sports Foundation. However, relative to other competing states, the strength of the industries that benefit from the incentives and programs varies. For example, Florida's entertainment industry is declining in comparison to other competing states, while its tourism and sports industries outpace those of other states. In addition, across the three entities, there are several concerns related to program administration and the methods used to assess the impact of the incentives and programs offered to businesses.

Entertainment Industry Incentives. Sixty-eight productions received $67.3 million in tax credits during the three-year review period. These productions spent $284.4 million for qualified goods and services, with television projects making the majority of these purchases. The 68 productions employed 29,023 Florida residents, with television and film productions accounting for 24,654 of these employees. However, most employees were extras or stand-ins, which are generally part-time positions. Similarly, employment data reported by sales tax exemption recipients show that less than 20% of total jobs reported were full-time positions.

To determine how Florida compares to other states, OPPAGA examined film and entertainment incentive programs offered by major competing states and performed detailed analyses of industry employment trends. Our review found that Florida's tax credit program is not as generous as other competing states' incentives and its film and entertainment industry employment is declining in comparison to other states. Industry stakeholders reported that Florida's entertainment incentives, while lacking, are very important to their ability to produce content in the state. Stakeholders offered a number of suggestions for improving the state's incentive programs, including authorizing additional tax credits and modifying program criteria.

The Office of Film and Entertainment's administration of tax credits could be improved. For example, the office's review of production audits has resulted in a backlog and approval delays, which prolongs payment to tax credit recipients. According to program participants, it took up to a year to receive tax credit awards after they provided the office with post-production audits. Office staff confirmed that it takes four to eight months to review and approve audits. We also found that program managers were setting the effective dates for sales tax exemption certificates prior to the application dates for those exemptions; this practice was evident in 25% of the exemption applications for which we had data. According to OFE officials, s. 288.1258, *Florida Statutes*, does not mandate the start date of exemptions, and the office backdates certificates to be "business-friendly." However, this procedure is not formalized and calls into question whether these companies' purchases were tax exempt under state law.

VISIT FLORIDA Programs. Various state, local, federal, and private entities engage in tourism promotion and marketing activities similar to those conducted by VISIT FLORIDA. As a result, it is difficult to attribute statewide travel and tourism indicators to VF's performance alone. Efforts to assess the organization's performance are also hindered by existing performance measures that are not linked to meaningful standards or are drawn from survey research that has some methodological limitations.

Tourism efforts across the state are continuing to expand through historic and cultural tourism, eco-tourism, space tourism, agri-tourism, international, rural, and medical tourism. VF works with state agencies on a project-by-project basis, but the state might benefit from a more coordinated approach to ensure efficient use of tourism marketing resources. In general, stakeholders support VF's mission and believe its efforts have had a major impact on the state's tourism industry. However, many paying partners reported never using several of the organization's services, including the industry hotline, welcome center options, and cooperative advertising opportunities.

An assessment of the state's tourism employment relative to other states with strong tourism industries showed that Florida's tourism industry employment outpaced national and industry trends. In addition, shift share analysis shows that Florida's tourism industry jobs are attributable to the state's relative competitive advantage rather than industry growth nationwide or general economic recovery.

Florida Sports Foundation Programs. To determine how Florida compares to other states with regard to sports-related jobs, OPPAGA assessed the state's position in employment relative to other competing states. Our analysis showed that Florida's sports industry employment outpaced national and industry trends. Amateur and professional sports industry stakeholders are very satisfied with the Florida Sports Foundation's programs and performance and believe that the industry significantly benefits from the foundation's activities. However, we determined that the foundation's process for administering grants should be improved to help ensure that estimated economic impacts are accurate.

Regarding professional sports, data reported by sports organizations and teams shows that participation and attendance vary across Florida's amateur and professional events. Participation in amateur sports has increased, and spring training attendance has remained relatively constant. However, while exceeding estimates, attendance for the state's professional teams tends to be less than that of teams in other states. The number of visitors to the World Golf Hall of Fame and International Game Fish Association World Center has been significantly lower than expected.

To improve the process of awarding state funds for professional sports facilities, the 2014 Legislature created the Sports Development Program. The Department of Economic Opportunity is the lead agency for screening applications and forwarding qualifying applications to the Legislature for review and approval. The Florida Sports Foundation provides access to information about the new program. In addition, spring training facilities have been required to submit annual reports, including cost-benefit information, to DEO, but our review of these reports indicated that they significantly vary in data elements included, methodology, and specificity.

Recommendations

There are a number of issues that could be addressed to enhance the administration of incentives and programs offered to businesses through the Office of Film and Entertainment, VISIT FLORIDA, and the Florida Sports Foundation. Improvements should also be made to the methods used to assess the impact of tourism and sports incentives and programs. Legislative action would be necessary to implement some of these recommendations.

Entertainment Industry Incentives. If the Legislature chooses to allocate additional tax credits under s. 288.1254, *Florida Statutes,* there are several issues it may wish to consider.

- To ensure that tax credits are available during all fiscal years for which they are allocated, the Legislature could amend s. 288.1254, *Florida Statutes,* to require that the amount of tax credits awarded during a single fiscal year not exceed the amount of tax credits allocated for that year.
- To improve program administration, the Legislature could direct the Department of Economic Opportunity to use a third party to process tax credit audits. This option could expedite the audit review process and reduce delays in awarding tax credits. The department currently uses a third party to review other economic development incentives, such as those awarded through the Qualified Target Industry Tax Refund program.

Moreover, to ensure that production company purchases are tax exempt under state law*,* Office of Film and Entertainment staff should discontinue the informal process of backdating sales tax exemption applications.

VISIT FLORIDA Programs. To address concerns about measuring VISIT FLORIDA's impact on the state's tourism industry, there are a number of recommendations that VF could consider. The Legislature could also consider expanding VF's role to provide for greater coordination of state-level tourism efforts.

- To ensure that its performance measures are meaningful, VF should review all of its measures and establish standards and timeframes that challenge the organization to improve performance rather than maintain targets that have already been achieved.
- To improve the quality of the research studies that assess its influence in bringing visitors to Florida, VF should consider alternative research design, methods, and vendors that might provide a more reliable survey of VF's influence. In addition, VF should consider options to strengthen its ROI studies and the use of these results in assessing the organization's annual performance.
- To enhance coordination of the state's various tourism-related marketing activities, the Legislature could consider directing VF to designate one or more staff to coordinate with and provide subject matter expertise for state agency tourism marketing initiatives. Such liaisons could also help rural tourism marketing offices and small cultural organizations maximize limited resources.

Florida Sports Foundation Programs. There are steps that the Florida Sports Foundation and the Department of Economic Opportunity could take to enhance the reliability of economic impact data related to grant-funded events and spring training facilities.

- To help ensure that grant funds achieve the anticipated economic impact, local and regional sports commissions that receive grant funding should present the data used to estimate economic impacts with the post-event reports. For example, recipients could provide a summary of the documentation, methodology, and sources that support reported economic impacts of grant-funded events.
- To help ensure that information is reported in a consistent manner, it would be helpful for DEO to provide the spring training facilities with standard reporting guidelines for the cost-benefit information and to review the annual reports to determine if they comport with the guidelines.

Chapter 1

Film and Entertainment Industry Financial Incentives Programs

Scope

By January 1, 2015, and every three years thereafter, the Office of Program Policy and Government Accountability (OPPAGA) and Office of Economic and Demographic Research (EDR) must review incentives administered by the Office of Film and Entertainment within the Department of Economic Opportunity. The review must include the

- Entertainment Industry Financial Incentive Program established under s. 288.1254, *Florida Statutes*, and
- Entertainment Industry Sales Tax Exemption Program established under s. 288.1258, *Florida Statutes*.

The review period covers Fiscal Years 2010-11, 2011-12, and 2012-13.

Background

The Legislature established film and entertainment industry incentives to encourage the use of Florida as a site for the filming and digital production of films and to develop and sustain the workforce and infrastructure for film, digital media, and entertainment production. Two types of incentives are available – transferable tax credits for expenditures related to qualified productions and sales tax exemptions for certain purchases by qualified production companies. The Office of Film and Entertainment (OFE) and the Department of Revenue administer these incentives.

The Legislature established the current Entertainment Industry Sales Tax Exemption Program in 2000; prior to 2000, the Department of Revenue administered two sales tax exemptions and one sales tax refund related to the film and entertainment industries. That year, the Legislature changed the refund to an exemption and consolidated the application process for all three exemptions. In 2003, the Legislature created the Entertainment Industry Financial Incentive Program.[6, 7] In 2005 and 2007, the Legislature modified the program including broadening the definition of filmed entertainment, establishing three queues for distributing funds, and creating bonus incentives for family-friendly and off-season productions. Most recently, the 2010 Legislature changed the incentive program from a reimbursement to a transferable tax credit and included digital media projects in the definition of entertainment industry.[8]

[6] Chapter 2003-81, *Laws of Florida*.

[7] Under the original program, participating companies were reimbursed for up to 15% of qualified production expenditures of at least $850,000; payments were made on a first-come, first-served basis, with all reimbursements subject to appropriation. Thus, appropriations for a given fiscal year could be exhausted prior to a production receiving its full payment.

[8] Chapter 2010-147, *Laws of Florida*.

In addition to administering these incentive programs, OFE provides various services to the film and entertainment industry, including helping production companies find filming locations and facilitating access to those locations. Film office staff provides support to the Florida Film and Entertainment Advisory Council and promotes Florida's film, television, and digital media industry at film festivals, industry trade shows, and other events.[9] OFE also works with industry organizations, such as Film Florida and labor unions, and refers production companies to more than 60 local film offices.[10]

Activities

Florida's film and entertainment incentive programs provide qualified companies transferrable tax credits and sales tax exemptions on the purchase of production-related goods and services. The process for administering the two programs differs, with both the Office of Film and Entertainment (OFE) and the Department of Revenue performing tasks related to tax credits and sales tax exemptions.

Transferable Tax Credits. Qualified productions in Florida may receive transferable tax credits on a first-come, first-served basis.[11] Qualified productions include motion pictures, television programs, commercials, documentaries, music videos, and digital media.[12] Qualified expenditures include payments for goods and services purchased or leased from state businesses and wages paid to legal state residents. At least 60% of employees working on a given project must be Florida residents; for digital media projects, the requirement is 75%.[13] No production may receive tax credits exceeding 30% of qualified expenditures.

Qualified productions fall into three queues – General Production, Commercial and Music Video, and Independent and Emerging Media Production.

- ***General Production*** includes productions that demonstrate a minimum of $625,000 in qualified expenditures. Productions receive tax credits equal to 20% of qualified expenditures up to $8 million. The program must dedicate 94% of tax credits to this queue during a given fiscal year.
- ***Commercial and Music Video*** includes productions that demonstrate a minimum of $100,000 in qualified expenditures per commercial or music video produced by companies that expend at least $500,000 on such productions during a fiscal year. Productions receive tax credits equal to 20% of qualified expenditures up to $500,000. The program must dedicate 3% of tax credits to this queue during a given fiscal year.
- ***Independent and Emerging Media Production*** includes productions (except for commercials, infomercials, or music videos) that demonstrate a minimum of $100,000 in qualified expenditures but not more than $625,000. Productions receive tax credits equal to 20% of qualified expenditures. The program must dedicate 3% of tax credits to this queue during a given fiscal year.

[9] This advisory council consists of 17 members appointed by the Governor, President of the Senate, and Speaker of the House of Representatives. The council's purpose is to provide the Department of Economic Opportunity and the state film office with insight and expertise related to the Florida entertainment industry. The council holds quarterly meetings.

[10] Local film offices assist production companies to identify film locations and provide information on labor, equipment, and vendors; the local film offices also serve as liaisons between the production company and local governments in assisting them with permitting and use of public buildings and services.

[11] Section 288.1254, *F.S.*

[12] Weather or marketing programs, sporting events, political programs, and pornographic productions are not qualified productions.

[13] During the first two years of the incentive program, the requirement was that at least 50% of employees working on a given project must be Florida residents.

OFE may also award bonus tax credits. For example, certified family-friendly productions are eligible for bonus tax credits equal to 5% of actual qualified expenditures.[14] In addition, a qualified production that is shot off-season or for which at least 67% of its principal photography days occur in an underutilized region may receive an additional 5% tax credit on qualified expenditures.[15, 16] Productions that employ full-time film students attending a Florida college or university may receive a 15% tax credit on qualified expenditures paid to the students. Productions that film at least 50% of their principal photography at a qualified production facility may receive 5% bonus tax credits on qualified expenditures related to the facility.

Production companies must apply for tax credits online and provide supporting documentation to establish eligibility. Documentation includes estimated expenditures, names of key personnel, financing information, and a production schedule. An application must be complete before OFE reviews it and recommends certification to the Department of Economic Opportunity for approval. If the department certifies the production, it issues a tax credit certification letter to the applicant.[17] To remain certified and eligible for tax credits, an applicant must maintain a reasonable schedule, including beginning principal photography or production no more than 45 days before or after the start date in the production's incentive application.

Productions receive tax credit awards after providing documentation that they have spent at least the required minimum amounts of their budgets in Florida and that required minimum percentages of their employees have met the Florida residency requirement. Independent certified public accountants audit this information, and OFE staff reviews the audit reports and verifies actual qualified expenditures and state residency documentation.[18] The final tax credit award based on OFE's review may not exceed the maximum amount certified. Tax credits can become available for recertification if a certified company withdraws from the program or the final tax credit award is less than the amount certified via OFE's review of qualified expenditures.

Tax credits may be applied to corporate income taxes, sales taxes, or both. Unused credits may carry forward each year for up to five years. Within this five-year period, an applicant may transfer unused credits. A credit that applies to the sales tax may be transferred one time to one transferee, while a credit that applies to the corporate income tax may be transferred one time to no more than four transferees. Credits may be transferred to any company that has a sales tax liability, such as a corporation that operates supermarkets or department stores. Unused credits expire at the end of the five-year period.

Sales Tax Exemptions. Qualified companies engaged in producing motion pictures, television series, commercials, music videos, and sound recordings in Florida may apply to OFE for an exemption from sales tax on the purchase or lease of certain items used exclusively as an integral part of production activities in the state.[19] Examples of tax-exempt items for purchase include costumes, lighting, props, and sets. Examples of

[14] These productions include theatrical or direct-to-video motion picture productions or video games that have cross-generational appeal; are suitable for children age five or older; appropriate in theme, content, and language for a broad family audience; and do not exhibit or imply acts of smoking, sex, nudity, or vulgar or profane language.

[15] A production is certified as off-season if at least 75% of its principal photography occurs from June 1 to November 30, a period that federal and state agencies call the Atlantic Hurricane Season.

[16] An underutilized region has a regional tax credit ratio that is lower than its regional population ratio for a given fiscal year.

[17] The certification letter defines the maximum amount of tax credits the project is eligible to receive based on its submitted budget and estimated qualified expenditures.

[18] The film office staff reviews the 10 highest expenditures and 5% of all other company receipts.

[19] Section 288.1258, *F.S.*

exempt items for leasing or renting include sound stages, studios, or other real estate used as an integral part of the performance of qualified production services.

OFE reviews and approves applications for the exemptions, while the Department of Revenue issues certificates of exemption to the production companies. A production company may use a certificate of exemption when making purchases and rentals of qualified items. A Florida-based company can receive a 12-month certificate that may be renewed annually for up to five years. A Florida-based or non-Florida based company can receive a 90-day certificate and apply for an extension beyond that period.

Funding

The Office of Film and Entertainment (OFE) has committed all of the state's entertainment industry tax credits, certifying 351 projects to receive $296 million. For sales tax exemptions, estimates based on data provided by program applicants show that on an annual basis, approximately $250 million in expenditures are tax exempt, amounting to $15 million in savings for participants.

All of Florida's $296 million in film and entertainment tax credits have been certified; annual sales tax exemptions amount to approximately $15 million in savings for recipients. The Legislature allocated a total of $296 million in tax credits over six fiscal years. Annual allocations ranged from $42 million to $74.5 million. (See Exhibit 1-1.) While current law specified allocations for Fiscal Years 2010-11 through 2015-16, tax credits for all six years have been certified.

As of September 30, 2014, OFE had certified 351 projects to receive $296 million; the office has awarded tax credits totaling approximately $114.3 million for 142 of the 351 projects.[20] The remaining credits will be awarded after certified projects are completed and have demonstrated that they met all program requirements.

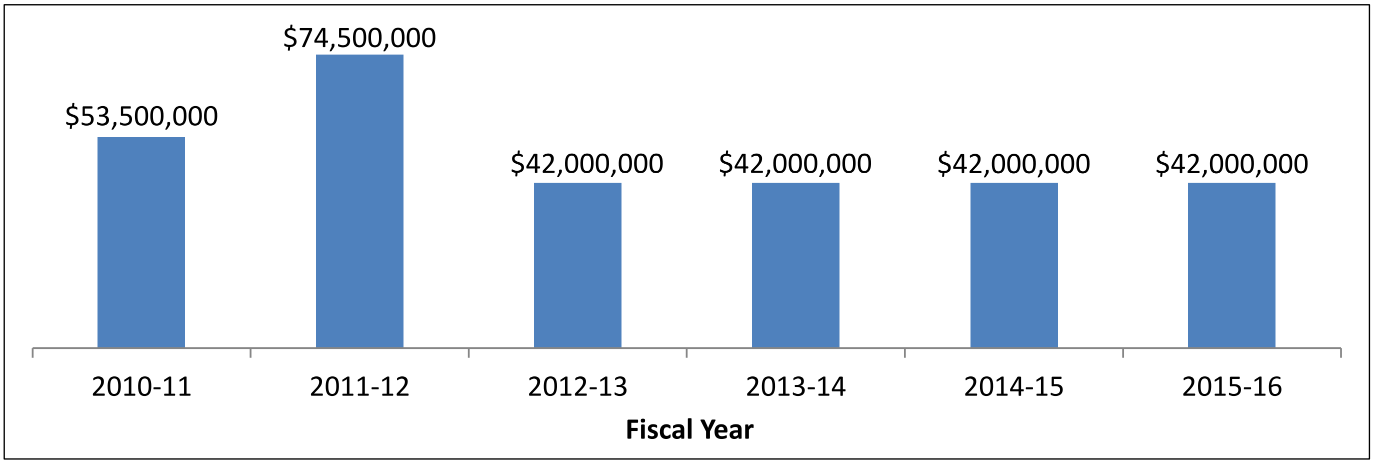
In addition, as of September 30, 2014, the office had conditionally certified 58 projects for $75.7 million.[21] OFE informs companies with conditionally certified projects that "It is possible that already-certified tax credits may be relinquished and become available, in which case this conditional certification will apply." Thus, conditional certification serves as a waiting list, but according to the office, companies are advised that they are not guaranteed receipt of tax credits.[22]

[20] As of August 2014, the $67.3 million in tax credits had been transferred to other companies. Company representatives reported that the lack of a tax liability was the primary reason for the transfer. According to Department of Revenue data, $55.2 million (82%) of the transferred credits have been used.

[21] According DEO officials, per Rule 73A-3.004(e), *F.A.C.,* OFE can conditionally certify a company's project. Under the rule, "if credits for a particular fiscal year become available in the future, either through non-award of previously certified credits or through legislative changes or otherwise, then the department shall distribute them on a first-come, first-served basis."

[22] According to OFE officials, conditional certification letters include the following language: "This conditional certification applies only to tax credits that may become available and that are to be distributed under the Entertainment Industry Financial Incentive Program as it is currently defined in statute. Should section 288.1254, *F.S.*, be amended, a new certification process may be implemented; therefore, this conditional certification conveys no rights or privileges relating to future iterations, if any, of the Entertainment Industry Financial Incentive Program."

Exhibit 1-1
The Legislature Allocated $296 Million for Film and Entertainment Tax Credits from Fiscal Year 2010-11 to Fiscal Year 2015-16



Source: Section 288.1254, *F.S.*

The Department of Revenue does not capture sales tax exemption fiscal data, because retailers do not provide information to the department to show how many of their sales are tax exempt. Thus, the amount of taxes exempted is an estimate based on figures provided by program recipients on the application forms that they submit to OFE; the office includes this data in its annual reports. Qualified production companies reported, via applications, that they would spend an estimated $1 billion annually from Fiscal Years 2010-11 through 2012-13, with approximately $250 million in tax-exempt purchases per year. Based on these expenditure estimates, we determined that the annual exemption amount was approximately $15 million. (See Exhibit 1-2.)

Exhibit 1-2
Estimated Sales Tax Exempted at $15 Million per Year

Fiscal Year	Estimated Expenditures	Tax-Exempt Expenditures	Estimated Tax-Exempt Amount (Based on 6% Sales Tax)
2010-11	$1,010,404,652	$256,086,039	$15,365,162
2011-12	$1,015,136,941	$244,285,873	$14,657,152
2012-13	$1,104,213,354	$243,579,538	$14,614,772

Source: OPPAGA analysis of data reported in *Entertainment Industry Sales Tax Exemption Annual Report* for Fiscal Years 2010-11, 2011-12, and 2012-13.

Program administrative costs totaled about $1 million for Fiscal Years 2010-11 through 2012-13. For Fiscal Years 2011-12 through 2012-13, OFE spent $1.0 million to administer film and entertainment industry financial incentives with five FTEs; the office was unable to provide data for Fiscal Year 2010-11, because at that time, the incentive programs were administered by the Governor's Office of Tourism, Trade, and Economic Development.[23] In addition, during the review period (Fiscal Years 2010-11 through 2012-13), the Department of Revenue spent $51,537 administering the incentive programs.

[23] The office was a predecessor of the Department of Economic Opportunity. When the department was created in 2011, the office's functions were transferred to the department.

Findings

Sixty-eight productions received $67.3 million in tax credits during the three-year review period. These productions spent $284.4 million for qualified goods and services, with television projects making the majority of these purchases. The 68 productions employed 29,023 Florida residents, with television and film productions accounting for 24,654 of these employees. However, most employees were extras or stand-ins, which are generally part-time positions. Similarly, employment data reported by sales tax exemption applicants show that less than 20% of total jobs reported were full-time positions.

To determine how Florida compares to other states, OPPAGA examined film and entertainment incentive programs offered by major competing states and performed detailed analyses of industry employment trends. Our review found that Florida's tax credit program is not as generous as other states' incentives and its film and entertainment industry employment is declining in comparison to other states. Industry stakeholders reported that Florida's entertainment incentives, while lacking, are very important to their ability to produce content in the state. Stakeholders offered a number of suggestions for improving the state's incentive programs, including authorizing additional tax credits and modifying program criteria.

The Office of Film and Entertainment's (OFE) administration of tax credits could be improved. For example, the office's review of production audits has resulted in a backlog and approval delays, which prolongs payment to tax credit recipients. According to program participants, it took up to a year to receive tax credit awards after they provided the office with post-production audits. Office staff confirmed that it takes four to eight months to review and approve audits.

We also found that program managers were setting the effective dates for sales tax exemption certificates prior to the application dates for those exemptions; this practice was evident in 25% of the exemption applications for which we had data. According to OFE officials, s. 288.1258, *Florida Statutes*, does not mandate the start date of exemptions, and the office backdates certificates to be "business-friendly." However, this procedure is not formalized and calls into question whether these companies' purchases were tax exempt under state law.

Large Scale TV Productions in Southeast Florida Received the Majority of Tax Credits; Most Companies Applying for Sales Tax Exemptions Are Located in Florida

Our review of data for the Entertainment Industry Financial Incentive Program and Entertainment Industry Sales Tax Exemption Program found that projects in the general production queue are awarded the most tax credits, and in-state companies receive the most sales tax exemptions. In addition, the majority of tax credits are awarded to television productions and projects conducted in the southeast part of the state.

As required by state law, general productions received most of the tax credits awarded. During Fiscal Years 2010-11 through 2012-13, OFE awarded $67.3 million in tax credits to 68 certified projects. Projects in the General Production queue received $64.3 million (96%) of the tax credits awarded. (See Exhibit 1-3.)

Exhibit 1-3
Large Scale Productions Received the Most Tax Credits

Queue	Projects	Tax Credits Awarded
General Production	32	$64,339,104
Commercial and Music Video	14	1,698,078
Independent and Emerging Media Production	22	1,244,887
Total	**68**	**$67,282,069**

Source: OPPAGA analysis of Office of Film and Entertainment data.

Across the three funding queues, various types of productions are eligible for tax credits. Television productions received 45% of the tax credits awarded. Television series with multiple seasons, such as *Burn Notice* and *The Glades*, accounted for most of these tax credits. Award amounts for television productions ranged from $33,306 to $6.7 million. Digital media and film productions accounted for most of the remaining tax credits awarded at 29% and 23%, respectively. (See Exhibit 1-4.)

Exhibit 1-4
Across the Three Funding Queues, Television Productions Received the Most Tax Credits

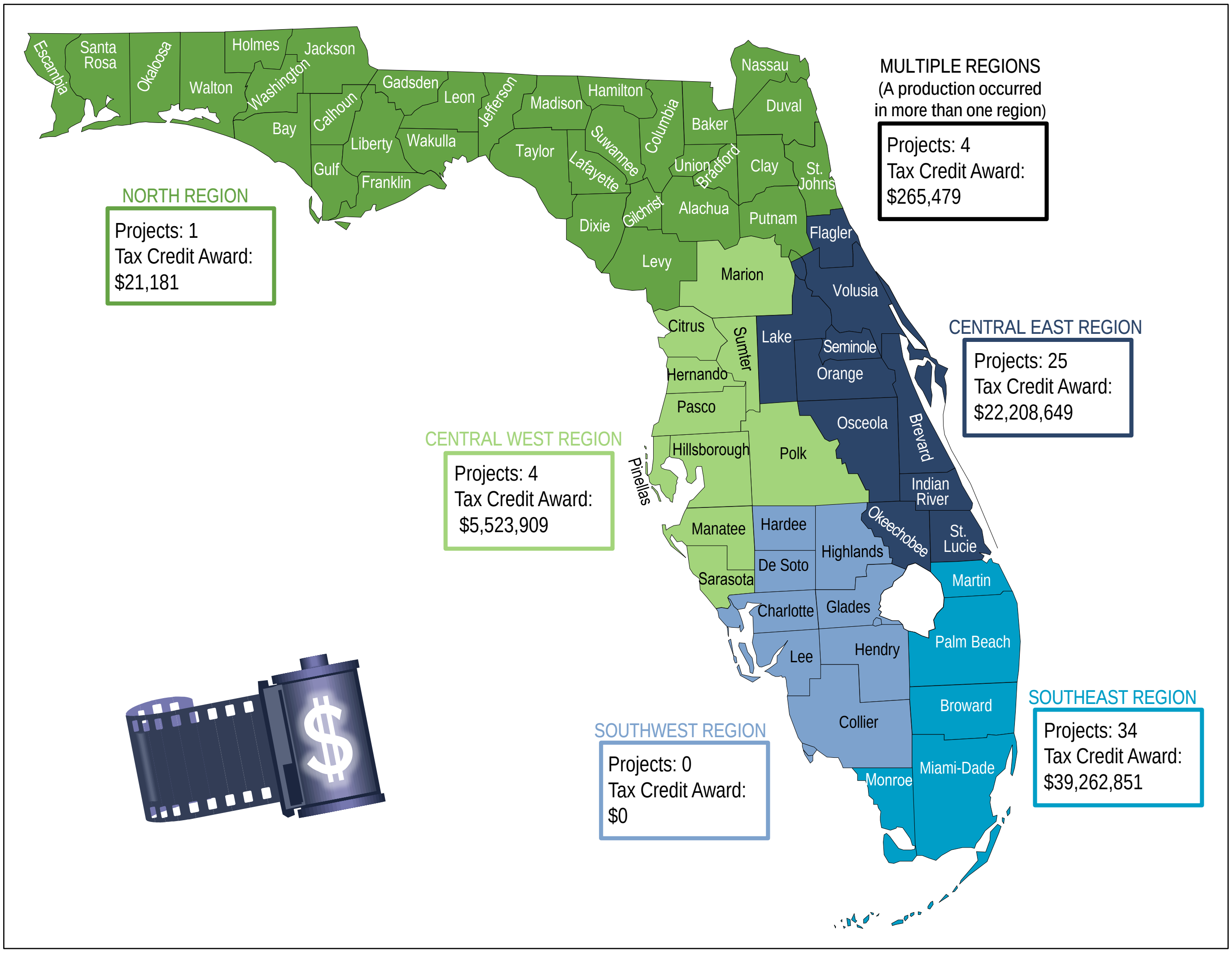
Production Type	Projects	Tax Credits Awarded
Television (e.g., television series, television pilots, and television specials)	21	$30,300,174
Digital Media (e.g., video games)	19	19,767,902
Films (e.g., feature films)	14	15,515,915
Commercials	14	1,698,078
Total	**68**	**$67,282,069**

Source: OPPAGA analysis of Office of Film and Entertainment data.

The majority of the 68 projects awarded tax credits were located in central east and southeast regions of the state, primarily in Orlando and Miami. (See Exhibit 1-5.) The underutilized regions of the state, such as the north region, have access to an additional 5% tax credit, but only one project received such a bonus during Fiscal Years 2010-11 through 2012-13.[24] Among the remaining projects, 23 received other program bonuses – 11 off-season bonuses, 9 family-friendly bonuses, and 3 family-friendly and off-season bonuses.

[24] The Office of Film and Entertainment calculates a regional tax credit ratio between the amount of tax credits awarded and certified in a region and tax credits awarded and certified in the state. If the regional tax credit ratio is lower than a ratio of the region's population to the state population in a fiscal year, the region is considered underutilized.

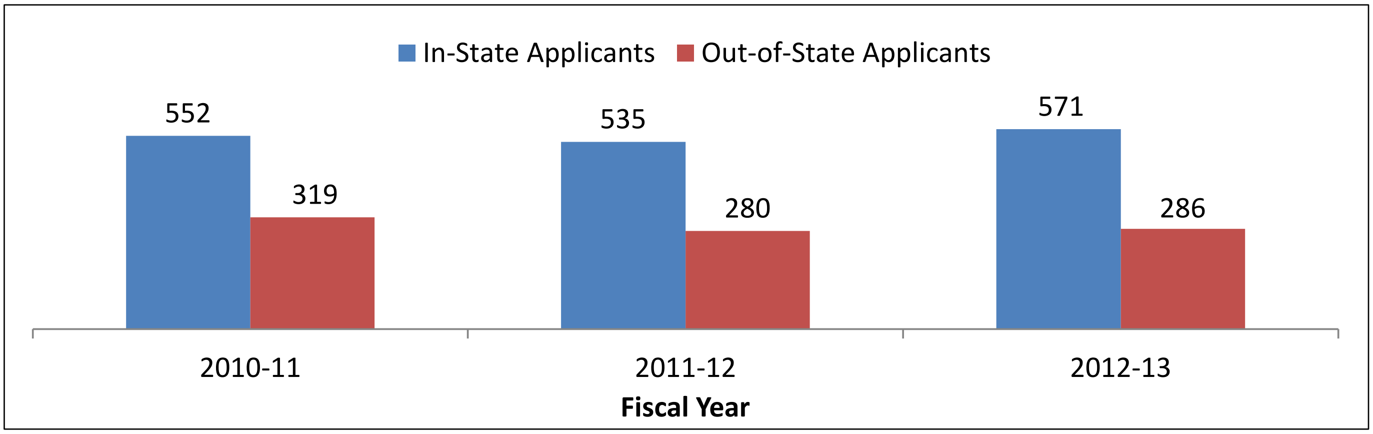
Exhibit 1-5
Southeast Florida Productions Received the Most Tax Credits



Source: OPPAGA analysis of Office of Film and Entertainment data.

In-state companies applied for most of the sales tax exemptions. During Fiscal Years 2010-11 through 2012-13, there were 871, 815, and 857 annual sales tax exemption applicants, respectively. Over half of the exemption recipients were in-state companies, accounting for more than 60% each year. (See Exhibit 1-6.)

Exhibit 1-6
Most Sales Tax Exemption Applicants Were In-State Companies

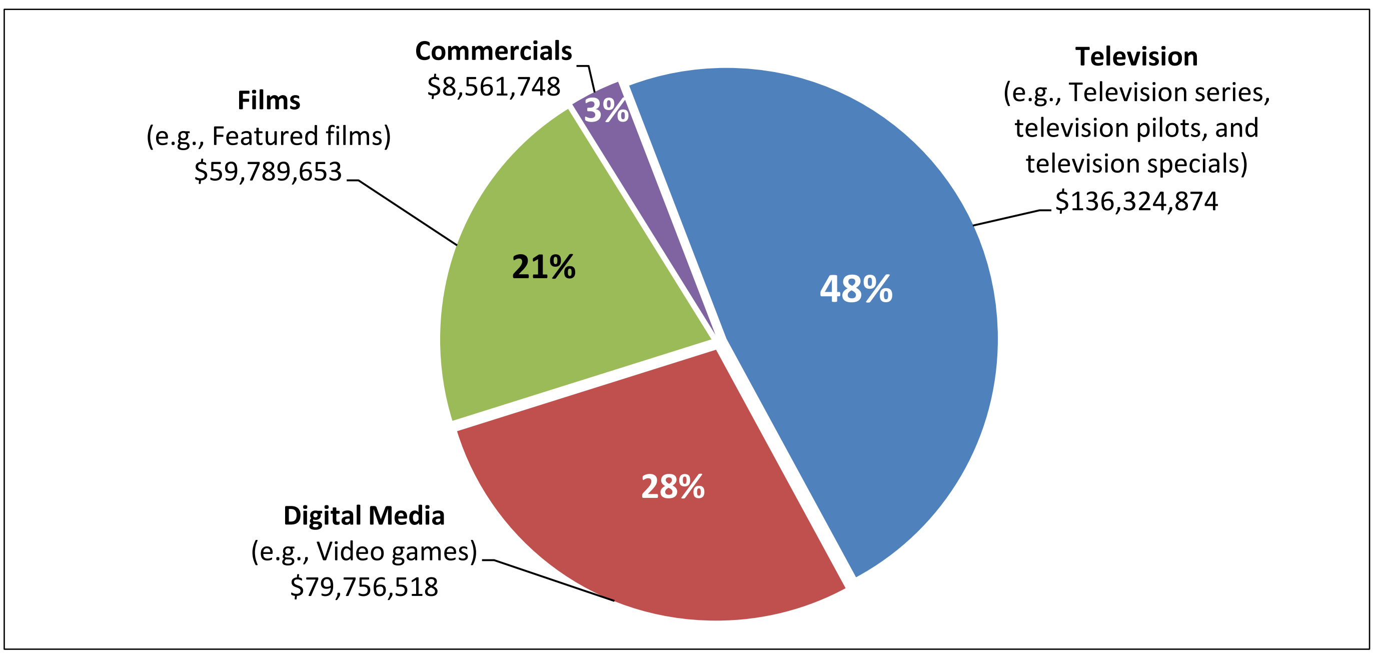


Source: OPPAGA analysis of Office of Film and Entertainment data.

Television Productions Generate the Greatest Expenditures; Most Production-Related Employment is Part-time

The production companies that received $67.3 million in tax credits during Fiscal Years 2010-11 through 2012-13 spent $284.4 million for qualified goods and services purchased or leased from Florida businesses and wages paid to Florida residents. Television productions made nearly 50% ($136.3 million) of these qualified production expenditures, followed by digital media at 28% ($79.8 million). (See Exhibit 1-7.)

Exhibit 1-7
Television Productions Made Almost Half of Qualified Expenditures



Source: OPPAGA analysis of Office of Film and Entertainment data.

Production companies receiving tax credits reported employing 29,023 Florida residents. Television and film productions accounted for 85% of total employees, with 24,654. Most employees (61%) for these productions were extras or stand-ins. (See Exhibit 1-8.)

Exhibit 1-8
Most Production Employees Were Extras and Stand-ins

Production Type	Position Types: Talent	Crew	Extras/Stand-In	Total
Television (e.g., television series, television pilots, and television specials)	884	4,396	12,127	17,407
Films (e.g., feature films)	405	2,046	4,796	7,247
Commercials	231	1,429	651	2,311
Digital Media (e.g., video games)	36	2,022	0	2,058
Total	**1,556**	**9,893**	**17,574**	**29,023**

Source: OPPAGA analysis of Office of Film and Entertainment data.

A comparison of reported employees and hourly employment data for 28 of the 68 projects indicates most employees are part-time.[25] Companies for 28 projects reported having 18,270 employees on their productions, of which 12,883 (71%) positions were extras and stand-ins. Using hourly employment data for these projects, we estimated 1,217 full-time equivalent positions.[26] Further, according to employment data reported by sales tax exemption applicants, less than 20% of the total jobs reported were full-time positions.

Entertainment Industry Stakeholders Are Satisfied with Office of Film and Entertainment Performance, but Suggested Several Improvements to Incentive Programs

OPPAGA staff interviewed local and regional film commissioners and surveyed recipients of tax credits and sales tax exemptions to determine the nature of their interactions and satisfaction with OFE.[27] We also sought to better understand businesses' experience with the incentive programs and the role incentives played in business decisions. Stakeholders generally are satisfied with OFE's performance and reported that the state's entertainment incentives, while lacking, are very important to their ability to produce content in Florida. Stakeholders offered a number of suggestions for improving the state's incentive programs.

Stakeholders are generally very satisfied by OFE's services, but the state's incentives received low ratings. Local film commissions and recipients of tax credits and sales tax exemptions sought assistance from OFE for a variety of services, including assistance with locations, productions, permitting, and incentives. Of the 264 survey respondents that provided opinions regarding satisfaction with OFE, 81% (215) were either very satisfied or satisfied with the office's services. Six local film commissioners that mentioned OFE were complimentary of the office's services.

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[25] OFE requires that production companies report the pay hours for their cast, crew, extras/stand-ins, and total project. However, hourly employment data was available for only 28 of the 68 (41%) projects that received tax credits during the study period.

[26] We based our calculation on a full-time equivalent of 35 hours per week for 52 weeks.

[27] OPPAGA staff interviewed eight local film commissioners in the cities of Fort Walton Beach, Jacksonville, Miami Beach, Orlando, and Sarasota and Broward, Miami-Dade, and Palm Beach counties. We interviewed eight tax credit recipients involving multiple productions. We surveyed 1,326 individuals representing multiple production companies that had received tax credits and sales tax exemptions during the three years of our review; 390 (29%) individuals responded. We estimate that the survey's margin of error is plus or minus 4%. However, not all respondents answered all questions. Multiple stakeholders inverviewed by OPPAGA staff voiced opinions similar to those expressed by survey respondents. Published reports on the state of Florida's film and entertainment industry have highlighted similar findings.

Survey respondents reported that state incentives and the availability and cost of labor were the most important factors in making location decisions. However, Florida received poor ratings for incentives and other factors. For example, 92% (246) of survey respondents reported that state incentives were important or very important factors influencing location decisions. However, respondents gave Florida poor ratings for local and state incentives. (See Exhibit 1-9.)

Exhibit 1-9
Among Production Location Selection Factors, Florida Receives a High Rating for its Natural Features; Incentives, Facilities, and Permitting Receive Low Ratings

Factors	Important to Location Decision [1]	Florida Rating[2]
Availability of a skilled work force	A	C
Labor costs	A	C
State financial incentives	A	D
Ease of access to public facilities such as roads, bridges, courthouses, rail lines, airports, etc.	B	C
Geographical features such as beaches, forests, rivers, etc.	B	B
Local financial incentives	B	F
Regulatory (permitting) structure	B	D
State tax structure	B	C
Availability of facilities such as sound stages and recording studios	C	D
Existing presence in a state	C	D

[1] Survey respondents were asked the importance of various factors in selecting a production or project location. Grades are based on percentage of responses that were very important (VI) or important (I). Grading scale: A= 100-90%, B= 89.9-80%, C= 79.9-70%, D= 69.9-60%, and F= 59.9-0%.

[2] Survey respondents were asked to rate Florida as a location for company's activities. Grades are based on percentage of responses that were very strong (VS) or strong (S). Grading scale: A= 100-90%, B= 89.9-80%, C= 79.9-70%, D= 69.9-60%, and F= 59.9-0%.

Source: Analysis of OPPAGA survey.

We also asked tax credit recipients what effect the lack of incentives would have on productions or projects. Of the 262 recipients who answered the question, 23% (61) would have proceeded as planned, 43% (113) would have proceeded on a smaller scale, 3% (8) would have cancelled production, and 31% (80) would have proceeded in another state. Forty-three percent (113) of respondents considered completing their project in other states including California, Georgia, Louisiana, New York, and North Carolina.

Industry stakeholders suggested several improvements to Florida's entertainment incentives. Regarding the tax credit program, industry representatives and local film commissioners continue to believe that the Legislature should allocate additional tax credits. Stakeholders suggested annual allocations of $50 million to $200 million. While the lowest amount is significantly less than incentives offered by other states, some stakeholders believe it is enough to make Florida competitive. Stakeholders also reported that the amount of tax credits certified for approval during a given fiscal year should not exceed the amount allocated for that year.

Other suggested improvements included

- basing approval for tax credits on the number of jobs a project will create and its overall economic benefit to the state, including attracting more tourists;

- increasing the percentage of credits dedicated to the commercial and music video queue from 3% to 5% or 6%;
- reducing the minimum expenditure from $100,000 to $50,000 and abolishing the $500,000 expenditures per fiscal year requirement;
- raising the underutilized regions bonus from 5% to 10%; and
- abolishing the family-friendly bonus.

Other Competing States Generally Outperformed Florida's Film and Entertainment Industry in Incentive Funding and Industry Employment Growth

To determine how Florida compares to other states, we examined film and entertainment incentive programs offered by major competing states and performed detailed analyses of industry employment trends. Our review found that Florida's tax credit program is not as generous as other states' incentives. We also determined that Florida's film and entertainment industry employment is declining in comparison to other states.

Other competing states offer more robust incentives than those provided in Florida. Industry stakeholders identified Georgia and Louisiana, due to their proximity and generous incentive programs, as Florida's strongest competitors for production projects. These states do not cap the annual amount of tax credits awarded and allow credits to be applied to wages paid to in- and out-of-state employees. Other states with film and entertainment industry tax credits that are more generous than Florida's program include California and New York, which historically have had strong film and entertainment industries. (See Exhibit 1-10.)

Exhibit 1-10
California, Georgia, Louisiana, and New York Offer More Generous Film and Entertainment Industry Tax Credits than Florida

	Incentive Requirements	Florida	California	Georgia	Louisiana	New York[1]
Qualified Production Expenditures	Minimum Percentage	20%	20%	20%	30%	30%
	Maximum Percentage	30%[2]	25%	30%[3]	30%	30%
	In-State Businesses?	Yes	Yes	Yes	Yes	Yes
	Out-of-state Businesses?	No	Yes	No	No	Yes
Wages Paid to Production Employees	Percentage Paid for State Residents	20%	20%-25%[4]	20%	35%	30%[4]
	Percentage Paid for Nonresidents	0%	20%-25%[4]	20%	30%	30%[4]
Use of Tax Credits	Percentage Paid through State Buyback	0%	0%	0%	85%	100%
	Transferable to Other Companies?	Yes	No[5]	Yes	Yes	No
	Years to Use the Credit	5	5	5	10	NA
Funding Caps	Per Project Cap	$8 million	No Cap	No Cap	No Cap	No Cap
	Program Cap	$296 million through June 30, 2016	$330 million annually	No Cap	No Cap	$420 million annually

[1] New York has a separate post-production-only tax credit incentive of 30%-35%.

[2] A 5% bonus is paid for family friendly films or video games; filming in underutilized counties; filming from June 1 through November 30; filming at a qualified production facility/digital media facility; and employing Florida student's and/or recent graduates. Florida statutes permit a maximum incentive of 30%.

[3] A 10% bonus is paid for displaying the State of Georgia peach logo in film credits.

[4] This credit is only for below-the-line employees and does not include actors, producers, directors, and writers.

[5] Only tax credits issued to an independent film may be transferred or sold to one unrelated party.

Source: Cast and Crew Entertainment Services, Inc., entertainment Partners, and s. 288.1254, *F.S.*

Florida's film and entertainment industry employment is declining relative to other competing states. Given Florida's significant investment in the film and entertainment industry, we conducted economic analyses of the industry to gain a better understanding of how the state is performing relative to other competing states and the national economy. The Department of Economic Opportunity uses 15 industry codes to define the film and entertainment and digital media industry; we included 2 additional industry codes identified by digital media experts to better represent this segment of the industry.[28]

- Traditional film and entertainment industry
  - Agents and managers for public figures
  - Cable and other subscription programming
  - Commercial photography
  - Independent artists, writers, and performers
  - Motion picture and video distribution
  - Motion picture and video production
  - Musical groups and artists
  - Other motion picture and video industries
  - Other sound recording industries
  - Record production
  - Satellite telecommunications
  - Sound recording studios
  - Tele-production and post-production services
  - Television broadcasting
- Digital media
  - Custom computer programming services
  - Internet publishing and broadcasting and web search portals
  - Software publishers

We used these codes to compare Florida's film and entertainment industry employment growth to industry employment growth from 2009 (the year before the tax credit program started) to 2013.[29, 30] Comparison states included California, Georgia, Louisiana, and New York.

Total film and entertainment industry employment grew in all five states and the nation from 2009 to 2013. However, Florida's employment growth ranked last during that period. Further, total film and entertainment employment growth in both California and Florida were less than national employment growth, while it was greater in Georgia, Louisiana, and New York. (See Exhibit 1-11.)

[28] The North American Industry Classification System is the standard used by federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

[29] Employment figures are from the U. S. Department of Labor's Bureau of Labor Statistics. Data for 2013 are preliminary. Louisiana and New York had data that were not disclosable for four industries – tele-production and postproduction services, other motion picture and video industries, record production, and satellite telecommunications. Therefore, employees in these industries were excluded from the analysis.

[30] Because digital media employment is such a large portion of total film and entertainment industry employment, we analyzed data for those 3 industry codes and 10 traditional industry codes separately. For example, 2013 digital media employment accounted for 1,177,776 of the 1,738,780 total film and entertainment industry employment in the nation, or 68%. Florida's 2013 digital media employment was also 68% of the total, while it was 56% in California and 70% in Georgia.

Exhibit 1-11
Florida's Total Film and Entertainment Industry Growth Was Less than Other Competing States and the National Average

State	Traditional Film and Entertainment	Digital Media	Total Film and Entertainment Industry
Louisiana	71.9%	13.6%	45.2%
New York	16.5%	49.3%	28.7%
Georgia	6.7%	25.5%	19.3%
California	1.6%	30.7%	16.6%
Florida	**9.5%**	**15.7%**	**13.7%**
United States	3.5%	23.8%	16.7%

Source: OPPAGA analysis of U. S. Department of Labor, Bureau of Labor Statistics data.

We also calculated location quotients to compare statewide employment in the film and entertainment industry to national employment in that industry. Location quotients exceeding 1.0 indicate that state levels of industry employment were higher than the national level. A positive change in location quotient indicates that the industry is growing relative to the nation. Florida's 2013 location quotient is less than one in all industry sectors, which indicates that the industry employment is less than the national level. Florida employment declined relative to the nation and other states for the digital media and the total film and entertainment industry. Traditional film and entertainment industry employment increased in Florida and other states except for California. For example, in Florida, employment increased in sound recording industries. (See Exhibit 1-12.) (For additional analysis, see Appendices A and B.)

Exhibit 1-12
Most States Outpaced Florida's Film and Entertainment Industry Employment Growth from 2009 to 2013

	State	Location Quotient 2013	Change in Location Quotient 2009 to 2013
Total Film and Entertainment Industry	New York	1.51	0.14
	Louisiana	0.56	0.11
	Georgia	1.18	0.03
	Florida	**0.70**	**-0.02**
	California	2.13	-0.04
Traditional Film and Entertainment	Louisiana	1.16	0.47
	New York	2.75	0.30
	Florida	**0.70**	**0.04**
	Georgia	1.12	0.04
	California	2.89	-0.10
Digital Media	New York	0.95	0.16
	California	1.79	0.07
	Georgia	1.20	0.02
	Louisiana	0.29	-0.02
	Florida	**0.70**	**-0.05**

Source: OPPAGA analysis of U. S. Department of Labor, Bureau of Labor Statistics data.

We also conducted a shift-share analysis of the film and entertainment industry for Florida and the four comparison states. Shift-share represents how much of the employment growth or decline in a state's industry was due to the national or state economy, the national or state level trend within the particular industry, and the state's characteristics. Shift-share is comprised of the three components, with the change in employment between 2009 and 2013 equal to the sum of the components.

- *National (or State) Growth Share* is the change in employment due to the growth of the overall national or state economy. If the national or state economy is growing, then one would expect to see a positive change in each industry in the state.
- *Industry Mix Share* is the change in employment due to the growth (or decline) of the overall industry in the nation or state relative to the growth (or decline) of the overall national or state economy.
- *Regional Shift* is the change in employment due to the state's characteristics (also referred to as competitive share). A positive regional shift indicates the state's industry is outperforming the national or state trend. A negative effect indicates that the state's industry is underperforming compared to the national or state trend.

Our shift share analysis shows that California and Florida underperformed the nation and compare unfavorably to Georgia, Louisiana, and New York for total film and entertainment industry employment. However, Florida is competitive with other states among traditional film and entertainment industry sectors. In the digital media industry, Florida and Louisiana underperformed the nation and compared unfavorably to California, Georgia, and New York for employment growth. Overall, the data shows that Florida is the least competitive among the five states for digital media employment growth. (See Exhibit 1-13.) (For additional analysis, see Appendix B.)

Exhibit 1-13
Florida Was Less Competitive than Other States in Total Industry Employment Growth from 2009 to 2013

	State	Employment Change 2009 to 2013	National Share	Industry Mix	Regional Shift
Total Film and Entertainment Industry	New York	37,310	7,284	14,362	15,664
	Louisiana	4,159	517	1,019	2,623
	Georgia	9,449	2,750	5,422	1,277
	California	60,149	20,322	40,068	-241
	Florida	**8,314**	**3,404**	**6,712**	**-1,802**
Traditional Film and Entertainment	New York	13,449	4,567	-1,752	10,634
	Louisiana	3,584	280	-107	3,412
	Florida	**1,852**	**1,096**	**-421**	**1,176**
	Georgia	1,080	909	-349	520
	California	2,855	9,844	-3,776	-3,213
Digital Media	California	57,294	10,478	33,991	12,826
	New York	23,861	2,717	8,815	12,329
	Georgia	8,369	1,841	5,973	555
	Louisiana	575	237	769	-432
	Florida	**6,462**	**2,308**	**7,487**	**-3,332**

Source: OPPAGA analysis of U. S. Department of Labor, Bureau of Labor Statistics data.

The Office of Film and Entertainment's Program Administration Could Be Improved

The Office of Film and Entertainment's (OFE) review of production audits has resulted in a backlog and approval delays. Program recipients reported that it took up to a year to receive tax credit awards after they provided the office with required expenditure information and audit reports. OFE staff reported that it takes four to eight months to review and approve audits. Program recipients attributed this delay to an insufficient number of OFE staff. As of November 2014, there were 57 audits pending staff review. The backlog not only delays payment for production companies awarded tax credits but also delays any tax credits that may be recertified for use by other certified companies.

We also found that program managers were setting the effective dates for sales tax exemption certificates prior to the application dates for those exemptions. This practice was evident in 25% (639 of 2,545) exemption applications for which we had data. Program managers reported that they have established this internal procedure to backdate applications for up to 30 days under extraordinary circumstances, such as an applicant forgetting an application deadline or wanting to include a large purchase already made. According to OFE officials, s. 288.1258, *Florida Statutes*, does not mandate the start date of exemptions, and the office backdates certificates to be "business-friendly." However, this procedure is not formalized and calls into question whether these companies' purchases were tax exempt under state law.

Recommendations

If the Legislature chooses to allocate additional tax credits under s. 288.1254, *Florida Statutes*, there are several issues it may wish to consider.

- To ensure that tax credits are available during all fiscal years for which they are allocated, the Legislature could amend s. 288.1254, *Florida Statutes,* to require that the amount of tax credits awarded during a single fiscal year not exceed the amount of tax credits allocated for that year.
- To improve program administration, the Legislature could direct the Department of Economic Opportunity to use a third party to process tax credit audits. This option could expedite the audit review process and reduce delays in awarding tax credits. The department currently uses a third party to review other economic development incentives, such as those awarded through the Qualified Target Industry Tax Refund program.

Moreover, to ensure that production company purchases are tax exempt under state law, Office of Film and Entertainment staff should discontinue the informal process of backdating sales tax exemption applications.

Appendix A

Location Quotient

We calculated location quotients for each film and entertainment industry sector in Florida. (See Exhibit A-1.) Location quotients compare statewide employment in a given industry to national employment in that industry. Location quotients exceeding 1.0 indicate that state levels of industry employment were higher than the national level. A positive change in location quotient indicates that the industry is growing relative to the nation; the shaded cells in the exhibits below represent positive changes in location quotients from 2009 to 2013.

Exhibit A-1
Location Quotients for Florida's Film and Entertainment Industry

Florida Industry	Location Quotient 2009	Location Quotient 2013
Software publishers	0.59	0.64
Motion picture and video production	0.37	0.34
Motion picture and video distribution	0.42	0.44
Tele-production and post-production services	0.48	0.45
Other motion picture and video industries	0.27	0.51
Record production	0.96	0.67
Sound recording studios	1.05	1.40
Other sound recording industries	0.61	1.95
Television broadcasting	1.12	1.16
Cable and other subscription programming	0.32	0.60
Satellite telecommunications	0.73	1.11
Internet publishing and broadcasting and web search portals	0.74	0.53
Custom computer programming services	0.83	0.76
Commercial photography	1.02	1.03
Musical groups and artists	0.89	0.85
Agents and managers for public figures	0.85	0.92
Independent artists, writers, and performers	1.00	0.88

Source: OPPAGA analysis of U. S. Department of Labor, Bureau of Labor Statistics data.

Appendix B

Shift-Share Analysis

We conducted a shift-share analysis for each film and entertainment industry sector in Florida. (See Exhibit B-1.) Shift-share represents how much of the employment growth or decline in the state or county industry was due to the national or state economy, the national or state level trend within the particular industry, and the state or county's characteristics. Shaded cells represent instances where the state industry is outperforming the national employment trend.

Exhibit B-1
Shift-Share Analysis for Florida's Film and Entertainment Industry

Florida Industry	Employment Change (2009-2013)	National Growth Share	Industry Mix Share	Regional Shift
Software publishers	2,191	487	920	784
Motion picture and video production	163	221	315	-373
Motion picture and video distribution	-27	10	-47	10
Tele-production and post-production services	-18	24	-17	-25
Other motion picture and video industries	21	3	-16	34
Record production	-34	5	-12	-28
Sound recording studios	48	18	-62	92
Other sound recording industries	161	5	-10	166
Television broadcasting	602	427	-153	328
Cable and other subscription programming	879	88	-364	1,155
Satellite telecommunications	70	31	-175	214
Internet publishing and broadcasting and web search portals	864	195	2,288	-1,619
Custom computer programming services	3,407	1,626	4,340	-2,559
Commercial photography	22	29	-15	8
Musical groups and artists	-170	102	-192	-80
Agents and managers for public figures	218	50	71	97
Independent artists, writers, and performers	-44	146	131	-321

Source: OPPAGA analysis of U. S. Department of Labor, Bureau of Labor Statistics data.

Chapter 2
VISIT FLORIDA

Scope

By January 1, 2015, and every three years thereafter, the Office of Program Policy Analysis and Government Accountability (OPPAGA) and the Office Of Economic and Demographic Research (EDR) must review VISIT FLORIDA and its programs established or funded under ss. 288.122, 288.1226, 288.12265, and 288.124, *Florida Statutes*. The review period covers Fiscal Years 2010-11, 2011-12, and 2012-13.

Background

Established by the Legislature in 1996 as the state's official tourism marketing corporation, VISIT FLORIDA (VF) serves as Florida's statewide destination marketing organization (DMO) representing the state's entire tourism industry.[31] VF's mission is to promote travel and drive visitation to and within Florida, with the goal of attracting 100 million annual visitors.[32] In calendar year 2013, Florida had 93.7 million out-of-state and international visitors.

VF is a 501(c)(6) not-for-profit corporation and a subcontractor of Enterprise Florida, Inc. (EFI), a public-private partnership created by the Legislature to serve as the state's principal economic development organization.[33, 34] EFI, in conjunction with the Department of Economic Opportunity (DEO), appoints VF's 31-member board of directors.[35] The board, which meets three times per year, provides guidance, input and insight into the evolution and development of VF programs, processes, and messages; acts as a steering council for various committees; and works directly with VF executive staff to guide strategy.

Activities

VISIT FLORIDA's primary responsibilities include

- administering domestic and international advertising campaigns;
- conducting research on tourism and travel trends;
- conducting domestic and international marketing activities; and
- managing the state's welcome centers.

VF also administers a number of small grant programs that provide organizations and state agencies funding for certain tourism-related activities. Grant funds total less than $2 million per year. (See Appendix A for more information about the grant programs.)

[31] Section 288.1226, *F.S.*

[32] VISIT FLORIDA defines a visitor as a person who is a non-resident that stays at least one night in the state.

[33] Sections 288.901 through 288.923, *F.S.*

[34] Although VF was originally a direct-support organization of the Florida Commission on Tourism, the commission was abolished in 2011, and VF was made a direct-support organization of EFI.

[35] The board is composed of 15 tourism industry representatives and 16 representatives from different geographic areas of the state.

Through its efforts to promote Florida, VF partners with thousands of businesses, destinations, and destination marketing organizations throughout the state. VF has approximately 11,000 tourism industry partners, ranging from small local businesses to county DMOs (i.e., convention visitor bureaus) to major tourist destinations. VF board members also include major tourism industry associations such as the Florida Restaurant and Lodging Association, the Florida Attractions Association, the Florida Association of Destination Marketing Organizations, and the Florida Association of RV Parks & Campgrounds.

VF provides a variety of services to its partners based on a tiered membership structure: Free Online Membership, Enhanced Online Membership ($365/year), Small Business Membership ($395/year, and must have less than $1.25 million in gross profits), and Premier Partner ($1,500/year). Paying partners have access to VF's market research and are able to participate in the cooperative advertising and promotional programs organized by VF. These benefits provide partners with information and opportunities to leverage their own marketing budgets. In Fiscal Year 2012-13, VF had 2,638 paying partners and 9,133 non-paying partners.

Industry partners engage in cooperative advertising and promotional activities. To enhance brand awareness and leverage funds for marketing efforts, VF partners participate in promotional opportunities and advertising campaigns. The Cooperative Advertising Program requires participating partners to contribute cash in order to be featured in a VF advertisement. For example, VF has purchased train wraps in northern cities with generic VF advertising that included ads for specific partners who participated in the project. By leveraging additional funding from the private sector, VF maximizes its own advertising budget for greater exposure. Cooperative advertising can help generate statewide visitation to Florida, as well as attract visitors to specific areas or attractions.

VF partners also participate in cooperative promotional activities intended to increase brand awareness and attract visitors. VF assembles special deals, such as vacation packages, that are promoted on the VF website, radio shows, media websites, and in magazines. In order to participate, partners must contribute to the promotion itself (e.g., offer discounted hotel rates, provide tickets to attractions, etc.). VF then contracts with a media outlet, such as a radio station, to offer the promotion to callers listening to local programming.

VISIT FLORIDA conducts extensive domestic and international marketing, which is informed by in-house and contracted research. Direct marketing includes advertising that is planned and paid for by VF.[36] In addition, VF staff attends numerous travel trade events, tourism conventions, and domestic and international sales missions, which allows the organization to promote Florida to travel agents, tour operators, meeting planners, consumers, and key feeder markets. VF also hosts media familiarity tours that pay for out-of-state or international media to visit Florida and learn about the state's various vacation activities. Following the tour, media guests write articles that highlight the state's tourism attractions. VF also promotes the state through race car sponsorships, television shows, and other state and local tourism events.[37]

To obtain data on visitors and visitation patterns, VF gathers tourism and travel-related research that includes data from the U.S. Census Bureau, the U.S. Department of Commerce, and numerous third party vendors.[38] This information is compiled annually in VF's Florida Visitor Study. The visitor study is

[36] VF contracts with various firms for creative production, media buying, website development, public relations, etc. For example, in Fiscal Year 2012-13, VF's contract with SapientNitro, VF's agency of record for creative production, media buying, website development and marketing services, totaled $13.7 million.

[37] In recent years, VF has sponsored various race cars. In Fiscal Year 2012-13, VF sponsored #40 Share a Little Sunshine Dempsey Racing Mazda RX-8 in 13 races at a cost of $3.7 million. In Fiscal Year 2013-14, VF sponsored the #00 VISIT FLORIDA.com Speed Source Mazda 6 in 12 races, the #90 Spirit of Daytona Visit Florida.com in 12 races, and the #55 Visit Florida.com Schmidt Peterson Motorsports in 1 race, for a total cost of $1.9 million. In Fiscal Year 2014-15 VF is sponsoring #90 Spirit of Daytona in 12 races at a cost of $2.1 million.

[38] D.K. Shifflet & Associates, VisaVue Travel, and other independent research sources conduct third party vendor studies.

used to help inform future advertising campaigns and is available to marketing partners as a membership benefit. VF also uses this data to profile visitors, including the number and type of visitors (e.g., out-of-state, international, and in-state), trip purpose, size and demographics of travel party, type of transportation used, destination region, and the season of travel. In addition, VF collects and reports information that provides estimates of visitors' economic impact, including visitor spending amounts on lodging, meals, and attractions; length of stay; sales tax revenues collected from visitor purchases; and travel-related employment.

VISIT FLORIDA operates the state's official welcome centers. VF manages five welcome centers at key locations in the state that serve as a one-stop resource for visitors. Four welcome centers are located along the main travel corridors leading into the state, and the fifth welcome center operates in the state capitol building in Tallahassee.[39] The Department of Transportation owns the buildings that house the four highway welcome centers, but the centers are staffed and managed by VF.

Funding

General revenue and industry partnership fees fund VISIT FLORIDA activities. The Legislature appropriated $63.5 million for Fiscal Year 2013-14. This amount does not include contributions from the private sector in the form of media value or in-kind donations from partners.

Over the last 10 fiscal years, VF's budget and associated expenditures have steadily increased. Expenditures increased from $32.9 million in Fiscal Year 2010-11 to $56.1 million in Fiscal Year 2012-13. During this same period, private sector contributions to VF marketing efforts (in the form of cooperative advertising and promotions) doubled. (See Exhibit 2-1.)

Exhibit 2-1
VISIT FLORIDA Expenditures and Private Sector Contributions Have Steadily Increased[1, 2]

Activity	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13
General and Administrative	$ 3,583,193	$ 3,869,864	$ 4,356,129
Marketing General and Creative	2,181,179	2,141,704	2,476,442
Marketing Advertising	17,081,763	23,074,810	36,129,831
Marketing Research	582,118	636,138	896,243
Promotions	726,963	1,083,564	1,598,883
Marketing Public Relations	614,908	695,462	635,480
Meetings and Events	4,194,849	4,806,429	5,886,049
Visitor Services	3,024,937	2,997,388	3,132,457
Industry Relations	874,636	852,233	1,037,82
Total Expenditures by VF	**$32,864,546**	**$ 40,157,593**	**$ 56,149,335**
Cooperative Promotional Value Total[3]	$34,841,752	$ 71,008,843	$ 82,569,946[5]
Cooperative Advertising Value Total[4]	15,095,263	17,271,574	18,682,886
Total Cooperative Value from Private Sector	**$49,937,015**	**$ 88,280,417**	**$101,252,832**
Total Expenditures and Cooperative Value	**$82,801,561**	**$128,438,010**	**$157,402,168**

[1] Figures in Exhibit 2-1 do not reflect legislative appropriations but rather VF expenditures.
[2] Includes VF expenditures by category as well as the funding contributed by private sector businesses in the form of cooperative promotional value and cooperative advertising value.
[3] Cooperative advertising value is the total amount paid by VF partners in cooperative advertising efforts. This does not include the portion spent by VF on cooperative advertisements.
[4] Cooperative promotional value is the value of the promotional activities as represented by the number of individuals that were exposed to VF marketing activities through radio promotions, magazine articles, and newspaper articles.
[5] Regarding cooperative promotional value, VF's independent auditors note that the media equivalency value associated with the complimentary advertising is considered a gift-in-kind and is not recognized for financial statement purposes.
Source: OPPAGA analysis of VISIT FLORIDA data.

[39] The welcome centers located along the main travel corridors leading into the state are on I-95 in Jacksonville, I-10 in Pensacola, I-75 in Live Oak, and US-231 in Marianna.

VF employs 131.5 full-time equivalent (FTE) employees in two functional areas: marketing and finance and administration. This includes 39 FTEs at the five welcome centers. VF also contracts with several international firms for services in various regions, including Austria, Canada, China, Germany, India, Ireland, Latin America, Mexico, the Netherlands, South America, Switzerland, and the United Kingdom.

Findings

Various state, local, federal, and private entities engage in tourism promotion and marketing activities similar to those conducted by VISIT FLORIDA. As a result, it is difficult to attribute statewide travel and tourism indicators to VF's performance alone. Efforts to assess the organization's performance are also hindered by existing performance measures that are not linked to meaningful standards or are drawn from survey research that has some methodological limitations.

Tourism efforts across the state are continuing to expand through historic and cultural tourism, eco-tourism, space tourism, agri-tourism, international, rural, and medical tourism. VF works with state agencies on a project-by-project basis, but the state may benefit from a more coordinated approach to ensure efficient use of tourism marketing resources. In general, stakeholders support VF's mission and believe its efforts have had a major impact on the state's tourism industry. However, many paying partners reported never using several of the organization's services, including the industry hotline, welcome center options, and cooperative advertising opportunities.

An assessment of Florida's tourism employment relative to other states with strong tourism industries showed that Florida's tourism industry employment outpaced national and industry trends. In addition, shift-share analysis shows that Florida's tourism industry jobs are attributable to the state's relative competitive advantage rather than industry growth nationwide or general economic recovery.

It Is Difficult to Distinguish VISIT FLORIDA's Influence from that of Other Entities that Engage in Similar Tourism Marketing Activities

VISIT FLORIDA focuses much of its efforts on statewide tourism goals such as increasing total visitors and visitor spending in the state. As a result, these same indicators are often used to promote VF's success in positioning Florida as the top travel destination in the world. However, numerous other entities also actively promote the state. State agencies, county governments, the federal government, and the private sector all engage in tourism promotional activities, including statewide marketing. Moreover, county governments and private businesses specifically market local attractions and destinations.

VISIT FLORIDA uses travel market intelligence to measure organizational impact. VF retains research contractors who collect a range of information about visitation to Florida. In addition to using this information to examine visitors and visitation patterns and inform marketing campaigns, VF uses the data as broad indicators of the success of the organization's efforts. In annual reports, VF indicates that due to its efforts, travel to Florida has been steadily increasing. (See Exhibit 2-2.) However, destination marketing best practices strongly caution against using total visitors as a tourism marketing organization's performance indicator because it is extremely unlikely that the organization generated every visitor.[40] Thus, changes in these broad travel and tourism impact measures cannot be solely or directly attributed to VF's activities because many other public and private entities also engage in similar activities.

[40] *Standard DMO Performance Reporting: A Handbook for DMO*s, Destination Marketing Association International, May 2011.

Exhibit 2-2
According to VISIT FLORIDA, the Number of Out-of-State and International Visitors to Florida Has Steadily Increased

Measure	Calendar Year 2011	Calendar Year 2012	Calendar Year 2013
In-state travelers[1]	21.5 million	20.3 million	20.1 million
Out-of-state and international visitors	87.3 million	91.5 million	93.7 million

[1] The in-state traveler figures are counts of persons on a pleasure trip. Therefore, persons can be counted more than once based on the number of trips they have taken.

Source: OPPAGA analysis of VISIT FLORIDA data.

Other state government entities are also conducting tourism marketing. Although the funding and reach of these marketing efforts are much smaller than VF, some state agencies are also trying to attract out-of-state visitors as well as in-state travelers. For example, the Florida Sports Foundation assists Florida's communities with securing, hosting, and retaining amateur and professional sporting events; the foundation reported that sports and recreation activities and events support approximately 430,000 jobs for Floridians and attract more than 13 million visitors annually.[41] In addition, the Florida Department of State (DOS) is currently marketing the Florida Panhandle Ship Wreck Trail and Historic Golf Trail Florida. DOS does not track visitors for these destinations but reported that from November 2013 and November 2014, it distributed 18,000 Panhandle Shipwreck Trail rack cards and from June 2013 to November 2014, it distributed 11,000 Historic Golf Trail scorecards to visitors. DOS also reported that visitors to historic and cultural sites resulted in $2.55 billion in economic impact from August 2012 to August 2013. The Department of Environmental Protection (DEP) also works to attract tourists to state parks, trails, and greenways; DEP reported that in Fiscal Year 2013-14, Florida's state parks received 27.1 million visitors.

Local and national government entities also engage in significant marketing activities. Fifty-three offices, many of which are VF partners, conduct tourism marketing activities for local communities. The activities of these local entities often mirror or leverage the activities of VF, which include domestic and international marketing, advertising, and promotions. Local governments generally use local tourist development taxes to help support these tourism marketing efforts.[42] For example, Orange County received approximately $189 million in tourist development taxes for Fiscal Year 2013-14.[43] These funds were used to support Visit Orlando along with other tourism related activities; Visit Orlando engages in a range of activities that are similar to those of VF, including destination research, marketing via publications and online listings, managing the Orlando visitor center, and promoting the city as a site for tradeshows. Similarly, Hillsborough and Pinellas counties received $22.5 and $30.7 million in tourist development taxes, respectively. The Hillsborough County funds are used to support Visit Tampa Bay, which invests heavily in increasing tourism in the area, hiring consultants to conduct visitor research, and launching its own first-ever tourism brand with the Unlock Tampa Bay campaign.

According to local tourism entities, there is a parallel, not duplicative, relationship between their efforts and those of VF. For example, while one local tourism office reported that it markets in some of the same countries as VF (e.g., China, India, and Italy), officials emphasized that they specifically market the local community whereas VF markets the state as a whole. The differences that county offices perceive

[41] *Florida Sports Foundation Economic Impact Study,* Haas Center, 2014.

[42] For Fiscal Year 2014-15, Florida's local tourist development taxes are estimated to total $634 million.

[43] Florida counties operate according to the federal fiscal year—October 1 to September 30.

between their local operations and those of VF relate to funding and the scale of operations. Some local tourism offices reported that their tax revenues do not allow them to reach international visitors or northern states, while VF actively promotes the state in such markets. However, several local entities have budgets that rival VF's. For example, Visit Orlando's Fiscal Year 2014 budget was $64 million, and Osceola County's Tourism Development Council Budget was $67.9 million.

The U.S. tourism office, Brand USA, includes Florida in its marketing efforts. The organization's activities include foreign media spending, cooperative advertising, travel shows, and other promotions of U.S. destinations; its 2014 projected operating budget is $125 million. VF is a founding partner of Brand USA and participates in international cooperative advertising efforts. For example, Brand USA and VF are collaborating on a campaign called Shop Florida, which specifically targets Brazilian travelers. Florida is heavily represented in Brand USA efforts, as Visit Orlando, Universal Orlando, and other Florida entities also are Brand USA members.

The private sector also markets Florida destinations. Numerous private entities also promote the state and its attractions via tourism marketing activities. VF conducts generic marketing of the state and helps to specifically market certain businesses through website listings and promotions. Major attractions, such as Universal Orlando and SeaWorld Orlando, along with large hotel chains, purchase or develop their own marketing plans and are likely to do so in the same target markets as VF. For example, Universal Orlando's website offers vacation packages and onsite hotel promotions; Sea World Orlando uses television advertising and programming segments, licensed product sales, YouTube channels, and social media to attract visitors.

Improved Measures and Survey Research Are Needed to Accurately Assess VISIT FLORIDA's Performance

Efforts to assess VISIT FLORIDA's performance are hindered by performance measures that are not linked to meaningful standards with specific timeframes to achieve goals. Additional research conducted on behalf of VF by paid research firms, including return on investment studies and partner surveys, may help in marketing decisions but do not provide helpful performance information. Moreover, the organization's influencer study has significant methodological flaws.

VISIT FLORIDA's performance measures are not helpful in assessing organizational performance. VF's 2012-16 strategic plan contains performance measures and standards; two concerns exist regarding these measures. First, rather than improving or increasing performance, existing measures focus on maintaining the current level of performance. For example, VF plans to sustain, not improve, industry partner satisfaction and sustain, not increase, engagement of qualified business listings on VISITFLORIDA.com.

Second, measures included in the strategic plan were at levels that the organization had already exceeded.[44] For example, the plan includes VF's objective to increase its total annual budget to $125 million by June 30, 2016. However, for Fiscal Year 2012-13, the organization's total annual budget already exceeded that target, at $162.6 million.[45] Similarly, the strategic plan includes a specific objective to sustain engagement of the tourism industry with 10,000 or greater qualified business listings on VISITFLORIDA.com by June 30, 2016. However, as reported in the VF 2012-16 strategic plan, the organization exceeded this goal in Fiscal Year 2012-13, with 11,971 business listings on the website.

[44] The VISIT FLORIDA executive committee and board of directors approved the 2012-2016 strategic plan that continued prior performance goals and added two new ones.

[45] These amounts include both the promotional and cooperative advertising value mentioned in Exhibit 2-1.

Survey data does not provide useful performance information. VF contracts with outside vendors for various surveys and uses such research to inform its marketing decisions. However, much of the survey research is not useful in assessing organizational performance because it is narrowly focused or is based on limited survey research.

For example, VF's advertising return on investment (ROI) studies assess the results of specific advertising campaigns and cannot be viewed as capturing the myriad of VF's activities and related organizational costs. VF's surveys for its ROI study count incremental trips attributed to a specific advertising campaign; the studies include a single advertising campaign over a few months and rely on an estimated number of incremental trips and spending. To determine ROI, the count of incremental trips is multiplied by average visitor spending then divided by the advertising campaign costs. For example, surveys of travelers conducted before and after the 2013 advertising campaign estimated 1,201,256 incremental trips attributable to the campaign, with an average spend of $2,606. The study calculated a $3.1 billion economic impact for the campaign; when divided by the $8 million cost of the campaign, the result is a $153 ROI in target markets, a $1,651 ROI for all markets east of the Mississippi River, and a combined $390 ROI for every $1 invested. While these results can be used to demonstrate a return on advertising spending for a single campaign, they do not adequately capture an overall return for VISIT FLORIDA.

Moreover, VF's other surveys, such as the partner satisfaction and welcome center guest surveys, provide limited information about performance. For example, VF's 2013 industry satisfaction survey was based on 271 validated partner surveys out of 1,158 paying partners; there are a total of 11,971 partners. Similarly, welcome center satisfaction surveys were distributed to visitors onsite, with respondents completing the survey online at a later date. For 2013, VF reported 2.45 million visitors to the state's welcome centers, while the Fiscal Year 2013-14 Welcome Center Study included 998 completed surveys.

VISIT FLORIDA's influencer study methodology raises several concerns. In an effort to assess its overall impact, VF contracts for an internet-based survey to assess the different factors that might have influenced an individual to visit the state.[46] Commonly referred to as the influencer study, the survey asks respondents to rate from 1 (low) to 5 (high) a list of 19 factors that influenced a recent trip to Florida. The factors include prior visits to Florida, friends and family in Florida, hobbies or pastimes, and use or receipt of VF resources (e.g., website, visitors guide, social media, etc.). The influencer study is conducted in March of each year and includes approximately 500 individuals who have visited Florida during the prior 12 months.

We identified several significant methodological issues regarding the influencer study; due to these concerns, it appears that survey results may distort the influence of VF on travel to Florida. First, the survey relies on a self-selected sample. The vendor maintains an online panel of participants that receive reward points for participating in a variety of surveys; recipients may choose to respond to the survey based on individual interest in the study. In addition, the vendor samples respondents for the survey between the ages of 25 and 64;VF considers this group the organization's target marketing demographic. However, Florida's visitors range in age from 18 to 65 and older; thus, the survey may miss a key portion of the state's visitors including spring breakers and senior citizens.

Second, the influencer study asks respondents to recall and distinguish advertising that they may have seen. Specifically, the survey asks respondents about whether a trip taken in the last 12 months was influenced by various advertising. Whether a visitor can actually recall and distinguish VF's advertising from theme park or other Florida advertising is questionable.

[46] VISIT FLORIDA officials reported that, in an effort to measure the organization's impact, they have contracted for this internet survey for seven years.

Third, in reporting the results of its impact, VF aggregates responses for all VF-specific activities, summing the number of unique respondents that assigned a rating of four or five to any or all VF activities. Our analysis of VF's data on these individual activities suggests that there is a relationship between the different VF activities, and as such, survey results may overstate the influence of individual activities on traveler behavior. That is, an individual that rated the VF website as a four or five is also more likely to highly rate other VF activities (e.g., remembering a VF advertisement or publications).

Finally, the influencer study consistently shows that the primary factor influencing visitors to come to Florida is a prior trip to Florida. Surveys conducted in 2012 and 2013 indicate that more than 95% of respondents had previously visited the state. The fact that prior travel influences current travel and that nearly all respondents had prior Florida travel raises additional questions about the validity of the influencer study.

Enhanced Coordination of State Tourism Efforts by VISIT FLORIDA Could Help Agencies Leverage State Funds and Avoid Duplicative Marketing Activities

The breadth of the state's tourism marketing activities appears to be expanding, with an increasing emphasis on historic and cultural tourism, eco-tourism, space tourism, agri-tourism, international, rural, and medical tourism. In response, tourism marketing efforts by various state entities appear to be increasing. Thus, the state could benefit from a coordinated approach to tourism marketing to ensure efficient use of resources.

VISIT FLORIDA and several state agencies currently coordinate on a project-by-project basis. Current coordination between state agencies and VF appears to be project specific, occurring at the direction of the Legislature or the executive branch.[47] The nature of the collaboration between VF and agencies varies from formal statutory requirements to ad hoc partnerships.

- Section 288.0658, *Florida Statutes*, requires the Florida Fish and Wildlife Conservation Commission (FWCC) to work with VF and entities such as local tourist development organizations and local economic development agencies on nature-based recreation. This collaboration involves several activities, including FWCC obtaining grants from VF to develop brochures and participating in VF promotional opportunities. FWCC also generates content for VF's website and brochures that highlights nature viewing, fishing, and trail opportunities.
- In 2012, the Governor designated the Department of State as the lead on the Viva Florida campaign, and the department approached VF for assistance. In addition to temporarily housing the campaign website, VF helped develop a campaign logo, a promotion (i.e., 500 Years of Adventure sweepstakes), events in 67 counties, and advertisements at the Florida Welcome Centers and on social media.
- The 2014 Legislature appropriated $5 million to VF to conduct marketing campaigns and grant programs related to medical tourism. VF officials reported on activities related to medical tourism including the creation of a medical tourism task force in September 2014 and creation of a medical tourism matching grant program. VF has contracted with an agency to assist in media planning and buying, website design, public service announcements, etc.
- As a result of a 2012 Florida Cabinet meeting discussion, the state's major land and water agencies—Department of Agriculture and Consumer Services, Department of Environmental Protection, and the water management districts—established a central web portal to promote tourism on state lands. The workgroup engaged with VF through 2014 to develop and host the new portal, Discover Florida Wild.

[47] VF officials noted that representatives from some state agencies (e.g. Department of State) participate as members on VF's various committees.

In general, these agencies reported that collaborating with VF gives their initiatives greater visibility. For example, FWCC staff noted that while the commission has the resources to conduct effective fishing marketing within state, it does not have the resources to market outside Florida. VF's nationwide efforts to promote fishing include a Fishing Capital of the World logo on a NASCAR race car, promotions on Midwestern radio stations, and marketing fishing tournaments or television shows featuring Florida. Similarly, DEP staff reported that the VF staff blogger for outdoor recreation disseminates state park information to a population far broader than the department could reach from its website.

A more formalized, ongoing system of collaboration between VF and other agencies that engage in tourism marketing could help enhance these benefits, allowing agencies to leverage their marketing funds and avoid potentially duplicative spending and staff time on marketing. In addition, enhanced coordination would allow other state agencies to access VF resources such as internet bloggers, existing websites, and in-kind marketing opportunities. This would provide the benefits associated with centralized expertise, including standardized messaging and increased information sharing between agency subject matter experts and VF marketing experts, as well as one-stop-shopping for potential visitors**.**

Other states present alternatives for how state agency tourism marketing activities can be coordinated. Texas and Nevada provide two models for greater coordination between state tourism entities and state agencies.[48] The Texas Legislature has mandated that the Governor's Office of Economic Development and Tourism coordinate a memorandum of understanding for five state entities conducting tourism marketing. These entities include the Governor's Office of Economic Development and Tourism, Texas Commission on the Arts, Texas Historical Commission, Texas Parks and Wildlife Department, and Texas Department of Transportation. The memorandum specifies each agency's tourism role, budget, goals, and measures. The governor's office leads planning and out-of-state marketing, and the other agencies are responsible for marketing issues and attractions particular to their expertise. The memorandum also requires the agencies to report on the costs, activities, and outcomes from individual agency and joint tourism efforts.

Nevada incorporated a number of government agency tourism efforts into a single agency in 2011. The state combined the Nevada Commission on Tourism (a board made up of local economic development stakeholders), the Nevada Arts Council, and the Division of Museums and History into the Department of Tourism and Cultural Affairs. Other Nevada state agencies that conduct some tourism promotion in the state, such as the Department of Wildlife, have industry stakeholder status, which means they conduct their own marketing but are encouraged to use the branding messages that the department develops.

Stakeholders Express Support for VISIT FLORIDA's Mission, Services, and Performance

VISIT FLORIDA board members expressed strong support for the organization's mission and believe that the organization's marketing efforts have had a major impact on the state's tourism industry, referencing increases in total visitors and tourism-related jobs as evidence of VF's strong performance and impact on the Florida economy. To obtain input from a broader range of VF stakeholders, OPPAGA surveyed the organization's free web listing partners and paying partners and conducted interviews with industry association representatives.[49]

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[48] Tourism entities in Texas and Nevada are state agencies, not public-private partnerships like VISIT FLORIDA.

[49] OPPAGA sent the survey to 1,838 active partner representatives with valid email addresses; 441 (24%) provided partial responses and 364 (20%) provided complete responses. Respondents were from organizations across the state and included attractions, hotels, restaurants, associations, counties, and state agencies.

In general, partners in both categories believe that VISIT FLORIDA's efforts have some positive effect on their businesses. Overall, 71% responded that VF has a substantial impact on the tourism industry statewide. However, respondents' perceptions of VF's effect on individual businesses were lower; 42% perceived VF as having a moderate impact on their organization. In addition, partners generally thought that the value of VF's marketing was comparable to the value of external marketing services that they purchase. Specifically, 41% rated VF's marketing services as very valuable, while 48% rated other external marketing services as very valuable.

Paying partners expressed opinions about the availability of the organization's services. Respondents reported that service availability was very important for certain VF services including market research (50%), welcome center brochure placement (45%), and cooperative advertising opportunities (43%). Further, paying respondents reported that they use VF services several times a year, including market research (43%) and the website (34%). However, many paying partners reported that they do not frequently use VF services. These respondents reported never using several VF services, including the blog (53%), industry hotline (48%), welcome center options (34%), and cooperative advertising opportunities (37%).[50]

Stakeholder interviews generated few suggestions regarding ways VF could improve its services, as they were generally satisfied with VF's performance and benefits. However, some interviewees expressed a desire for VF to enhance some of its current activities and programs to provide greater support to smaller businesses. While the overall growth of the tourism industry has helped small businesses, many cannot participate in VF's cooperative advertising programs due to limited budgets. Stakeholders reported that small businesses would participate in VF marketing efforts if they were more affordable. Similarly, stakeholders from rural areas felt that the overall increase in visitors has yielded a positive economic impact for them as well, but most visitors are still drawn to major tourism destinations and popular beachfront cities. Although the VF grant program has helped market rural counties, stakeholders felt that more could be done to increase visitation to less-frequented areas of the state.

Florida's Tourism Industry Compares Favorably to Several Competing States

To determine how Florida's tourism industry compares to other states, OPPAGA assessed the state's tourism employment relative to other states with strong tourism industries—California, Nevada, New York, and Texas.[51] Among the five states, Florida's tourism industry supports the highest number of tourism jobs and is second to California in visitor spending. However, there are key differences in how total number of visitors is calculated in Florida compared to other states. Florida's total visitor count includes only out-of-state and international tourists. In contrast, California's total visitor number also includes in-state travelers. When comparing international visitor numbers, which are equivalent across states, Florida ranks second to New York among the major tourism states. (See Exhibit 2-3.)

[50] For all survey data in this report, OPPAGA presented the most frequently selected responses.

[51] We chose states that rank among the top five tourism states in the U.S. and, with the exception of Nevada, are similar in population to Florida.

Exhibit 2-3
Florida's Tourism Industry Supported More Tourism Jobs than Other States in 2013

State	Tourism Jobs	Visitor Spending[1]	Visitors[2]	International Visitors[3]
Florida	**1.1 million**	**$76.1 billion**	**93.7 million**	**7.2 million[4]**
California	965,800	$109.6 billion	227.2 million	6.4 million
Nevada	462,000	$59.4 billion	52.1 million	2.9 million
New York	818,700	$61.3 billion	218 million	9.8 million
Texas	601,000	$67.5 billion	233.5 million	1.5 million

[1] Figures for visitor spending must be considered in the context of varying state definitions of visitors.

[2] Because states measure visitor volume using different formulas, comparison across states is not recommended. For example, since more than 75% of California's travelers are in-state travelers, California uses person trips to assess visitor volume. If a family of three took a vacation, this would be one trip but three person trips.

[3] Overseas visitors are reported by the U.S. Department of Commerce's National Tourism and Travel Office and should be consistent across states. Figures do not include visitors from Canada and Mexico.

[4] Florida's international visitors are also captured in the state's total of 93.7 million visitors.

Source: OPPAGA analysis of state tourism indicators.

Location quotient results indicate that Florida's tourism industry is strong and growing. To examine industry-related job growth in these states, we analyzed tourism employment from 2003 to 2013. The analysis examined 17 industry codes used to define the tourism industry.[52]

- Accommodations
- Passenger car rental
- Performing arts companies
- Spectator sports
- Promoters of performing arts and sports
- Convention and trade show organizers
- Travel arrangement and reservation services
- Museums, historical sites, zoos and parks
- Amusements, gambling, and recreation
- Food services and drinking places
- Food and beverage stores
- Scheduled passenger air transportation
- Support activities for air transportation
- Taxi and limousine service
- Scenic and sightseeing transportation
- All other ground passenger transportation
- Gift, novelty, and souvenir stores

[52] The North American Industry Classification System (NAICS) is the standard used by federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

We compared Florida to other states using location quotients, which quantifies how concentrated a particular industry is in a region or state as compared to the nation. This approach provides an indicator of relative strength of a particular industry and is computed as the percentage of local employment in a particular industry divided by the percentage of national employment in that industry.

The analysis showed that Florida's tourism industry employment outpaced national and industry trends. Florida's location quotient exceeds 1.0, indicating that the state's level of industry employment exceeds the national level. In addition, comparison of 2003 and 2013 location quotient results shows that Florida's tourism industry outpaced national and industry employment trends. Florida has a relatively higher proportion of people employed in the tourism industry than California, New York, and Texas.[53] In addition, a positive change in location quotient from 2003 to 2013 indicates that the industry grew in Florida, outpacing growth in California, Nevada, New York, and Texas.[54] (See Exhibit 2-4.)

Exhibit 2-4
Florida's Tourism Industry Growth Outpaces Several Other States

State	Location Quotient 2013	Change in Location Quotient 2003 to 2013
Florida	**1.27**	**0.10**
California	1.00	0.02
Nevada	2.30	-0.13
New York	0.95	0.07
Texas	0.98	-0.03

Source: OPPAGA analysis of United States Bureau of Labor Statistics data.

Shift-share analysis results also indicate a strong industry. We also conducted a shift-share analysis of the tourism industry for the five states. Shift-share represents how much of the employment growth or decline in a state's industry was due to the national or state economy, the national or state-level trend within the particular industry, and the state's characteristics. Shift-share is composed of three components, with the change in employment from 2003 through 2013 equal to the sum of the components.

- *National (or State) Growth Share* is the change in employment due to the growth of the overall national or state economy. If the national or state economy is growing, then one may expect to see a positive change in each industry in the state.
- *Industry Mix Share* is the change in employment due to the growth (or decline) of the overall industry in the nation or state relative to the growth (or decline) of the overall national or state economy.
- *Regional Shift* is the change in employment due to the state's characteristics (also referred to as competitive share). It is the most important component. A positive regional shift indicates the state industry is outperforming the national or state trend. A negative effect indicates that the state industry is underperforming compared to the national or state trend.

[53] Although Florida's tourism industry supports more jobs than the other comparison states' tourism industries, Nevada has a higher concentration of people employed in the industry than Florida.

[54] Florida's 2013 location quotient is greater than three other states', and Florida has the greatest magnitude positive change in location quotient from 2003 through 2013.

The shift-share analysis indicates that 92,405 tourism industry jobs created in Florida from 2003 through 2013 are attributable to the state's relative competitive advantage rather than industry growth nationwide or general economic recovery trends. Moreover, Florida's competitive advantage in the tourism industry is greater than that of California and Nevada, but less than that of New York and Texas. (See Exhibit 2-5.)

Exhibit 2-5
Florida Has a Stronger Competitive Advantage in Tourism than California and Nevada but Is Weaker When Compared to New York and Texas

State	National Share	Industry Mix	Regional Shift	Change in Jobs (Shift-Share)
Florida	**61,099**	**72,696**	**92,405**	**226,200**
California	101,598	120,881	42,920	265,399
Nevada	19,270	22,927	-15,498	26,699
New York	49,876	59,342	106,560	215,778
Texas	64,350	76,563	160,497	301,410

Source: OPPAGA analysis of United States Bureau of Labor Statistics data.

Recommendations

Assessing VISIT FLORIDA's performance is challenging, due in part to the number of local governments, state agencies, and private entities that engage in similar tourism promotion activities. In addition, many of VF's performance measures lack meaningful standards and timeframes or rely on questionable research. To address these concerns, there are a number of recommendations that VF could consider. In addition, the Legislature could consider expanding VF's role to provide for greater coordination of state-level tourism efforts.

VISIT FLORIDA needs performance measures linked to meaningful standards with specific timeframes to assess performance. VF should review all of its performance measures and ensure that it establishes standards and timeframes that challenge the organization to improve performance rather than maintain targets that have already been achieved. For example, instead of sustaining the existing number of partners, the organization could strive to increase the overall number of partners or increase the number of partners that participate in specific activities (e.g., cooperative advertising campaigns and grants). The organization should also tie performance targets to specific timeframes, such as increasing by 5% the partners that participate in VF activities during the next fiscal year. Another current goal that has already been achieved is engagement of the Florida tourism industry as measured by exceeding the legislatively mandated 1:1 match of public investment to private industry investment by June 30, 2016. In Fiscal Year 2012-13, VF had already attained a 2:1 match. VF should consider revising this measure to set a meaningful goal to increase the amount of public-private investment by 5%, 10%, or 20% during the next fiscal year. VF officials reported that its Board of Directors will undertake a strategic planning process in 2015 in order to create a new strategic plan for 2015-20.

VISIT FLORIDA should improve the quality of the research studies that assess its influence in bringing visitors to Florida. Research attempting to assess VF's direct effect on visitors' decisions to visit the state is limited by significant methodological concerns. VF should consider alternative research designs, methods, and vendors that might provide a more reliable survey of VF's influence, including increased sample sizes and representative samples of visitors and industry partners. The revised research should include consideration of the fact that an overwhelming percentage of visitors to Florida have made prior trips to the state. In addition, VF should consider options to strengthen its ROI studies and the use of these results in assessing the organization's annual performance. VF officials reported that they have explored different models to assess the organization's performance but expressed concern about the complexity and the cost related to these alternatives. They are specifically considering a more extensive ROI study because they have been expanding their advertising campaigns. VF officials reported, "there has always been a challenge to best define and measure the influence of all the things that VISIT FLORIDA does and all the different ways we touch the consumer and the industry."

The Legislature could consider expanding VISIT FLORIDA's role in coordinating with the various state agencies that engage in tourism-related marketing activities. The Legislature could consider directing VF to designate one or more staff to coordinate with and provide subject matter expertise for state agency tourism marketing initiatives. Such liaisons could also help rural tourism marketing offices and small cultural organizations maximize limited resources. Greater coordination with VF may eliminate the need for state agencies to apply for assistance via VF grant programs, which would make more grant funds available for smaller tourism offices and attractions. VF officials expressed concern that if VF were to coordinate or implement tourism marketing efforts for other agencies, there is potential that it would distract VF resources away from its primary mission. Thus, these officials believe that agencies should continue to design and fund their own tourism activities, with VF providing marketing and promotional expertise and advice.

Appendix A

VISIT FLORIDA Grant Programs

VISIT FLORIDA (VF) is statutorily required to administer the Advertising Matching Grant Program and the Minority Convention Grant Program. VF has also established several other grant programs including the Airline Grant Program; the City-Wide Meetings and Conventions Grant Program; the Cultural Heritage, Rural, and Nature Grant Program; and the Small Business Grant Program. The purpose and funding amount varies by program, with grants ranging from $2,500 to $100,000. (See Exhibit A-1.)

Exhibit A-1
State Agencies, Local Governments, and Other Entities Receive VISIT FLORIDA Grants

Grant Program	Type of Support	Grant Amount
Advertising Matching Grant[1]	▪ Awarded to local governments and non-profits for tourism advertising efforts ▪ Grants must be matched by non-state dollars	Up to $2,500
Airline Grant	▪ Cooperative marketing grants to increase international air travel to Florida ▪ Awarded in partnership with a sponsoring DMO and airport ▪ Only new scheduled flights and charter flights are eligible ▪ Flights must operate at least one day per week for six months and have 100 seats per flight	Up to $250,000
Minority Convention Grant[2]	▪ Intended to attract new national minority conferences to Florida; grants may not be used to subsidize existing events ▪ Funds must be used for advertising the event	Up to $40,000
City-Wide Meetings and Conventions Grant	▪ Matching grant program intended to stimulate the economy by attracting new major conventions to Florida ▪ Must be a new event, utilize at least 50,000 square feet of meeting space, and attract a minimum of 1,000 hotel room nights ▪ Grants must be used for advertising the event	Up to $100,000
Cultural Heritage, Rural and Nature Grants	▪ Intended to promote cultural heritage and rural nature tourism in Florida ▪ Grants must be matched by non-state dollars from the recipient	Up to $5,000
Small Business Grant Program	▪ Assists Florida small businesses with marketing their goods and services ▪ Applicants must be current VF Small Business Partners, have a gross income of less than $1.25 million per year, or be a 501(c)(3) organization ▪ Recipients must provide a dollar-for-dollar match and use the grant for advertising purposes	Up to $5,000

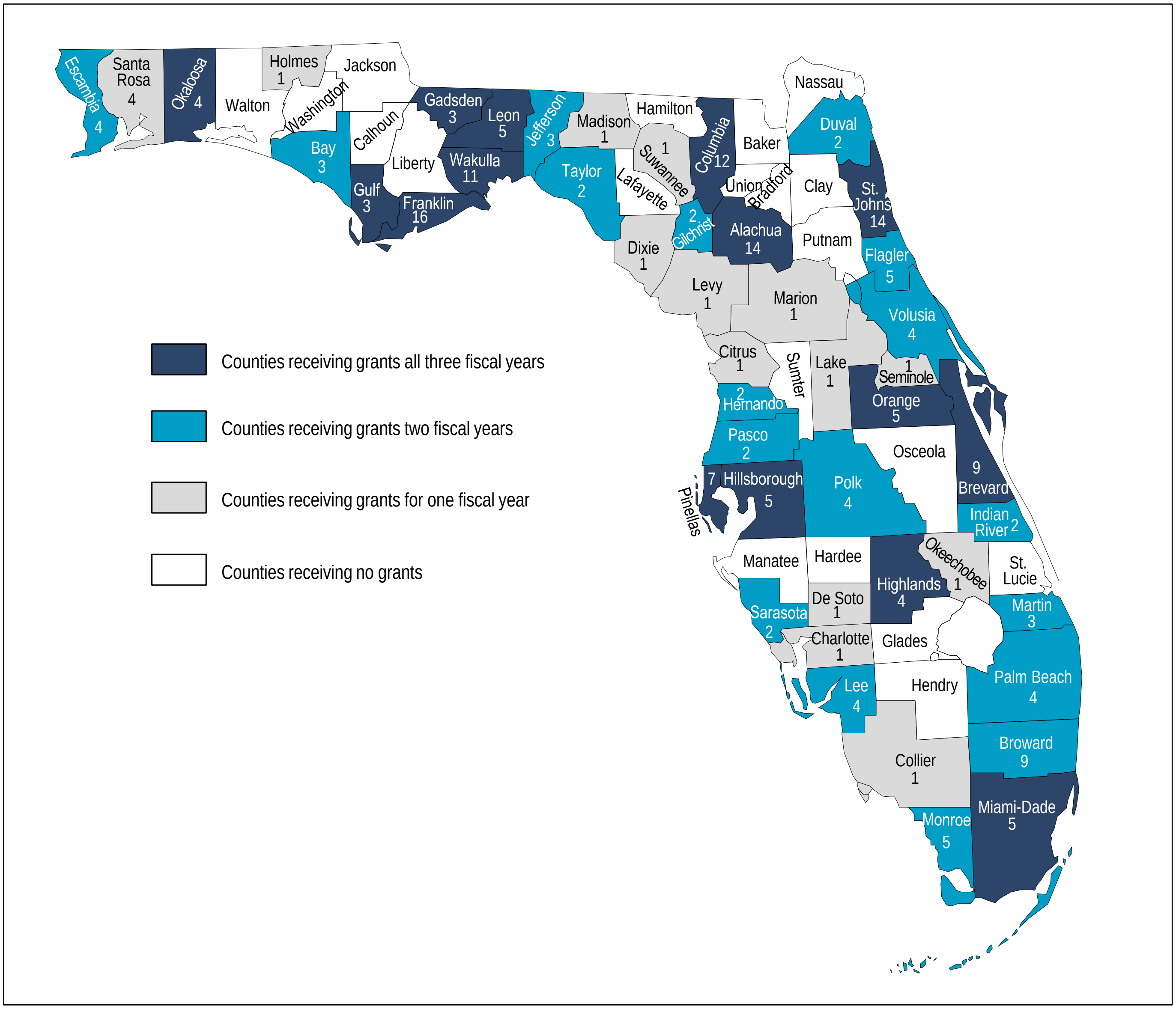
[1] Section 288.017, *F.S.* The statute specifies a maximum $40,000 annual funding limit.

[2] Section 288.124, *F.S.* The statute specifies a maximum $40,000 annual funding limit.

Source: VISIT FLORIDA.

During Fiscal Years 2010-11 through 2012-13, VF awarded 196 grants for a total of $1.07 million. Grants awarded during this period went to both rural counties and those already known as major tourist destinations. Some counties received grants each fiscal year. (See Exhibit A-2.) When awarding grants, VF verifies the grant recipient's actual expenditures following the event or advertising effort and reimburses based on documentation provided by the grantee. VF does not track the effectiveness of subsequent advertising or events funded by grants.

Exhibit A-2
VISIT FLORIDA Grants Were Awarded Across 47 Counties During Fiscal Years 2010-11 Through 2012-13; Some Counties Received Grants Each Year



Source: OPPAGA analysis of VISIT FLORIDA data.

Chapter 3

Florida Sports Foundation and Professional Sports Facility Funding

Scope

By January 1, 2015, and every three years thereafter, the Office of Program Policy and Government Accountability (OPPAGA) and the Office Of Economic and Demographic Research (EDR) must review the Florida Sports Foundation and related programs established under *Florida Statutes*, including funding for the

- renovation or construction of major professional sports facilities;[55]
- renovation or construction of Major League Baseball spring training facilities;[56]
- construction or renovation of motorsports entertainment complexes;[57]
- Professional Golf Hall of Fame;[58] and
- International Game Fish Association World Center.[59]

In addition, OPPAGA must review professional sports facility compliance with statutory requirements that facilities (1) be made available as homeless shelters and (2) provide food and concession business opportunities for minority businesses.[60, 61] The review period covers Fiscal Years 2010-11, 2011-12, and 2012-13.

Background

The sports industry in Florida is an estimated $44.4 billion industry, accounting for approximately 3.5% of the state's gross state product. Sports and recreation activities and events support approximately 420,000 jobs for Floridians and attract more than 13.3 million visitors annually.[62] Nearly 80% of this economic activity is accounted for by four industry sectors: golf (35%); fishing, hunting, and wildlife viewing (23%); amateur sports (11%); and parks and recreation (11%). College and professional sports account for 10% of the industry-related economic activity.

Florida is home to nine major professional sports franchises in four national sports leagues: Major League Baseball (MLB), the National Basketball Association (NBA), the National Football League (NFL), and the National Hockey League (NHL). Florida is also home to the Grapefruit League, which consists of

[55] Section 288.1162, *F.S.*

[56] Section 288.11621, *F.S.*

[57] Section 288.1171, *F.S.*

[58] Section 288.1168, *F.S.*

[59] Section 288.1169, *F.S.*

[60] Section 288.1166, *F.S.*

[61] Section 288.1167, *F.S.*

[62] Haas Center, *Economic Impact Study*, 2014.

15 MLB teams that conduct their annual spring training in Florida.[63] Moreover, the state hosts the International Game Fish Association World Center and the World Golf Hall of Fame. Florida also has 12 state universities and 27 local and regional sports commissions that host various amateur events.[64]

Employment that supports sports activities and events is an important indicator of the economic benefits generated by Florida's sports industry. To determine how Florida compares to other states with regard to sports-related jobs, OPPAGA assessed the state's position in employment relative to other states with sports industries. Comparison states included Arizona, California, New York, and Texas.[65] Our analysis of sports industry employment examined the following industries.[66]

- Sports teams and clubs
- Other spectator sports
- Golf courses and country clubs
- Scenic and sightseeing transportation on water
- Recreational and vacation camps
- Fitness and recreational sports centers
- All other amusement and recreation industries
- Sporting and athletic goods manufacturing
- Sporting goods merchant wholesalers
- Sporting goods stores
- Recreational goods rental
- Sports and recreation instruction

Our analysis showed that Florida's sports industry employment outpaced national and industry trends. We compared Florida to other states using location quotients, which is a way of quantifying how concentrated a particular industry is in a region or state as compared to the nation. This approach provides an indicator of relative strength of a particular industry and is computed as the percent of local employment in a particular industry divided by the percent of national employment in that industry.

Location quotient results indicate that Florida's sports industry is strong and growing. Location quotients exceeding 1.0 indicate that Florida's level of employment in the industry exceeds the national level of employment in the industry. In addition, a positive change in location quotient from 2003 through 2013 indicates that the industry grew in Florida, and during the period, outpaced growth in Arizona, California, New York, and Texas.[67] (See Exhibit 3-1.)

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[63] The Grapefruit League and Arizona's Cactus League comprise the two Major League Baseball spring training leagues in the country.

[64] The sports commissions are local sports tourism entities representing municipalities or regions of the state, and some are associated with local government tourism offices.

[65] We chose Arizona because, like Florida, the state has Major League Baseball spring training facilities. We chose the three remaining states because of the variety and extent of college and professional sports teams in these states.

[66] The North American Industry Classification System is the standard used by federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

[67] Florida's 2013 location quotient is greater than the other states', and Florida has the greatest magnitude positive change in location quotient from 2003 through 2013.

Exhibit 3-1
Florida's Sports Industry Growth Outpaces Several Other States

State	Location Quotient 2013	Change in Location Quotient 2003 Through 2013
Florida	**1.32**	**0.13**
Arizona	1.15	-0.01
California	1.02	-0.05
New York	0.97	0.03
Texas	0.76	-0.03

Source: OPPAGA analysis of United States Bureau of Labor Statistics data.

Shift share analysis results also indicate a strong industry. We also conducted a shift-share analysis of the sports industry for Florida and the four comparison states. Shift-share represents how much of the employment growth or decline in a state's industry was due to the national or state economy, the national or state level trend within the particular industry, and the state's characteristics. Shift-share is composed of the three components, with the change in employment from 2003 through 2013 equal to the sum of the components.

- *National (or State) Growth Share* is the change in employment due to the growth of the overall national or state economy. If the national or state economy is growing, then one may expect to see a positive change in each industry in the state.
- *Industry Mix Share* is the change in employment due to the growth (or decline) of the overall industry in the nation or state relative to the growth (or decline) of the overall national or state economy.
- *Regional Shift* is the change in employment due to the state's characteristics (also referred to as competitive share). It is the most important component. A positive regional shift indicates the state industry is outperforming the national or state trend. A negative effect indicates that the state industry is underperforming compared to the national or state trend.

Our shift share analysis indicates that 11,225 sports industry jobs in Florida were attributable to Florida's relative competitive advantage. Moreover, Florida's competitive advantage in the sports industry is greater than that of Arizona, California, New York, and Texas. (See Exhibit 3-2.)

Exhibit 3-2
Florida's Sports Industry Has a Competitive Advantage Over Several Other States

State	National Share	Industry Mix	Regional Shift	Change in Jobs (Shift Share)
Florida	**5,116**	**10,201**	**11,225**	**26,542**
Arizona	1,579	3,149	1,306	6,035
California	9,634	19,211	-10,767	18,078
New York	4,571	9,116	5,284	18,972
Texas	4,323	8,620	10,143	23,085

Source: OPPAGA analysis of United States Bureau of Labor Statistics data.

Florida Sports Foundation

Recognizing the value of a vibrant amateur and professional sports industry, the 1989 Legislature created the Florida Sports Foundation, Inc. The foundation is a 501(C)(3) non-profit corporation serving as the Sports Industry Development Division of Enterprise Florida, Inc.[68] The purpose of the foundation is to

- assist Florida's communities with securing, hosting, and retaining sporting events and sports-related business to generate economic impacts and sports tourism through the foundation's grant programs, legislative initiatives, and industry partnerships;
- provide Floridians with participation opportunities in Florida's Sunshine State Games and Florida Senior Games events;
- serve as Florida's designated resource for sports tourism research;
- assist in the promotion of targeted leisure sports industries in Florida; and
- assist national and Florida state governing bodies to promote amateur sport development through Florida's Sunshine State Games and hosting events in Florida.

The foundation has a board of directors that is appointed by Enterprise Florida, Inc. The board's role is to share sports industry expertise and give input that will assist in the growth and success of the foundation's mission. In addition to a five-member executive committee, there are currently 17 board members who represent professional sports, fishing, golf, auto racing, and recreational sports industries. The board's president manages the administrative and day-to-day operations of the foundation.

The Legislature has enacted several changes to the foundation since its inception in 1989. Following the abolishment of the Department of Commerce in 1996, the foundation was transferred to the Executive Office of the Governor, where it operated as a not-for-profit organization. Most recently, the 2011 Legislature merged the foundation into Enterprise Florida, Inc., as its sports marketing division.[69]

Activities

The primary activities of the Florida Sports Foundation consist of providing grants to local and regional sports commissions to assist them in conducting professional, college, and amateur sports events and sponsoring the Florida Senior Games and the Sunshine State Games. The foundation also assisted in screening and certifying applicants for state funding of major professional sports facilities, Major League Baseball spring training facilities, the World Golf Hall of Fame, and the International Game Fish Association World Center. Additionally, the foundation provides technical assistance to sports organizations (e.g., professional sports franchises and local and regional sports commissions) and markets the industry in Florida.[70]

Grants. The foundation's Major Grant, Regional Grant, and Small Market Grant Programs assist communities and host organizations in attracting sports events, with the intent that these events will have significant economic impact generated by out-of-state visitors. Events that are considered for grant funding include amateur or professional sports or other types of athletic events approved by the foundation board. Events must meet several criteria to be considered for funding.

[68] Enterprise Florida, Inc. is a public-private partnership created by the Legislature to serve as the state's principal economic development organization.

[69] Chapter 2011-142, *Laws of Florida*.

[70] The foundation also collaborates with the Department of Agriculture and Consumer Services to promote nutritious breakfasts and lunch in summer food programs and works with the Florida Department of Education to reward program excellence in physical education in Florida.

- **Major Grants** must be for events that generate at least $5,000,000 of economic impact and at least 4,000 out-of-state room nights.
- **Regional Grants** must be for events that generate at least $1,000,000 of economic impact and at least 1,200 out-of state room nights.
- **Small Market Grants** assist events that normally do not exceed $500,000 in out-of-state economic impact by offering a grant award not to exceed $5,000.

The state's local and regional sports commissions and assigned host committees are the only entities eligible to submit grant applications. Foundation staff creates a summary of each application and provides this and the application to a five-member grant committee appointed by the board. The grant committee meets quarterly to review each application and recommend an award amount based on the applicant's projected out-of-state economic impact and out-of-state visitors. The board then reviews the committee's recommendations and approves or adjusts award amounts at the quarterly board meeting, subject to the foundation's annual budget.

When awarding grants, the foundation emphasizes out-of-state visitor economic impact, community support, and return on investment to the state. In addition, applicants must provide a justification for the grant award. Local and regional sports commission officials are required to submit data on hotel room night activity related to a grant funded event and event participation to meet post-event economic impact requirements. Awarded grants are only paid by the foundation if the applicant meets at least 80% of the projected economic impact of the event.

During Fiscal Years 2010-11 through 2012-13, the foundation awarded $2,799,500 in grants for 160 events. During this time, five commissions received over half (55.6%) of the major and regional grants awarded: Broward County Convention Center Sports Development (30 grants); Central Florida Sports Commission (21 grants); St. Petersburg/Clearwater Sports Commission (16 grants); Miami-Dade Sports Commission (13 grants); and Tampa Bay Sports Commission (12 grants). The Central Florida Sports Commission received the most total grant funds during this period, with $573,000. (See Exhibit 3-3.)

Exhibit 3-3
During Fiscal Years 2010-11 Through 2012-13, Amateur Events Were Awarded $2.8 Million in Florida Sports Foundation Grants[1]

Sports Commission	Number of Grants: Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Total Grants	Total Dollars Awarded
Broward County Convention Center Sports Development	7	10	13	30	$292,000
Central Florida Sports Commission[2]	7	7	7	21	573,000
St. Petersburg/Clearwater Sports Commission	7	5	4	16	117,000
Miami-Dade Sports Commission	4	4	5	13	275,000
Tampa Bay Sports Commission	4	4	4	12	330,000
Space Coast Sports Promotions	4	2	3	9	54,000
Bradenton Area Sports Commission	7		2	9	22,000
Polk County Sports Marketing	1	5	2	8	70,500
Palm Beach County Sports Commission	1	3	3	7	99,500
Lee County Sports Authority	4	1	1	6	110,000
Sarasota Sports Commission[2]	1	2	3	6	35,500
Treasure Coast Sports Commission	1	2	1	4	30,000
Panama City Beach Convention and Visitors Bureau	1	1	1	3	112,000
Ocala/Marion County Visitors and Convention Bureau	1	2		3	93,000
Jacksonville Economic Development Commission Sports and Entertainment Commission	1	1		2	24,000
Florida Gulf Coast Sports Commission[3]	1	1		2	16,000
Tallahassee Sports Council	2			2	13,000
Sports Council of Collier County	2			2	10,500
Gainesville Sports Commission		1	1	2	7,500
Orange Bowl Committee	1			1	500,000
Charlotte Harbor Visitor and Convention Bureau	1			1	10,000
Pensacola Sports Association	1			1	5,000
Total				**160**	**$2,799,500**

[1] This exhibit counts grants awarded during each fiscal year, not grant-funded events occurring each fiscal year. In addition, due to lack of information on geographical distribution, the exhibit does not include Small Market grants totaling $121,792 for the three-year period.

[2] Includes grants to several local entities, including the visitor bureau, county commission, city, and sports franchise.

[3] Includes (but does not double count) a grant for a cooperative event with Sarasota County Sports Commission.

Source: OPPAGA analysis of Florida Sports Foundation data.

Sunshine State Games. The foundation administers the annual Sunshine State Games, an Olympic-style sports festival that is intended to provide quality competition for Florida's amateur athletes. Most Sunshine State Games competitions are sanctioned or recognized by the Olympic governing body for that sport, and some serve as governing body state championships or state qualifiers. More than 30 different sports are offered annually, and a different community hosts the games each year.

Florida Senior Games. The Senior Games provide athletes over the age of 50 with the opportunity to compete in multiple-sport festivals at the local, state, and national levels. The foundation supports annual local games, which serve as the qualifier for the state championships. The state championships attract more than 2,000 competitors annually, serve as the qualifier for the National Senior Games every non-Olympic year, and a different community hosts them each year. The foundation's services to host communities include providing a sanctioning process, marketing assistance, promotional materials, a statewide marketing initiative, consistent rules and competition format, educational/networking opportunities, and general support.

Funding

The Florida Sports Foundation receives its funding from three sources: specialty license plate programs, general revenue, and individual contributions. The foundation's primary source of revenue is the sale of specialty license tags for nine Florida professional sports teams, the U.S. Olympic Committee, NASCAR, and the U.S. Tennis Association. At least $2.50 of each specialty license tag sale and as much as 15% of a specialty license tag sale goes back to the foundation for its programs. The balance of the sale goes to charitable organizations designated by the individual teams. The foundation generally keeps 80% of the revenue generated by tags, and the professional sports franchises keep 20%.

In Fiscal Years 2010-11 through 2012-13, the foundation's annual revenues were relatively stable, with $200,000 in general revenue and about $2.4 million in license tag revenue each year. Revenues varied slightly in Fiscal Year 2011-12, due to an increase in private cash contributions. (See Exhibit 3-4.)

Exhibit 3-4
Florida Sports Foundation Revenues Were Over $3 Million Each Year from Fiscal Years 2010-11 Through 2012-13

Revenues	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13
Professional Sports Teams Tags	$2,345,567	$2,361,262	$2,445,721
Private Contributions/ Other Income	559,355	873,683	582,031
General Revenue	200,000	200,000	200,000
NASCAR Tag	80,338	80,534	78,958
USTA Tag	52,903	59,762	65,297
U.S. Olympic Committee Tag	54,609	50,522	37,420
Total Revenues	**$3,292,772**	**$3,625,763**	**$3,409,427**

Note: The foundation reports that they receive additional income from state agency co-sponsors (e.g., through their collaboration with the Department of Agriculture and Consumer Affairs) and some entry fees to events.

Source: OPPAGA analysis of Florida Sports Foundation data.

The foundation's expenditures are primarily for grant awards, which vary depending on the number of events and estimated economic impact of these events. For example, in years that the foundation has been able to assist localities wishing to bid on large sporting events (e.g., a Super Bowl or NCAA championship), grant expenditures are higher. Foundation officials reported that they try to maintain $1 million in reserves to allow them to fund as many grants as possible. (See Exhibit 3-5.)

Exhibit 3-5
In Fiscal Years 2010-11 Through 2012-13, Florida Sports Foundation Expenditures Fluctuated Between $2.5 Million and $3.7 Million Each Year

Florida Sports Foundation Expenditures	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13
Florida Sports Foundation Grants Programs	$1,103,292	$1,292,500	$525,500
Administrative Costs[1]	1,302,348	1,540,686	1,065,396
Amateur Sports Programs[2]	364,453	425,312	392,868
Florida Sports Foundation, Other Programs[3]	520,462	463,408	535,117
Total Expenditures	**$3,290,555**	**$3,721,906**	**$2,518,881**

[1] Administrative costs include management, employee expenses and professional fees; operating, general and administration; advertising and marketing; and travel.

[2] Amateur sports programs include the Sunshine State Games, the Senior Games, Ambassadors for Aging Day, and other programs involving Amateur Sports Program Development.

[3] Other programs include an impact study, Grapefruit League administration, the golf and fishing/boating industry promotion program, special events, conferences and conventions, NASCAR tag expenses, tennis tag expenses, pro sports teams royalties, and pro sports teams charities.

Source: OPPAGA analysis of Florida Sports Foundation data.

Florida Professional Sports Facilities

State law provides procedures by which professional sports franchises in Florida may be certified to receive state funding to pay for the acquisition, construction, reconstruction, or renovation of a facility for a new or retained professional sports franchise.[71] Local governments, non-profit, and for-profit entities may apply to the program. The Department of Economic Opportunity (DEO) is responsible for screening and certifying applicants for state funding.[72] An applicant qualifying as a new professional sports franchise must be a professional sports franchise that was not based in Florida prior to April 1, 1987. Applicants qualifying as retained professional sports franchises must have had a league-authorized location in the state on or before December 31, 1976, and be continuously located at the location. Since 1994, state funding has been allocated for the construction or renovation of 8 professional sports facilities, 10 spring training facilities, and 2 other sports facilities.[73]

Activities

A professional sports franchise interested in seeking state funding for construction or renovation of a sports facility must enter into an agreement with a unit of local government, which serves as the applicant for state funding. Prior to DEO administering the program, local governments submitted application materials to the Department of Commerce or to the Office of Tourism, Trade and Economic Development, and the Florida Sports Foundation worked with these agencies to screen and certify applicants. The foundation would review application materials for compliance with statutory requirements and make recommendations regarding applicants. These administering agencies formed a workgroup for secondary review to verify that information provided by an applicant was correct; the

[71] Section 288.1162, *F.S.*

[72] Prior to DEO, the Department of Commerce and the Office of Tourism, Trade and Economic Development (OTTED) administered the program. OTTED was a predecessor agency of the Department of Economic Opportunity. When DEO was created in 2011, the office's functions were transferred to the department.

[73] Each professional sports franchise facility may only be certified once.

workgroup consisted of agency staff, one foundation staff member, and one Department of Revenue (DOR) representative.[74] The group was responsible for making a final funding recommendation. If the funding request was approved, DOR was notified to begin payments. Until recently, there could be no more than eight certified professional sports franchise facilities. The 2014 Legislature revised the law so that there is no longer a limit to the number of professional sports franchise facilities DEO can certify, but the department may not distribute more than $7 million in Fiscal Year 2014-15 and $13 million annually thereafter to certified applicants.[75] (See Appendix A for additional information about certification requirements.)

Once certified, professional sports facilities must fulfill a number of statutory requirements. For example, facilities supported with state funds are subject to requirements related to homeless shelters and concessions. Section 288.1166, *Florida Statutes*, requires any professional sports facility constructed using state funds to be designated as a shelter site for the homeless in accordance with the criteria of locally existing homeless shelter programs, except when the facility is otherwise contractually obligated for a specific event or activity. Of the professional sports and spring training facilities that OPPAGA contacted, eight reported either that there is an arrangement in place with the city or county or that the local government is entirely responsible for compliance. Two facilities reported being part of a local emergency management plan or cooperative agreement with local service providers like the Salvation Army, and two reported that no agreements are in place. Though requested, most facilities did not provide documentation of such agreements.

Similarly, s. 288.1167, *Florida Statutes*, requires any applicant who receives funding pursuant to the provisions of s. 212.20, *Florida Statutes*, to demonstrate that a certain percentage of food and beverage and related concessions contracts be awarded to minority business enterprises. Franchises reported a variety of approaches to meeting this requirement. Six reported that they have contracts or other agreements with companies that provide opportunities for hiring minorities, while five stated that they do not subcontract these services or that the local government manages these services. One reported participating in a local women/minority business enterprise program. Though requested, most facilities did not provide documentation of such agreements.

Funding

State funding for professional sports facility construction or renovation is distributed to local governments by the Department of Revenue according to statutorily-established schedules; local governments use the funds to make bond payments. For example, for a period of up to 30 years, DOR distributes $166,667 monthly ($2,000,004 annually) to applicants certified as new or retained professional sports franchises.[76] (See Exhibit 3-6.)

[74] DOR disburses payments to recipients of state funding for professional sports facilities.

[75] Chapter 2014-167, *Laws of Florida*.

[76] Section 212.20(6)(d)6.b., *F.S.*

Exhibit 3-6
The State of Florida Establishes Payment Schedules for Professional Sports Facilities

Professional Sports Entity (Number of Facilities)	Monthly Distribution per Facility	Annual Distribution per Facility	Maximum Number of Years for Distribution
Professional Sports Franchises (8)	$166,667	$2,000,004	30
World Golf Hall of Fame (1)	$166,667	$2,000,004	25
International Game Fish Association World Center (1)	$83,333	$999,996	14
Major League Baseball Spring Training Franchises (10)	$41,667	$500,004	30

Source: OPPAGA analysis of ss. 212.20(6)(d)6.b., 212.20(6)(d)6.c., and 212.20(6)(d)6.d., *F.S.*

As of June 30, 2013, cumulative payments for professional sports facilities totaled approximately $344 million. (See Exhibit 3-7.) Remaining debt service to satisfy all current state funding obligations for these facilities is approximately $300 million. In some instances, the lease expires prior to the final bond payment. For example, the Toronto Blue Jays spring training facility lease expires in 2016, while the final bond payment is scheduled for 2023. Thus, a facility receiving state assistance may be vacant and still responsible for bond repayment. However, the 2014 Legislature resolved this issue by making the terms of bond payments and leases equal in length. (See Appendix B for additional information about facility payments.)

Exhibit 3-7
Payments to Professional Sports Franchises Have Remained Constant; Yearly Payment Amounts Vary Across Sports

Facility Type	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Total Paid Through Fiscal Year 2012-13
Professional Sports	$16,000,032	$16,000,032	$16,000,032	$258,000,516
Spring Training Facilities	4,230,522	4,230,522	4,230,522	41,593,407
World Golf Foundation	2,000,004	2,000,004	2,000,004	30,000,060
International Game Fish Association	999,996	999,996	999,996	14,333,276
Total	**$23,230,554**	**$23,230,554**	**$23,230,554**	**$343,927,259**

Source: OPPAGA analysis of Florida Department of Revenue data

Professional Sports Franchise Facilities. OPPAGA contacted the eight professional sports franchises in Florida that receive state payments to learn about their facility management and operations.[77, 78] Six franchises reported that their facilities are located on land owned by local governments. Two franchises reported that they manage their own maintenance, operations, and utilities; three reported that their facilities are managed entirely by the local government. Capital improvements are managed either by the local government or through an agreement between the franchise and the local government.

Three franchises have revenue sharing arrangements with the local government. The most frequently reported type of revenue sharing is for ticket sales, followed by event parking and concessions. Five

[77] OPPAGA contacted eight professional sports franchises and received information from seven franchises.

[78] The South Florida Stadium Corporation receives state payments for renovations that were made to Joe Robbie Stadium (now known as Sun Life Stadium) to adapt it to serve as a baseball facility in 1991. The Florida Marlins entered an agreement with the stadium to serve as the Major League Baseball team that would play in the renovated stadium and played in the stadium from 1993 until 2011. The stadium does not currently host a Major League Baseball team.

franchises reported collaborating with local schools and/or sports organizations with varying degrees of frequency, ranging from once a year to more than 12 times a year. Collaboration examples include volunteer programs, health/vision screenings, internships, fundraising programs, college nights, and promotion and marketing activities.

Until recently, there have been no reporting requirements for certified professional sports facilities. However, the 2014 Legislature introduced reporting requirements for newly certified facilities. Specifically, certified entities are now required to submit reports annually and every five years.

Major League Baseball Spring Training Facilities. Florida and Arizona are home to the Grapefruit League and Cactus League, respectively, the only two spring training leagues in the U.S. Most of the teams that participate in the Cactus League are located west of the Mississippi, while most of the teams in the Grapefruit League are located east of the Mississippi. Florida's 15 spring training facilities are located across central and southern Florida.

OPPAGA contacted the 10 Florida-based spring training franchises that receive state funds to learn about their facility management and operations.[79] Five facilities reported that they are located on land owned by local government, and one facility is privately owned.[80] Similar to the professional sports franchises, Florida's spring training facility managers reported various arrangements with local governments for facility operations and maintenance. One facility manager reported that they manage their own maintenance, operations, and utilities; two have a shared arrangement with the local government; and two are managed entirely by the local government. Three facility managers reported some sort of revenue sharing agreement with local government, with the most frequently cited being ticket sales and parking. Five spring training franchises reported collaboration activities with local schools. Examples include an elementary school reading program, education days for elementary school classes, fundraising activities, and youth baseball events.

Florida MLB spring training facilities that have received state funding are required to submit annual reports to DEO. Reporting requirements include providing a copy of the most recent annual audit; a detailed report of all local and state funds expended to date; a cost-benefit analysis of the team's impact on the community, including attendance; and evidence that the certified applicant continues to meet certification criteria.[81]

Professional Golf Hall of Fame Facility. The World Golf Hall of Fame is a 501(c)(3) nonprofit institution located in St. Augustine, Florida. The hall of fame's mission is to preserve the history of the game of golf and the legacies of its players. OTTED certified the facility as the professional golf hall of fame facility in 1998, and it is the only professional golf hall of fame in the U.S. recognized by the Professional Golfers' Association Tour, Inc. (PGA). In addition to serving as a golf museum, the facility provides educational programs for local K-12 schools and has a collaborative relationship with several universities in northeast Florida. The hall of fame also works closely with St. Johns County on various community events, including golf festivals and farmers markets. The World Golf Hall of Fame is located on privately-owned land and the facility is privately owned and managed.

[79] OPPAGA contacted 10 spring training franchises and received information from 6 franchises.

[80] Historic Dodgertown is the only privately-owned spring training facility. The team that originally occupied the facility, now the Los Angeles Dodgers, moved their spring training facility to Arizona in 2008. There is not currently a Major League Baseball team based at the facility, but Historic Dodgertown facility representatives report that they host many different local sports events that bring in approximately 140 different amateur, high school, collegiate, and international sports teams annually.

[81] Section 24, Chapter 2013-42, *Laws of Florida*, deleted the requirement that applicants submit a copy of the most recent annual audit.

Every 10 years, the World Golf Hall of Fame must be recertified by demonstrating that it is open, continues to be the only professional golf hall of fame in the country recognized by the PGA, and is meeting at least one of the minimum projections established at the time of original certification: 300,000 annual visitors or $2 million in annual sales tax revenue. The facility submitted its first 10-year recertification application in 2009 and reported that annual attendance from 1998 through 2009 had varied between 230,000 and 290,000 visitors, and the facility did not exceed the $2 million sales tax revenue threshold until 2005. Because the facility did not meet the statutory requirements for recertification in 2009, OTTED required the PGA Tour, Inc., to increase its required annual advertising contribution from $2 million to $2.5 million in lieu of a reduction in state funds. The additional $500,000 in advertising was to be allocated for generic Florida advertising as determined by the department.

For Fiscal Years 2010-11 through 2012-13, the facility reported an average annual value of over $7.6 million in total marketing and advertising efforts and an average annual value of generic Florida advertising of over $3.1 million.[82] While DEO is provided with copies of the print and television advertisements, it does not verify invoices for the facility's reported spending on advertising and marketing activities. Therefore, we were unable to confirm these expenditures.

International Game Fish Association World Center Facility. The International Game Fish Association (IGFA) is a not-for-profit organization founded in 1939 that focuses on the conservation of game fish and the promotion of responsible and ethical angling practices. The association is housed at the IGFA Museum and Hall of Fame in Dania Beach, Florida. The facility was certified by the state as the IGFA World Center facility in February 2000. It is the only international and administrative headquarters, fishing museum, and hall of fame in the U.S. recognized by the IGFA. The facility conducts many educational activities, including hosting field trips, camps, schools and seminars for K-12 schools in the region; partnering with universities on research projects; and hosting a library and historical repository of thousands of books, films, and photographs related to fishing. The IGFA also collaborates regularly with the local county visitor bureau for local fishing events and trade shows. The IGFA is located on privately-owned land and is privately owned and managed.

The state made its final payment to the IGFA World Center in February 2014. During the period that the facility was receiving state funds, it was statutorily required to provide $500,000 annually in national and international media promotion; failure to provide this annual advertising amount was to result in termination of facility funding.[83] In the original certification application, the IGFA World Center provided an agreement with a private sector entity that committed to providing $500,000 annually in national and international media promotion. No specific state agency was identified to verify this requirement, and annual expenditures were not verified by the state over the period during which the facility received state funding. However, the facility reported that it conducted annual audits of its advertising invoices to ensure the accuracy of reported expenditure data; we requested but did not receive the audits.

Every 10 years, the facility must be recertified by demonstrating that it is open to the public; continues to be the only international administrative headquarters, fishing museum, and hall of fame in the U.S. recognized by the IGFA; and is meeting at least one of the minimum projections established at the time of original certification: 300,000 in annual non-resident attendance or $1 million in annual sales tax revenue.[84] The facility reported an average of $3.8 million in annual sales tax revenues generated from 2000 through 2010, and it was recertified in 2011.

[82] World Golf Hall of Fame annual marketing reports.

[83] Section 288.1169(2)(g), *F.S.*

[84] Section 288.1169(6), *F.S.*

Findings

Amateur and professional sports industry stakeholders are very satisfied with the Florida Sports Foundation's programs and performance and believe that the industry significantly benefits from the foundation's activities. However, we determined that the foundation's process for administering grants should be improved to help ensure that estimated economic impacts are accurate.

Regarding professional sports, data reported by sports organizations and teams shows that participation and attendance vary across Florida's amateur and professional events. Participation in amateur sports has increased, and spring training attendance has remained relatively constant. However, while exceeding estimates, attendance for the state's professional teams tends to be less than that of teams in other states. In addition, the number of visitors to the World Golf Hall of Fame and International Game Fish Association World Center has been significantly lower than expected.

To improve the process of awarding state funds for professional sports facilities, the 2014 Legislature created the Sports Development Program. The Department of Economic Opportunity is the lead agency for screening applications and forwarding qualifying applications to the Legislature for review and approval. The Florida Sports Foundation provides access to information about the new program.

Amateur and Professional Sports Stakeholders Are Very Satisfied with the Florida Sports Foundation's Performance

OPPAGA surveyed professional sports organizations and local and regional sports commissions to determine the nature of their interactions and satisfaction with the Florida Sports Foundation and to learn about the activities these organizations conduct to promote sports in Florida.[85] These stakeholders are generally satisfied with the foundation's performance and reported that the state's sports industry significantly benefits from its activities and services.

Stakeholders are familiar with foundation activities and maintain frequent contact; sports commissions are particularly satisfied with grant programs. Local and regional sports commissions reported high levels of familiarity and satisfaction with the foundation's operations. Of the foundation's programs, the commissions were most familiar with grant programs, with 100% that responded to this question noting that they were "very familiar" or "familiar" with the grant programs; 87% were "very familiar" or "familiar" with large events such as the Sunshine State Games and Senior Games. This level of familiarity is likely a result of frequent contact, as more than half (56.5%) of the commissions responding to that question contact the foundation weekly, and half of the professional sports organizations have monthly contact with the foundation. Commissions that responded to a question about what information they typically seek from the foundation reported that they contact the foundation for a variety of reasons, but most often regarding grants (96%). Most (83%) professional sports organizations contact the foundation to obtain industry-specific information, and half (50%) received technical assistance from the foundation for the team's original certification. Almost all (91%) of the commissions responding to a question about their level of satisfaction reported being "very satisfied" with their interactions with the foundation.

The majority (91%) of sports commissions responding to a question about grants noted that they sought and received grant funding over the previous three fiscal years. In addition, most (90.5%) of these commissions rated the timing of grant availability as being "very efficient." Commissions who received

[85] OPPAGA surveyed 26 local and regional sports commissions and 23 responded; OPPAGA also surveyed 18 professional sports franchises and 13 responded. The Tampa Bay Rays were surveyed twice, once in their capacity as a certified professional sports franchise and once in their capacity as a certified spring training franchise.

grants reported using the funds for their largest event expenses: facility rental (86%) and fees to bid on hosting events (71%). Although several commissions that responded to our question on financing reported that they have other sources of financial support, such as local government funding (65%) or participant entry fees (48%), most respondents reported that foundation grants are "very important" to hosting youth events in particular (95%), but also professional, college, and adult events.

Both sports commissions and professional team representatives consider the foundation integral to Florida's sports industry. In general, 96% of the commissions responding to a question regarding the impact of discontinuing the foundation thought it would be detrimental to their organization if the foundation did not exist; the commissions noted that without foundation support, they would host fewer events. Moreover, 87% of the responding commissions reported that the sports industry in general would be severely affected if the foundation did not exist. According to respondents, without the foundation, commissions would lose valuable marketing, financial, and professional relationships.

Similarly, 62% of professional sports organizations that responded to questions about the foundation's impact think that the foundation has a positive to very positive impact on Florida's professional sports industry. These professional team representatives cited a number of reasons for their response, including the foundation's service as a networking tool that connects professional sports franchises and the foundation's support that contributes to attracting significant professional sports events to the state.

The Florida Sports Foundation's Process for Administering Grant Programs Could Be Improved

The Florida Sports Foundation's current process for administering grant programs could be improved to ensure that reported economic impacts are accurate and comply with grant requirements. Such improvements would enhance accountability and help ensure that grants are having the intended effect.

Within 90 days of the completion of a grant-supported event, sports commissions must submit a post-event report to the foundation. This report generally contains a narrative summary of

- recipient and event information;
- eligible expenditures for reimbursement;
- actual use of grant funds; and
- economic impact, including total participants, total spectators, total media, sales tax revenue, and bed tax revenue.

Foundation staff reviews the post-event report to determine whether the event achieved the impact projected in the grant application.[86] Local and regional sports commissions calculate economic impact by multiplying the number of out-of-state visitors and/or participants by average daily hotel spending.[87] If staff determines that the terms of the grant agreement have been met, they reimburse the local or regional sports commission for paid invoices related to expenses specified in the post-event report.

However, the foundation does not require documentation of the economic impacts specified in the report prior to payment. Rather, the foundation relies upon the sports commissions' certification of the reported data. Without this documentation, the foundation does not have reasonable assurance that the stated economic impacts are accurate.

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[86] According to foundation officials, local sports commissions use a wide variety of data sources and methodologies to gather the information used to complete post-event reports.

[87] This figure is generated annually by VISIT Florida. For 2014, this figure was $150 per day for an adult out-of-state visitor and $75 per day for a youth out-of-state visitor.

Participation and Attendance Vary Across Florida's Amateur and Professional Sports Events

In addition to sports-related employment, attendance by participants and spectators of Florida sporting events is a major factor influencing the economic benefit of the state's sports industry. Attendance at Florida's sporting events is important because it is the primary factor used to estimate the economic impact related to specific events. Estimates of the economic impacts of each local sports event are driven by the average daily hotel spending by out-of-state visitors attending the event.

Our analysis of participation and attendance data for activities such as grant-supported events, the Sunshine State and Senior Games, and professional league and spring training games, showed that participation in amateur sports in Florida has increased since 2011, and spring training attendance has remained relatively constant. However, while attendance for Florida's professional sports teams exceeds original certification estimates, it tends to be at the bottom of teams respective leagues. In addition, the number of visitors to the World Golf Hall of Fame and International Game Fish Association World Center has been significantly lower than expected.

Grants to regional sports commissions attract out-of-state visitors that generate economic activity. In Fiscal Years 2010-11 through 2012-13, the Florida Sports Foundation provided $2.8 million in grants to local and regional sports commissions to support 160 sporting events. Post-event economic reports provided by the commissions indicate that these events attracted a substantial number of out-of-state visitors (from 197,544 to 362,340 across the three fiscal years) with a reported estimated annual economic impact ranging from $108 million to $317 million. (See Exhibit 3-8.)

Exhibit 3-8
Local and Regional Sports Commissions Report Significant Economic Impacts from Grant-Funded Events

Fiscal Year 2010-11		Fiscal Year 2011-12[1]		Fiscal Year 2012-13	
Out-of-State Visitors	Estimated Post-Event Economic Impact	Out-of-State Visitors	Estimated Post-Event Economic Impact	Out-of-State Visitors	Estimated Post-Event Economic Impact
197,544	$108,340,433	364,340	$316,869,205	339,563	$240,458,967

[1] The difference in visitors and economic impacts between Fiscal Years 2010-11 and 2011-12 may be due to a higher number of signature events (e.g., NBA All-Star Game).

Source: Florida Sports Foundation.

Participation in Sunshine State and Florida Senior Games is growing and reportedly has a significant economic impact. According to the foundation, both the Florida Senior Games and Sunshine State Games attract a fair number of Florida athletes, with participation steadily increasing over the years.[88] For example, the foundation reports that the Sunshine State Games had 8,691 participants in Fiscal Year 2010-11 compared to an estimated 26,790 in Fiscal Year 2012-13. During the same period, the reported economic activity generated by participants and spectators of these events was around $8 million each year.[89] (See Exhibit 3-9.)

[88] These events attract few out-of-state visitors because they are designed for Floridians.

[89] As noted previously, calculations of economic impacts are based on total visitors and average hotel night value. For this estimate, only participants and spectators are taken into account.

Exhibit 3-9
According to the Florida Sports Foundation, Annual Participation in Senior Games and Sunshine State Games Continues to Increase

	Fiscal Year 2010-11		Fiscal Year 2011-12		Fiscal Year 2012-13	
Event	**Athletes**	**Estimated Impact**	**Athletes**	**Estimated Impact**	**Athletes**	**Estimated Impact**
Local Senior Games	10,106	$1,515,900	10,820	**$ 1,623,000**	11,978	$1,447,050
Florida Senior Games	2,239	1,119,500	1,841	920,500	4,662[1]	1,165,500
Sunshine State Games	8,691	6,089,686	10,098	5,334,429	26,790[1]	5,558,505
Total	**21,036**	**$8,725,086**	**22,759**	**$ 7,877,929**	**43,430**	**$8,171,055**

[1] Only aggregate counts of participants and spectators were available for the Senior Games Championships and the Sunshine Games in Fiscal Year 2012-13.

Source: Florida Sports Foundation.

All Florida teams are meeting original attendance projections established at the time of certification, however, attendance is low compared to other U.S. teams. For the professional sports franchises that were certified to receive state funds, recent attendance estimates exceed the projected annual attendance required for certification: 300,000 for professional sports facilities. (See Exhibit 3-10.) However, with the exception of Florida's two NBA teams (Miami Heat and Orlando Magic) and one NHL team (Tampa Bay Lightning), average home game attendance for the state's teams ranks well below average home game attendance across professional leagues. For example, among the 32 teams in the NFL, Florida's teams are ranked well below most other teams; the Miami Dolphins are ranked 21st, followed by the Jacksonville Jaguars (28th) and Tampa Bay Buccaneers (29th).

Exhibit 3-10
Florida's Professional Team Attendance Exceeds Original Certification Projections[1]

		Total Attendance		
Sport	**Florida Team**	**2011**	**2012**	**2013**
Baseball	Florida Marlins[2]	1,520,562	2,219,444	1,586,322
	Tampa Bay Rays	1,529,188	1,559,681	1,510,300
Basketball	Miami Heat	810,930	657,855	819,290
	Orlando Magic	777,852	623,587	721,414
Football	Jacksonville Jaguars	498,655	519,872	419,581
	Miami Dolphins	487,089	459,033	514,553
	Tampa Bay Buccaneers	396,300	440,819	470,548
Hockey	Florida Panthers	643,116	681,763	407,806
	Tampa Bay Lightning	708,022	757,192	457,337
Certification Attendance Projections		**300,000**	**300,000**	**300,000**

[1] Attendance is home games. Year specified is either the final year of a multi-year season (basketball, hockey) or the calendar year of a season (baseball, football).

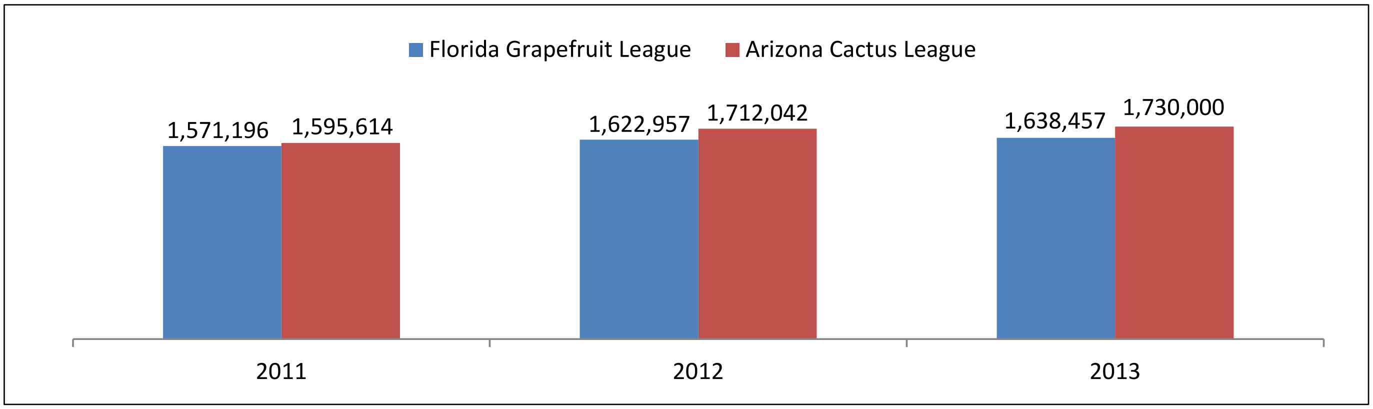
[2] Beginning in the 2012 season, the Florida Marlins changed their name to the Miami Marlins.

[3] The start of the 2012-13 NHL season was delayed due to a lockout imposed by the NHL franchise owners after the expiration of the league's collective bargaining agreement. The regular season began on January 19, 2013, and ended on April 28, 2013, which likely accounts for the significant drop in attendance for the 2013 season.

Source: ESPN major sport leagues attendance reports for regular season games.

Florida's Grapefruit League attendance performs similarly to Arizona's Cactus League. According to spring training facility annual reports, the facilities generate approximately 1.6 million visitors per season. Moreover, in 2009, spring training reported $753.2 million in total statewide spending and generated $284.2 million in labor income in the state.[90] Annual attendance for Florida's spring training league games is comparable to attendance at Arizona's spring training league games. (See Exhibit 3-11.)

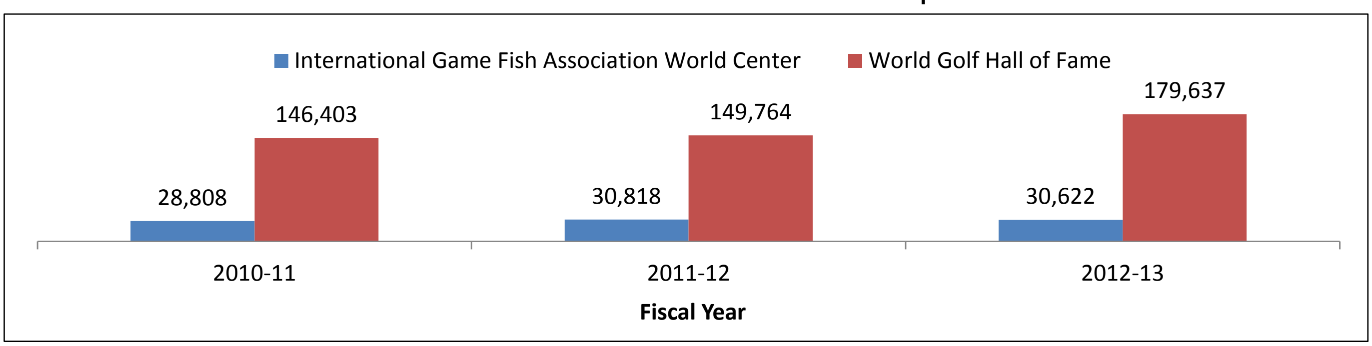
Exhibit 3-11
Attendance at Florida's Grapefruit League Has Increased Slightly and Is Similar to Arizona's Cactus League



Source: OPPAGA analysis of Florida Grapefruit League and Arizona Cactus League publications.

World Golf Hall of Fame and International Game Fish Association World Center attendance lower than expected. Although the original certifications projected 300,000 visitors per year for World Golf Hall of Fame and the International Game Fish Association World Center, annual attendance for both has been significantly lower. Neither facility has approached that goal, with recent attendance data showing 30,622 International Game Fish Association World Center visitors and 179,637 World Golf Hall of Fame visitors during Fiscal Year 2012-13. (See Exhibit 3-12.)

Exhibit 3-12
IGFA World Center and World Golf Hall of Fame Attendance Has Been Less than Expected



[1] The IGFA collects attendance numbers based on the federal fiscal year, October 1 through September 30. The World Golf Hall of Fame collected attendance based on the state fiscal year.

Source: International Game Fish Association and World Golf Hall of Fame data.

[90] *2009 Florida Major League Baseball Spring Training Economic Impact Study*, The Bonn Marketing Research Group, Inc.,

The Legislature Has Taken Steps to Improve the Process of Awarding State Funds for Professional Sports Facilities

Recent statutory changes add criteria to applications for state funding for sports facility construction and renovation. The 2014 Legislature created the Sports Development Program administered by the Department of Economic Opportunity.[91] Chapter 2014-167, *Laws of Florida*, specifies new professional sports franchises that qualify for the program: Major League Soccer, the North American Soccer League, the Professional Rodeo Cowboys Association, events administered by Breeders' Cup Limited, or the promoter of a signature event sanctioned by the National Association for Stock Car Auto Racing (NASCAR). The law designates DEO as the lead agency for screening applications and forwarding qualifying applications to the Legislature for review and approval. The Florida Sports Foundation also provides access to information about the new program. The annual state funding distributions vary according to total project costs.

- $200 million or greater: annual distribution may be up to $3 million
- At least $100 million but less than $200 million: annual distribution may be up to $2 million
- Less than $100 million and more than $30 million: annual distribution may be up to $1 million
- At least $100 million and applicant currently certified and receiving a distribution: annual distribution may be up to $1 million

In Fiscal Year 2014-2015, the department may not certify total annual distributions of more than $7 million for all newly certified applicants. For subsequent fiscal years, the department may not certify an applicant if, as a result of the certification, the total amount distributed will exceed $13 million.

The new law increases accountability for sports facility payments. The law requires that incentive recipients provide DEO with information to be included in an annual report on the Sports Development Program. According to DEO, this will include information similar to that required in the original application, such as ticket sales, increase in visitors to the state, and increase in Florida employment. In addition, every five years, DEO must verify that recipients are meeting program requirements, and OPPAGA and EDR are required to review the program every three years starting in 2018. Moreover, certified applicants must return payments to the state if they break the terms of the agreement and relocate to another facility.

DEO has developed rules and an application process for entities seeking funding through the new program. As part of this process, the department will rank each application based on its ability to positively impact the state considering several factors, including the number of jobs created, length of facility lease, and potential to attract out-of-state visitors. The application period each year is from June 1 to November 1. During the first application period in 2014, DEO received four applications requesting total annual distributions of $9 million. Applications were submitted by the Miami Dolphins, Daytona International Speedway, City of Orlando/Major League Soccer, and City of Jacksonville/Jacksonville Jaguars.

[91] Section 288.11625, *F.S.*

Recommendations

There are steps that the Florida Sports Foundation and the Department of Economic Opportunity could take to enhance the reliability of economic impact data related to grant-funded events and spring training facilities.

Enhancing the Florida Sports Foundation's administration of grant funds would increase accountability. As part of the post-event reporting process, the foundation does not currently require grant recipients to provide any documentation to support their claims of economic impact. To help ensure that grant funds achieve the anticipated economic impact, local and regional sports commissions that receive grant funding should present the data used to estimate economic impacts with the post-event reports. For example, recipients could provide a summary of the documentation, methodology, and sources that support reported economic impacts of grant-funded events.

Providing this additional information should not be onerous to grantees, because many already collect such data. For example, 90% of local and regional commissions that we surveyed reported that they maintain documentation such as hotel occupancy records and registered participant records. Some (28%) commissions also noted that they conduct attendee surveys that can be used as a data source. Moreover, 62% of commissions that received grants reported that they conduct additional impact analyses beyond what the foundation currently requires for documenting economic impact.

DEO should establish guidelines for Major League Baseball spring training facilities annual reports. The Legislature recently established reporting requirements for all professional sports facilities that will receive state funds through the newly created Sports Development Program. The Legislature authorized DEO to determine what information professional sports organizations must report annually.

Spring training facilities have been required to submit annual reports, including cost-benefit information, to DEO. However, our review of these reports indicated that they significantly vary in data elements included, methodology, and specificity. To help ensure that information is reported in a consistent manner, it would be helpful for DEO to provide the spring training facilities with standard reporting guidelines for the cost-benefit information and to review the annual reports to determine if they comport with the guidelines.

Appendix A

Professional Sports Facility Certification Criteria

Exhibit A-1
Certification Criteria Vary by Type of Facility

Type of Professional Sports Facility	Certification Criteria
Major League Baseball Spring Training Facilities	▪ The franchise will use the facility for at least 20 years ▪ There is a local financial commitment to provide at least 50% of funds for acquisition, construction, management and operation of facilities ▪ The franchise will attract an annual attendance of at least 50,000 patrons ▪ The facility is located in a county that levies a tourist development tax ▪ Ten additional evaluation criteria must be met for competitive evaluation of applications o Projected economic impact o Local matching funds o Potential for the facility to serve multiple uses o Intended use of funds by the applicant o Length of time a spring training franchise has been under an agreement to conduct spring training activities in the applicant's jurisdiction o Length of time an applicant's facility has been used by one or more spring training franchises o Term remaining on a lease o Length of time a franchise agrees to use an applicant's facility o Net increase of total active recreation space owned by the applicant o Location of the facility in a brownfield, enterprise zone, community redevelopment area, or other area of targeted development or revitalization
Facilities for New or Retained Professional Sports Franchises	▪ A unit of local government is responsible for the construction, management, or operation of the facility or holds title to the property on which the facility is located ▪ The applicant has a signed agreement with a new professional sports franchise for the use of the facility for a term of at least 10 years, or in the case of a retained professional sports franchise, for a term of at least 20 years ▪ The applicant has evidence authorizing the location of the professional sports franchise in this state ▪ The applicant has projections verified by the DEO that demonstrate that the franchise will attract a paid attendance of over 300,000 annually ▪ The applicant has an independent analysis or study, verified by the DEO, which demonstrates that the amount of tax revenues generated by the use and operation of the facility will exceed $2 million annually ▪ The jurisdiction in which the facility is located has certified by resolution after a public hearing that the application serves a public purpose ▪ The applicant has demonstrated that it can provide more than one-half of the costs related to the improvement and development of the facility ▪ An applicant previously certified under any of the above provisions who has received funding under such certification is not eligible for an additional certification

Type of Professional Sports Facility	Certification Criteria
Professional Golf Hall of Fame	▪ The facility is the only professional golf hall of fame in the United States recognized by the PGA Tour, Inc. ▪ Applicant is a unit of local government or private sector group contracted to construct/operate the facility on land owned by local government ▪ The jurisdiction in which the facility is located has certified by resolution after a public hearing that the application serves a public purpose ▪ There are existing projections that the facility will attract a paid attendance of over 300,000 annually ▪ There is evidence that the facility will generate at least $2 million annually in local taxes from the use and operation of the facility ▪ The applicant agrees to provide $2 million annually in national and international media promotion of the professional golf hall of fame facility, Florida, and Florida tourism ▪ The applicant has provided, is capable of providing, or has financial or other commitments to provide more than one-half of the costs of improving or developing the facility ▪ The application is signed by an official senior executive of the applicant and is notarized according to Florida law
International Game Fish Association World Center	▪ The facility is the only fishing museum, hall of fame, and international administrative headquarters in the United States recognized by the International Game Fish Association, and that one or more private sector concerns have committed to donate to the facility's land upon which the facility will operate ▪ The applicant is a not-for-profit Florida corporation that has contracted to construct and operate the facility ▪ The jurisdiction in which the facility is located has certified by resolution after a public hearing that the application serves a public purpose ▪ There are projections that the project (i.e., the facility and collocated facilities of private sector concerns who have made cash or in-kind contributions of $1 million or more to the facility) will attract an attendance of over 1.8 million annually ▪ There is evidence that the project will generate at least $1 million annually in local taxes from the use and operation of the facility ▪ There are projections that the project will attract more than 300,000 out-of-state visitors annually ▪ The applicant agrees to provide $500,000 annually in national and international media promotion of the facility ▪ The applicant has provided, is capable of providing, or has financial or other commitments to provide more than one-half of the costs of improving or developing the facility ▪ The application is signed by senior officials of the International Game Fish Association and is notarized according to Florida law

Source: Sections 288.11621, 288.1162(4), 288.1168(2), and 288.1169, *F.S.*

Appendix B

State Funding Payment Schedules and Lease Terms for Professional Sports Facilities

Exhibit B-1
Spring Training Facilities for Major League Baseball Franchises[1]

Team	Facility	Location, Certified Entity, & Certification Date	Monthly Distribution, Number of Years Bonded , & Total State Payment	1st Payment & Final Payment	Total Payments as of June 30, 2014	Team's Lease Expires
Los Angeles Dodgers[2]	Holman Stadium, now known as Dodgertown	– Vero Beach – Indian River County – January 2001	– $41,667 – 30 years – $15 million	– March 2001 – February 2031	$6,666,720	No lease
Detroit Tigers	Joker Marchant Stadium	– Lakeland – Lakeland – January 2001	– $38,889 – 15 years – $7 million	– March 2001 – February 2016	$6,222,240	2016
Houston Astros	Osceola County Stadium	– Kissimmee – Osceola County – January 2001	– $41,667 – 15 years – $7.5 million	– March 2001 – February 2016	$6,666,720	2016
Toronto Blue Jays	Florida Auto Exchange Stadium	– Dunedin – Dunedin – January 2001	– $41,667 – 20 years – $10 million	– March 2001 – February 2023	$6,666,720	2016
New York Mets	Tradition Field	– Port St. Lucie – St. Lucie County – December 2006	– $41,667 – 15 years – $7.5 million	– March 2007 – March 2037	$1,934,720	2023
Philadelphia Phillies	Bright House Networks Field	– Clearwater – Clearwater – December 2006	– $41,667 – 30 years – $15 million	– March 2001 – February 2031	$6,666,720	2023
Tampa Bay Rays	Charlotte Sports Park	– Port Charlotte – Charlotte County – December 2006	– $41,667 – 30 years – $15 million	– March 2007 – March 2037	$3,666,696	2028
Pittsburgh Pirates	McKechnie Field	– Bradenton – Bradenton – December 2006	– $41,667 – 30 years – $15 million	– March 2007 – March 2037	$3,666,696	2037
Baltimore Orioles	Ed Smith Stadium	– Sarasota – Sarasota – December 2006	– $41,667 – 30 years – $15 million	– March 2007 – March 2037	$3,666,696	2039
Minnesota Twins	Hammond Stadium	– Fort Myers – Lee County – August 2012	– $41,667 – 30 years – $15 million	– July 2013 – June 2043	$500,004	2045

[1] The Atlanta Braves, Boston Red Sox, Miami Marlins, New York Yankees, St. Louis Cardinals, and Washington Nationals also hold spring training in Florida, but there are no state financial obligations for the host facilities.

[2] On March 17, 2008, the Dodgers' final major league spring training game was played at Holman Stadium. In 2009, the Dodgers began holding spring training in Glendale, Arizona.

Source: OPPAGA analysis of Department of Economic Opportunity, Department of Revenue, and Florida Sports Foundation data.

Exhibit B-2
Professional Sports Facilities for Major League Baseball, National Football League, National Hockey League, and National Basketball Association Franchises

Team/League	Facility	Location, Certified Entity, & Certification Date	Monthly Distribution, Number of Years Bonded, & Total State Payment	1st Payment & Final Payment	Total Payments as of June 30, 2014	Team's Lease Expires
Miami Marlins MLB	Joe Robbie Stadium, now Sun Life Stadium	– Miami – South Florida Stadium Corp. – May 1993	– $166,667 – 30 years – $60 million	– June 1994 – June 2023	$42,000,084	99 year land lease, issued 1987
Jacksonville Jaguars NFL	EverBank Field	– Jacksonville – Jacksonville – April 1994	– $166,667 – 30 years – $60 million	– June 1994 – May 2024	$40,166,747	2030
Tampa Bay Rays MLB	Tropicana Field	– St. Petersburg – St. Petersburg – July 1995	– $166,667 – 30 years – $60 million	– July 1995 – June 2025	$38,000,076	2027
Tampa Bay Lightning NHL	Tampa Bay Times Forum	– Tampa – Tampa Bay Sports Authority – July 1995	– $166,667 – 30 years – $60 million	– September 1995 – August 2025	$37,666,742	2025
Florida Panthers NHL	BB&T Center	– Sunrise – Broward County – June 1996	– $166,667 – 30 years – $60 million	– August 1996 – July 2026	$35,833,405	2028
Tampa Bay Buccaneers NFL	Raymond James Stadium	– Tampa – Hillsborough County – November 1996	– $166,667 – 30 years – $60 million	– January 1997 – December 2026	$35,000,070	2028
Miami Heat NBA	American Airlines Arena	– Miami – BPL, LTD – February 1998	– $166,667 – 30 years – $60 million	– March 1998 – March 2028	$32,500,070	2030
Orlando Magic NBA	Amway Center	– Orlando – Orlando – February 2008	– $166,667 – 30 years – $60 million	– February 2008 – January 2038	$12,833,359	2036

Source: OPPAGA analysis of Department of Economic Opportunity, Department of Revenue, and Florida Sports Foundation data.

Exhibit B-3
Professional Golf Hall of Fame and International Game Fish Association World Center Facilities

Facility	Location	Monthly Distribution, Number of Years Bonded, & Total State Payment	1st Payment & Final Payment	Total Payments as of June 30, 2014
Professional Golf Hall of Fame	St. Augustine	– $166,667 – 25 years – $50 million	▪ July 1998 ▪ June 2023	$32,000,064
International Game Fish Association World Center	Dania Beach	– $83,333 – 14 years – $15 million	▪ March 2000 ▪ February 2014	$14,999,940

Source: OPPAGA analysis of Department of Economic Opportunity, Department of Revenue, and Florida Sports Foundation data.

Rick Scott
GOVERNOR

FLORIDA DEPARTMENT of ECONOMIC OPPORTUNITY

Jesse Panuccio
EXECUTIVE DIRECTOR

December 23, 2014

Mr. R. Philip Twogood
The Florida Legislature's Office of Program
Policy Analysis and Government Accountability
111 West Madison Street, Suite 312
Tallahassee, Florida 32399-1475

Dear Mr. Twogood:

Pursuant to section 11.51(2), Florida Statutes, this letter represents our response to the report titled: *Florida Economic Development Program Evaluations – Year 2*. We thank you and your staff for the review of the Office of Film and Entertainment's (OFE) incentive programs and appreciate the detailed analysis. The Department of Economic Opportunity (DEO) seeks to continually improve the efficiency and effectiveness of its incentive programs and welcomes the opportunity to assess observations and recommendations for consistent and appropriate implementation. Below is our response:

Significant Improvements to the Tax Credit Award Process Have Already Been Implemented
It is important to note that OFE made significant improvements to the process during the report period, which consists of fiscal years 2010-11, 2011-12, and 2012-13. Several changes have been made to make the process more efficient, including:

- The addition of staff to expedite the OFE audit review process; and
- The reduction of the sample selection percentage pursuant to the findings of an Advisory Report conducted by DEO's Office of the Inspector General in September 2012.

Due to the implementation of these and other changes, the review time of an audit has reduced significantly and continues to decline. It is also important to note that once the review process is complete, OFE issues the production company an award letter. DOR can take an additional two months to issue a certificate of tax credits to an awardee. This additional time was not included in the report and may be a contributing factor to the length of time reported by those surveyed.

Sales Tax Exemption Certificate Start Dates
In section 288.1258, Florida Statutes, there are no specific requirements for the start date of a certificate of exemption. In an attempt to be business friendly, we may grant an applicant's requested start date on a certificate as long as it is within reason (usually no more than 30 days prior to the date of application).

Concerns Regarding OPPAGA'S Survey Instrument
While gathering data by surveying recipients of incentives may be useful, the survey OPPAGA conducted for purposes of the report has potentially material and important defects, including question non-response error. As a result, the survey may have produced unreliable results and a non-representative sample of the recipient population.

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Philip Twogood
December 23, 2014
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Non-response is a problem for survey quality because it almost always introduces systematic bias into the data. This results in poorer data quality and can significantly bias any estimates derived from the data. OPPAGA attempted to survey 1,326 incentive recipients during the evaluation period and only 390 (29 percent) provided responses, some of which were incomplete. While nearly every survey suffers from some rate of non-response, the degree of non-response to OPPAGA's survey makes the results potentially unreliable and unrepresentative.

Again, we thank you and your staff for the review and will take under advisement the actions recommended to promote more efficiency in OFE's incentive programs.

Sincerely,

Niki Welge
State Film Commissioner

Rick Scott
GOVERNOR

FLORIDA DEPARTMENT of ECONOMIC OPPORTUNITY

Jesse Panuccio
EXECUTIVE DIRECTOR

December 23, 2014

Mr. R. Philip Twogood
Coordinator
The Florida Legislature's Office of Program
Policy Analysis and Government Accountability
111 West Madison Street, Suite 312
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Dear Mr. Twogood:

Pursuant to section 11.51(2), Florida Statutes, this letter represents Florida Department of Economic Opportunity's (DEO) response to the report titled: *Florida Economic Development Program Evaluations – Year 2*. We thank you and your staff for the review of the state's key economic development incentive programs and appreciate the detailed analysis of each program.

The review involved an evaluation of two of the state's economic development programs – VISIT FLORIDA and the Florida Sports Foundation – as well as the various sports-related incentives. Your staff was charged with reviewing each program's effectiveness and value to the state's taxpayers including any recommendations for consideration by the Legislature. We applaud your team's efforts to meet with each organization on numerous occasions to understand the multitude of activities and programs within each organization and how each organization interacts with DEO. The report's findings and recommendations will be taken under advisement as we strive to improve the accountability within our programs.

DEO supports both VISIT FLORIDA and the Florida Sports Foundation in their efforts to promote Florida as the premier travel and sports destination. Both of these organizations work closely with their respective industry partners and stakeholders to develop and further their mission. As key drivers in the state's economy, the tourism and sports industries have a tremendous impact by creating jobs for Florida's families and improving the Florida's economy. Thus far in 2014, we have experienced three record quarters in visitors so far in 2014, putting the state on pace for a fourth consecutive record year. Further, the state's sports industry continues to grow each year.

Again, we thank you and your staff for the comprehensive review and will continue to collaborate with our partners to improve the efficiency and effectiveness of the state's economic development programs.

Sincerely,

Cissy Proctor

CP/km

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December 23, 2014

Mr. R. Philip Twogood
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Dear Mr. Twogood:

Thank you for the opportunity to respond to the Office of Program Policy Analysis and Government Accountability (OPPAGA) Florida Economic Development Program Evaluations – Year 2 Report on VISIT FLORIDA and thank you and your staff for the professional and thorough review of VISIT FLORIDA's destination marketing programs.

VISITFLORIDA.

VISIT FLORIDA's vision is to establish Florida as the No. 1 travel destination in the world. As the state's official tourism marketing corporation, VISIT FLORIDA partners with over 12,000 private sector businesses to promote travel and drive visitation to and within Florida through extensive marketing programs targeting consumers, travel agents, tour operators, media and meeting planners.

The state tourism industry has a tremendous amount of momentum having posted three consecutive record years (2011, 2012 & 2013) of visitation, traveler spending and tourism employment. As the report states, "Florida's tourism industry employment outpaced national and industry trends" and "Florida's tourism industry jobs are attributable to the state's relative competitive advantage rather than industry growth nationwide or general economic recovery."

VISIT FLORIDA Return on Investment (ROI)

We recognize and appreciate the complexities that OPPAGA has faced regarding the overall assessment of VISIT FLORIDA's global marketing program.

While we do not presume that the strength of the Florida tourism industry is 100% attributable to the efforts of VISIT FLORIDA, the state's investment in destination marketing is generating a significant positive return for Floridians.

VISIT FLORIDA conducts a robust research program utilizing best in class partners to inform marketing efforts and to gauge the impact of individual marketing programs; however, there is no comprehensive mechanism to track the overall impact of VISIT FLORIDA on the state's nearly 100 million annual visitors.

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VISITFLORIDA

The results of the referenced 2013 advertising ROI study indicate that an $8 million investment in a single VISIT FLORIDA advertising campaign generated 1.2 million incremental visitors with an economic impact of $3.1 billion. This research demonstrates that destination advertising is working for the state of Florida.

In an effort to more comprehensively measure the impact of the organization, VISIT FLORIDA has commissioned an annual study to determine how many travelers were influenced in their decision to visit Florida by one or more VISIT FLORIDA marketing programs. With seven years of data it is clear that VISIT FLORIDA's integrated marketing efforts are positively impacting travelers in their destination decisions. VISIT FLORIDA research staff along with the research vendor will review OPPAGA concerns regarding the study methodology and will consider adjustments to the methodology and report moving forward.

Another very important measure of VISIT FLORIDA's value to the Florida tourism industry is the level of industry participation in co-op marketing programs. As noted in Exhibit 2-1, while the state investment in VISIT FLORIDA increased 70% from 2010-11 to 2012-13, the private sector investment increased 102% to $101,252,832.00. This significant increase in industry participation demonstrates that VISIT FLORIDA is creating real marketing value for our Partners while far exceeding the legislatively required $1 - $1 match.

Additionally, the 2014 survey of the Florida tourism industry rated VISIT FLORIDA 83.1% on promoting tourism to Florida, the highest score on record and up from 82.4% in 2013 and 81.1% in 2012.

VISIT FLORIDA Performance Metrics and Strategic Plan

There is no doubt that assessing VISIT FLORIDA's overall performance is challenging, however, all individual metrics from ROI, to visitor influence, industry investment in co-op marketing programs, industry satisfaction and market share are at or near record levels. VISIT FLORIDA's current performance metrics are tied to the organization's objectives in the 2012-16 Strategic Plan which are strategic in nature and are not conducive to annual performance measurement. In January 2015, the VISIT FLORIDA Board of Directors will begin the development of a 2015 -2020 Strategic Plan which will incorporate OPPAGA recommendations to more closely tie VISIT FLORIDA's performance metrics to tactics with specific timeframes to assess performance.

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Expansion of VISIT FLORIDA's role with state agencies

As the public/private partnership responsible for tourism marketing, VISIT FLORIDA currently partners with many state agencies and statewide organizations to enhance their efforts to increase tourism to Florida. Additionally, many state agencies have representation on the marketing committees that drive the development and implementation of VISIT FLORIDA's annual strategic marketing plan. VISIT FLORIDA will continue to provide research and cooperative marketing programs to state partners and will develop custom marketing solutions for agency partners as requested.

Again, thank you for the thoughtful review and recommendations. We are committed to maximizing the economic impact of tourism and the return on the state's investment in VISIT FLORIDA.

Regards,

Will Seccombe
President and CEO
VISIT FLORIDA

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