F l o r i d a   L e g i s l a t u r e

Florida Economic Development Program Evaluations – Year 5

REPORT NO. 17-13
12/28/2017

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 288.0001, *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.[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; EDR must evaluate and determine the economic benefits, as defined in s. 288.005(1), *Florida Statutes*, of each program over the same period.

Incentives administered by three entities are scheduled for review by January 1, 2018.

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 2013-14, 2014-15, and 2015-16.[2]

Background

The economic development incentives and programs offered by the Office of Film and Entertainment (OFE), VISIT FLORIDA (VF), 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 is the primary entity responsible for administering two incentive programs.[3]

- 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.

[1] OPPAGA's prior reports are available here, and EDR's prior reports are available here.

[2] We also included Fiscal Year 2016-2017 in the VISIT FLORIDA review to evaluate VISIT FLORIDA's progress in addressing new requirements set out in 2017 legislation.

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

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

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

Florida Sports Foundation Programs. The Florida Sports Foundation serves as the Sports Industry Development Division of Enterprise Florida, Inc. 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.[4]

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

[4] Since 1994, the Legislature has allocated state funding for 8 major professional sports facilities; 12 Major League Baseball spring training facilities; the Professional Golf Hall of Fame; and the International Game Fish Association World Center. The International Game Fish Association World Center received it final payment from the state in 2014. While the association's headquarters remains in Dania Beach, Florida, the Hall of Fame and Museum exhibit was relocated to Springfield, Missouri.

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

Program	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.	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.	ss. 288.122, 288.1226, 288.12265, and 288.124 *F.S.*
Florida Sports Foundation Programs ▪ *Major, Regional, Small Market, and Sports Industry Conference Assistance 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.	ss. 288.1162, 288.11621, *F.S.* s. 288.11625, *F.S.* ss. 288.11631, 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, the three entities addressed several of our previous concerns related to program administration. Our recommendations regarding the methods used to assess the impact of marketing efforts on the tourism industry in Florida remain.

Entertainment Industry Incentives. OPPAGA performed detailed analyses of film and entertainment industry employment trends in major competing states. Our review found that Florida's film and entertainment industry is lagging in some sectors. OPPAGA's economic analyses suggest that Florida's traditional film and entertainment industry had more employment growth than California and New York. However, While Florida's traditional film and entertainment industry performed better than California and New York, overall industry employment is behind other competing states, including California, Georgia, Louisiana, and New York.

OPPAGA's review of Florida's film and entertainment industry incentives found that during the review period, 203 productions received $164 million in tax credits, with most credits awarded to projects in Southeast Florida. These productions spent approximately $735 million for qualified goods and services, with television projects making a majority of the purchases. Tax credit recipients reported creating 71,618 jobs during the review period. However, estimated jobs reported by sales tax exemption recipients decreased during the same period.

Industry stakeholders were satisfied with the services provided by the Office of Film and Entertainment including the administration of state incentives. They reported that the tax credit program's expiration had a significant negative effect on the industry. Industry stakeholders suggested that the office conduct additional marketing. Since our previous report, the office has addressed prior OPPAGA recommendations by streamlining its audit review processes and discontinuing the informal process of backdating sale tax exemption applications.

VISIT FLORIDA Programs. 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.

VISIT FLORIDA spends the majority of its funding on marketing activities, and OPPAGA's review of prior fiscal year spending revealed that procurements over $750,000 equal over half of VF's total spending on planned purchases. The review also revealed that some of these procurements had a number of deficiencies. However, VISIT FLORIDA has generally complied with new legislative requirements and has enacted policies to improve the agency's purchasing practices.

In addition, VISIT FLORIDA partners, which include tourist development organizations, other government entities, and private businesses, continue to express support for VF's mission, services, and performance. However, not all VF services are well utilized, with many partners indicating that they regularly use two or fewer services. Furthermore, since our last review, VISIT FLORIDA has made limited progress in improving measurement of their effect on attracting visitors to Florida.

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. Since OPPAGA's prior report, the foundation has improved its process for administering grants by requiring additional detail on local economic impacts generated by grant-funded events. In addition, annual reporting to the Department of Economic Opportunity of economic impacts by spring training facilities has improved since our 2015 review. According to the foundation, events supported in part by grant funds generated approximately $1.7 billion in out of state economic impact and over 1.8 million out of state visitors over the review period.

Recommendations

OPPAGA's previous report noted 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. As noted above, these entities addressed several of our recommendations. OPPAGA did not identify additional issues or concerns in this report; however, we continue to recommend that improvements be made to the methods used to assess the impact of VISIT FLORIDA's marketing on the tourism industry.

To address ongoing concerns about measuring VISIT FLORIDA's impact on the state's tourism industry, VISIT FLORIDA could consider our previous recommendations.

- To ensure that its performance measures are meaningful, VISIT FLORIDA 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, VISIT FLORIDA should consider alternative research design, methods, and vendors that might provide a more reliable survey of its influence. In addition, VISIT FLORIDA should consider options to strengthen its ROI studies and the use of these results in assessing the organization's annual performance.

Chapter 1

Film and Entertainment Industry Financial Incentives Programs

Scope

By January 1, 2015, and every three years thereafter, the Office of Program Policy Analysis 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 (DEO). 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 2013-14, 2014-15, and 2015-16.

Background

According to the Department of Economic Opportunity's Bureau of Labor Market Statistics, in 2016, Florida's film and entertainment industry employed 26,512 individuals in 4,377 businesses.[5] The average annual wage for the Florida film and entertainment industry was $78,866, exceeding the state's annual average wage for all industries of $47,060 by 67.6%. OPPAGA's economic analyses suggest that Florida's traditional film and entertainment industry had more employment growth than California and New York. However, overall industry employment lags behind other competing states including California, Georgia, Louisiana, and New York.

OPPAGA conducted economic analyses of the film and entertainment industry to gain a better understanding of how the state is performing relative to other competing states and the national economy. Our analyses used state and national employment data from 2009 (the year before the tax credit program started) to 2016.[6] We used similar industry codes as our prior review; however, data constraints decreased the number of codes for these analyses.[7] (See Appendix A for a list of industry codes.) We separated these industry codes into two sectors—traditional film and entertainment and digital media (e.g., software publishers). (See Methodology section at the end of the report for additional detail about our analyses.)

[5] Employment figures are from the U. S. Department of Labor's Bureau of Labor Statistics. Data for 2016 are preliminary.

[6] We examined industries classified by the North American Industry Classification System (NAICS). 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.

[7] Our prior analysis involved 17 industry codes to define the film and entertainment and digital media industry. Louisiana and New York had data that they could not disclose for six industries—tele-production and postproduction services, other motion picture and video industries, other sound recording industries, record production, satellite telecommunications, and cable and other subscription programming. Therefore, employees in these six industries were excluded from the analysis.

Economic analyses indicate that Florida's film and entertainment industry is lagging in some sectors. Industry employment grew in all industry sectors for Florida, competing states, and the nation from 2009 to 2016. Florida's ranking compared to the four other states we examined was third for traditional film and entertainment, fourth for digital media, and last for total film and entertainment industry. Florida's employment growth was greater than national employment growth for traditional film and entertainment. However, it was less than national employment growth for digital media and the total film and entertainment industry. (See Exhibit 1-1.)

Exhibit 1-1
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
Georgia	166.7%	41.9%	59.7%
New York	21.6%	96.3%	53.5%
California	26.1%	66.3%	49.0%
Louisiana	64.9%	22.7%	42.5%
Florida	**31.3%**	**36.6%**	**33.2%**
United States	26.0%	48.8%	40.7%

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 2016 location quotient is less than one in all industry sectors, which indicates that the industry employment is less than the national level. Florida employment also declined relative to the nation for all industry sectors. (See Exhibit 1-2.)

Exhibit 1-2
Most States Outpaced Florida's Film and Entertainment Industry Employment Growth From 2009 to 2016

	State	Location Quotient 2016	Change in Location Quotien 2009 to 2016
Total Film and Entertainment Industry	New York	1.39	0.12
	Georgia	1.20	0.11
	California	2.21	0.04
	Louisiana	0.44	0.03
	Florida	**0.67**	**-0.08**
Tradional Film and Entertainment	Georgia	1.18	0.60
	Louisiana	1.19	0.33
	Florida	**0.58**	**-0.01**
	New York	3.12	-0.12
	California	3.83	-0.15
Digital Media	New York	1.04	0.25
	California	1.85	0.13
	Louisiana	0.28	-0.04
	Georgia	1.09	-0.09
	Florida	**0.66**	**-0.10**

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 2016 equal to the sum of the components. (See Methodology section at the end of the report.)

Our shift share analysis shows that California and Florida underperformed the nation and compare unfavorably to all other states for total film and entertainment industry employment. However, Florida is competitive with other states within traditional film and entertainment industry sectors. In the digital media industry, Florida, Georgia, and Louisiana underperformed the nation and compared unfavorably to California and New York for employment growth. Overall, the data shows that Florida is the least competitive among the five states for total film and entertainment industry and digital media employment growth. (See Exhibit 1-3.)

Exhibit 1-3
Florida Was Less Competitive Than Other States in Total Industry Employment Growth From 2009 to 2016

	State	Employment Change 2009 to 2016	National Share	Industry Mix	Regional Shift
Total Film and Entertainment Industry	California	166,828	43,152	95,476	28,200
	New York	60,599	14,350	31,749	14,500
	Georgia	25,960	5,514	12,200	8,246
	Louisiana	3,378	1,008	2,230	140
	Florida	**19,534**	**7,450**	**16,482**	**-4,398**
Traditional Film and Entertainment	Georgia	8,628	656	691	7,281
	Louisiana	2,417	472	497	1,447
	Florida	**3,233**	**1,309**	**1,378**	**546**
	California	36,745	17,853	18,796	96
	New York	13,975	8,213	8,647	-2,886
Digital Media	New York	46,624	6,136	17,485	23,003
	California	123,793	23,662	67,422	32,709
	Louisiana	961	536	1,526	-1,101
	Georgia	13,748	4,158	11,847	-2,257
	Florida	**15,040**	**5,212**	**14,850**	**-5,022**

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

Florida Film and 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 two types of incentives are 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) within the Department of Economic Opportunity is the primary entity responsible for administering the two incentive programs. The Department of Revenue also has some program responsibilities including issuing applicants a certificate of exemption and administering the transfer and application of tax credits.

Transferable Tax Credits. The Florida Entertainment Industry Financial Incentive Program began on July 1, 2010 and sunset on June 30, 2016. The program allowed production companies in Florida to receive transferable tax credits for qualified expenditures to Florida vendors on qualified productions.[8] Production companies may apply tax credits to corporate income taxes, sales taxes, or both. Non-resident wages and expenditures from non-Florida based companies did not qualify for the tax credits. No production could receive tax credits exceeding 30% of qualified expenditures or $8 million per project.

OFE's statutory authority to certify tax credits expired on June 30, 2016, but the office can still award tax credits until July 1, 2021. Production companies' unused credits may carry forward each year for up to five years. The production company may also transfer unused credits within this five-year period to any other company that has a tax liability.[9] Unused credits expire at the end of the five-year period.

Sales Tax Exemption. The Florida Entertainment Industry Sales Tax Exemption began on January 1, 2001 and remains in effect. Qualified companies engaged in producing motion pictures, television series, commercials, music videos, and sound recordings in Florida may apply online 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.[10] A Florida-based company can receive a 12-month tax exemption 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.

Incentive Funding

OFE has awarded almost all film and entertainment tax credits. The 2010 Legislature allocated a total of $296 million in tax credits over six fiscal years. As of September 2017, OFE had certified 299 projects to receive $286.4 million. OFE awards tax credits to a company upon project completion and verification of its qualified expenditures and state residency requirement. OFE has awarded tax credits totaling $277.5 million for 293 projects. (See Exhibit 1-4.)

The tax credit program will end after OFE awards tax credits to six production companies who are awaiting $8.8 million in tax credits. OFE staff reviews audits from an independent Florida certified public accountant containing expenditure information for each project. OFE staff is reviewing audits for two projects and four audits remain outstanding. Production companies have no requirement to submit audits within a certain time.

According to Department of Revenue data, $277.1 million in tax credits awarded has been transferred to other companies. Of that amount, $200 million (72.2%) had been used by the transferee as of August 21, 2017.

[8] Qualified 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.

[9] Company representatives reported in our last review that the lack of a tax liability was the primary reason for the transfer.

[10] Examples of tax-exempt items for purchase include costumes, lighting, props, and sets. Examples of exempt items include leasing or renting sound stages, studios, or other real estate used as an integral part of the performance of qualified production services.

Exhibit 1-4
OFE Has Awarded $277.5 Million in Tax Credits; $8.8 Million Remains to be Awarded

	Tax Credit Award
Tax Credits Awarded	$277,524,704
Unrecyclable Tax Credit Balance[1]	9,591,757
Outstanding Audits (Pending)	6,191,815
Audits In-House (Pending)	2,691,724
Total	**$296,000,000**

[1] These funds are no longer available because OFE cannot certify any more projects.

Source: *The 2010-2016 Entertainment Industry Financial Incentive Program Summary*, Office of Film and Entertainment, September 18, 2017.

Annual sales tax exemptions amount to approximately $17 million in savings for recipients. The amount of taxes exempted is an estimate based on figures provided by program recipients on the application forms that they submit to the Office of Film and Entertainment.[11] The office includes this data in its annual reports. Qualified production companies reported on their applications that they would spend an estimated $1.1 billion annually from Fiscal Year 2013-14 through Fiscal Year 2015-16, with approximately $286 million in tax-exempt purchases per year. Based on these expenditure estimates, we determined that during the review period, the annual exemption amount ranged from $15.4 million in Fiscal Year 2013-14 to $18.4 million in Fiscal Year 2015-16. (See Exhibit 1-5.)

Exhibit 1-5
Estimated Sales Tax Exempted Ranged From Approximately $15 Million to $18 Million per Year

Fiscal Year	Estimated Expenditures	Tax-Exempt Expenditures	Estimated Tax-Exempt Amount (Based on 6% Sales Tax)
2013-14	$1,106,641,855	$256,846,732	$15,410,804
2014-15	$1,150,226,231	$293,477,052	$17,608,623
2015-16	$1,143,739,614	$307,006,996	$18,420,420

Source: OPPAGA analysis of data reported in *Entertainment Industry Sales Tax Exemption Annual Report* for Fiscal Years 2013-14, 2014-15, and 2015-16.

Findings

During the review period, 203 productions received $164 million in tax credits, with most credits awarded to projects in Southeast Florida. These productions spent approximately $735 million for qualified goods and services, with television projects making a majority of the purchases. Tax credit recipients reported creating 71,618 jobs during the review period. However, estimated jobs reported by sales tax exemption recipients decreased during the same period.

Industry stakeholders were satisfied with the services provided by the Office of Film and Entertainment including the administration of state incentives. They reported that the loss of the tax credit program had a significant negative effect on the industry. Industry stakeholders suggested that the office conduct additional marketing.

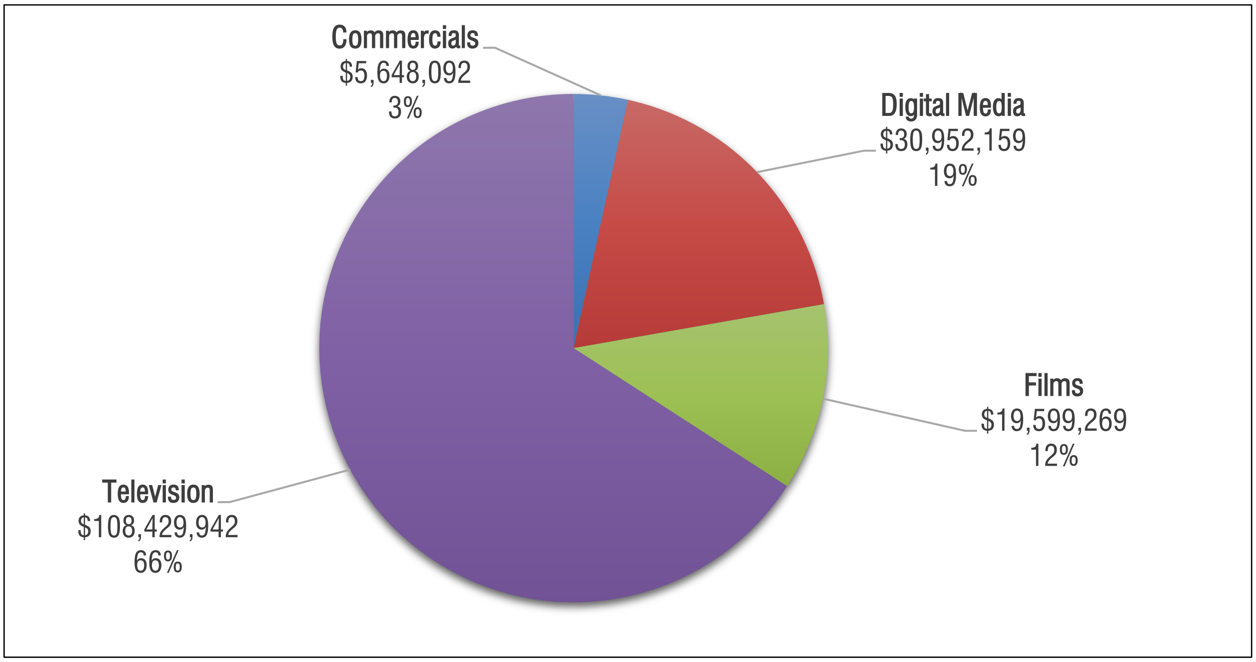
[11] The Department of Revenue does not capture sales tax exemption fiscal data because retailers do not provide information to the department to show how many of their sales are tax exempt.

The office has addressed two prior OPPAGA recommendations by streamlining its audit review processes and discontinuing the informal process of backdating sale tax exemption applications .

TV Productions Received the Majority of Tax Credits; Most Projects Were Located in Southeast Florida

Television productions received the majority of tax credits during the review period. During Fiscal Years 2013-14 through 2015-16, OFE awarded $164.6 million in tax credits to 203 certified projects.[12] Television productions received $108.4 million (66%) of tax credits awarded. Digital media, film, and commercial productions accounted for the remaining 34% of tax credits awarded. (See Exhibit 1-6.)

Exhibit 1-6
Television Productions Received the Majority of Tax Credits Awarded During the Review Period

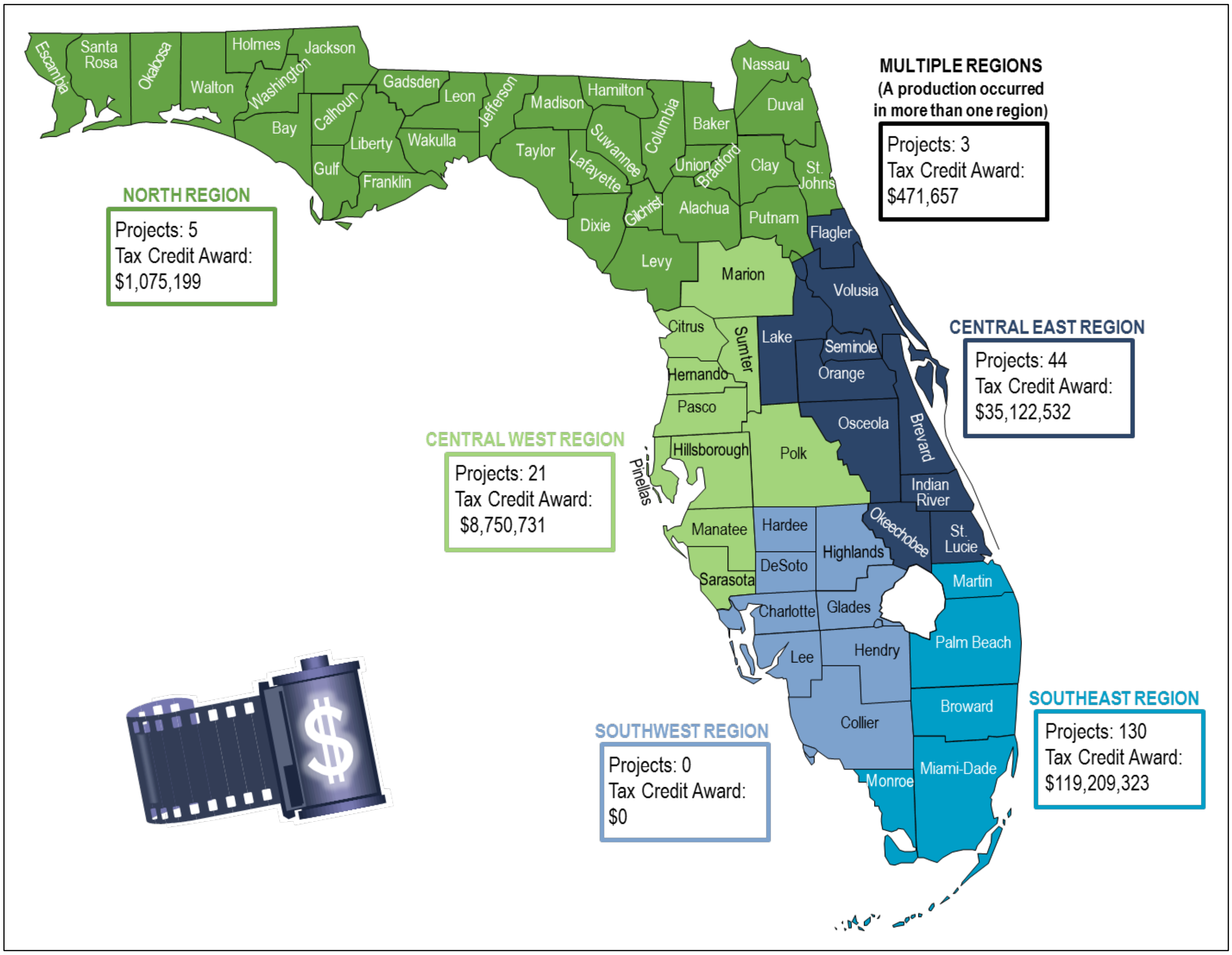


Source: OPPAGA analysis of Office of Film and Entertainment data.

The majority of the 203 projects awarded tax credits were located in the central east and southeast regions of the state. Specifically, Orlando and Miami accounted for 71% of the projects and 83% of the tax credits awarded. (See Exhibit 1-7.)

[12] By comparison, OFE awarded $67 million in tax credits to 68 certified projects during our prior review period (Fiscal Years 2010-11 through 2012-13).

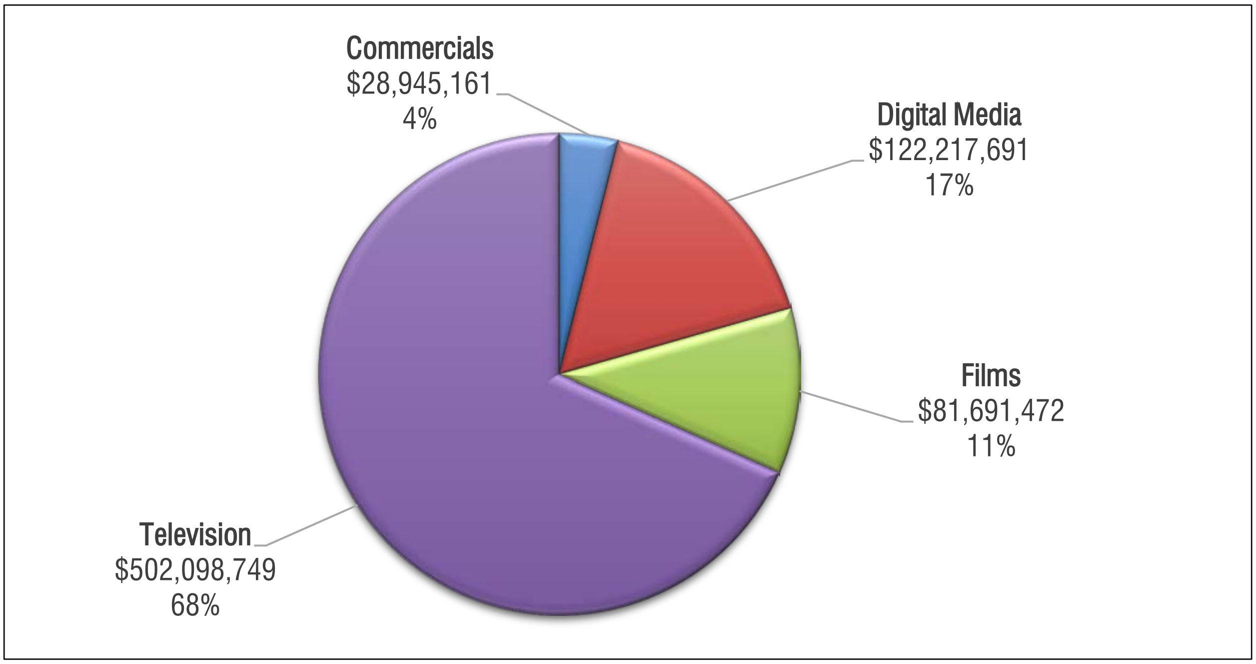
Exhibit 1-7
Southeast Florida Received the Most Tax Credits



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

Television productions generated the greatest expenditures during the review period. Production companies that received tax credits during Fiscal Years 2013-14 through 2015-16 spent approximately $735 million for qualified goods and services purchased or leased from Florida businesses and wages paid to Florida residents. Television productions accounted for $502.1 million (68%) of these qualified production expenditures, followed by digital media at $122.2 million (17%). (See Exhibit 1-8.)

Exhibit 1-8
Television Productions Accounted for 68% of Qualified Expenditures During the Review Period



Source: OPPAGA analysis of Office of Film and Entertainment data

Incentive Recipients Reported Creating Jobs, but Employment Decreased Over the Review Period

Tax credit recipients for 203 projects reported creating 71,618 jobs during the review period. Most productions (180) reported total jobs created by position types, including talent, crew, and extra/stand-in.[13] These productions reported creating 62,206 jobs. The majority of jobs created were extras or stand-ins (56.6%), followed by crew (37.5%) and talent (5.9%). These jobs were primarily part-time positions.

Productions participating in the industry's sales tax exemptions program reported a decrease in employment during our review period. Estimated jobs decreased by 43%, from 66,718 in Fiscal Year 2013-14 to 38,082 in Fiscal Year 2015-16. Applicants remained relatively the same during the same period. (See Exhibit 1-9.)

Exhibit 1-9
Estimated Jobs for Sales Tax Exemption Recipients Decreased During the Review Period

Fiscal Year	Applicants	Estimated Florida Jobs
2013-14	833	66,718
2014-15	823	51,543
2015-16	836	38,082

Source: Office of Film and Entertainment Annual Reports.

[13] Production companies for 23 projects reported total Florida jobs created, but not position types. These 23 projects reported creating 9,412 jobs or 13.1% of all reported jobs created. Eight projects that did not report position types were in digital media and accounted for 35% of total reported jobs created.

According to OFE staff, many productions have received funds from both industry incentive programs. We were not able to obtain a unique count of jobs created across both programs from the office, so it is possible that some of the reported employment information is duplicative. Further, different quality assurance processes across the two incentive programs also affect the validity of reported employment figures. While OFE's internal audit review verifies employee data for the tax credit program, OFE staff does not verify employment data provided by sales tax exemption program participants.

Entertainment Industry Stakeholders Are Satisfied with OFE Services, but Suggest Additional Marketing

OPPAGA staff interviewed entertainment industry stakeholders including local and regional film commissioners to determine the nature of their interactions and satisfaction with the Office of Film and Entertainment.[14] We also sought to better understand the effect of the tax credit program's expiration and what actions could be taken to make Florida a more competitive destination for film and entertainment productions.

Stakeholders are generally satisfied with OFE services. In addition to administering incentive programs, OFE provides various services to the film and entertainment industry. These services include helping production companies find filming locations and facilitating access to those locations. (See Appendix B for more information on the Office of Film and Entertainment.) Local film commissions sought assistance from OFE for various services, including generating leads for productions, assistance with state permitting, and administering incentive programs. Several local film commissioners reported that having OFE staff located in Los Angeles, California was important in assisting with ongoing and potential productions in Florida.

Industry stakeholders reported that the loss of the tax credit program negatively affected Florida's film and entertainment industry. Most film commissioners stated that productions decreased in their area. Film Florida, the industry's trade association, reported that Florida lost 50 film and television projects in the last three years. Further, several stakeholders indicated that Florida is losing its film workforce to other states, primarily Georgia.

Film industry representatives suggested several ways to make Florida more competitive. Industry stakeholders reported that it is important for the Legislature to continue the sales tax exemption program because it helps maintain existing local production companies. Further, our research found that some local governments have established film industry incentives. For example, Miami-Dade County provides a rebate of up to $100,000 per project for qualifying productions, and Sarasota County has a rebate program with a maximum of $25,000 per qualifying project. Pinellas County has a grant program for qualifying production companies in return for specific promotional commitments to the local area; the grants typically range from $10,000-$200,000.

Industry representatives and local film commissioners also suggested that a new state incentive program and enhanced state marketing could help make Florida more competitive with other states. Additional state marketing efforts these stakeholders suggested included attendance at trade shows and conferences. OFE reported that it is actively engaged in such efforts, as it is now primarily focused on relationship building and marketing the state. As part of this effort, the office is working with DEO leadership to establish a staffing and marketing plan.

[14] OPPAGA staff interviewed nine local film commissioners in the cities of Fort Walton Beach, Jacksonville, Miami Beach, Orlando, Sarasota, and Tampa and Brevard, Miami-Dade, and Palm Beach counties. We also interviewed representatives from Film Florida (the industry's trade organization) and International Alliance of Theatrical Stage Employees.

OFE Has Addressed Prior OPPAGA Recommendations to Improve Program Administration

OPPAGA's prior review found that the Office of Film and Entertainment's review of production audits resulted in a backlog and tax credit approval delays. In order to improve program administration, we recommended that the Legislature direct the Department of Economic Opportunity to use a third party to process tax credit audits. The department considered hiring an outside auditing firm to conduct audit reviews, but found it to be cost prohibitive. Instead, the office streamlined its audit review processes and hired part-time staff to reduce the time to award tax credits. As of September 2017, there were two audits pending staff review.

Our prior review also found that program managers were setting the effective dates for sales tax exemption certificates prior to the application dates for those exemptions. 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. OFE staff has since discontinued this practice. The certificate's start date is now dependent on the application date or date requested by the applicant, whichever is later.

Appendix A

Film and Entertainment Industry Codes

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. Louisiana and New York had data that were not disclosed for six industries. These six industry codes are marked with an asterisk (*) below and were excluded from our analyses. The results of our economic analyses are reported by industry sector groups including traditional film and entertainment industry, digital media, and the combination of the two groups— the total film and entertainment industry.

Traditional film and entertainment

- 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*
- Television broadcasting
- Tele-production and post-production services*
- Satellite telecommunications*
- Sound recording studios

Digital Media

- Custom computer programming services
- Internet publishing and broadcasting and web search portals
- Software publishers

Appendix B

Department of Economic Opportunity's Office of Film and Entertainment

The Department of Economic Opportunity's (DEO) Office of Film and Entertainment (OFE) provides various services to the film and entertainment industry in addition to administering incentive programs. These services include helping production companies find filming locations and facilitating access to those locations. In Fiscal Year 2015-16, OFE staff assisted 1,363 productions, 79% of which resulted in business or employment in Florida. Film office staff also provides support to the Florida Film and Entertainment Advisory Council and promotes the state's film, television, and digital media industry at film festivals, industry trade shows, and other events.[15] Finally, OFE works with industry organizations, such as Film Florida and labor unions, and refers production companies to more than 60 local film offices.[16]

During the review period, OFE received an average annual allotment from DEO of $624,932 for a total of $1.8 million to perform its activities. The office spent an annual average of $519,997 or a total of $1.6 million during the same period. Staffing for OFE comprised three full-time positions in Fiscal Years 2015-16 and 2016-17, down from five full-time positions in the prior two fiscal years. The office currently has four full-time positions and two other personal services (OPS) staff. Their responsibilities are briefly described below.

Film Commissioner (Full-time)

The Film Commissioner is responsible for overseeing all office operations. The commissioner has administrative responsibilities, including managing the office's operating budget and supervising employees. The commissioner also has communications, marketing, and outreach responsibilities such as overseeing marketing efforts (e.g., office website and social media) and communicating with industry organizations and stakeholders about what activities and services the industry needs. In addition, the commissioner is responsible for seeking out production opportunities and providing guidance and support to projects. The commissioner also oversees the administration of the state's film and entertainment incentive programs and reports on the office's performance.

Incentives Coordinator (Full-time)

The Incentives Coordinator assists in implementing and administering the Entertainment Industry Financial Incentive Program. The incentives coordinator is also responsible for working with and supporting the entertainment industry, specifically by providing guidelines and information regarding the financial incentives program, the final submission and supporting documentation requirements, the process of awarding tax credits, and the application of tax credits awarded.

[15] 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.

[16] 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 by assisting them with permitting and use of public buildings and services.

Incentive Assistant (OPS)

The Incentive Assistant works with the incentive coordinator to administer the Entertainment Industry Financial Incentive Program. Specific duties include reviewing project audits, tracking tax credits, and assisting with generating reports.

Production Coordinator (Full-time)

The Production Coordinator is responsible for the administration of the Entertainment Industry Sales Tax Exemption program, including application review and approval. The production coordinator also has responsibilities related to the administration of the Entertainment Industry Financial Incentive Program, including communicating with incentive applicants about information requested, eligibility requirements, and approvals or denials. The production coordinator also has client services and production-related responsibilities, including answering questions from productions about incentives, location, and permitting; coordinating with state and federal agencies on permitting and local film commissions on leads; and administering a directory of production-related contacts.

Communications Coordinator (OPS)

The Communications Coordinator is responsible for assisting with marketing and outreach activities, including maintenance of the office's website and social media. The communications coordinator has administrative responsibilities including preparing travel requests, planning offsite meetings, serving as a liaison for the advisory council, and assisting with procurement and budget activities. The communications coordinator also works with DEO communications staff to create marketing campaigns.

Los Angeles Liaison (Full-time as of July 1, 2017)

The Los Angeles Liaison assists in the development of procedures, long range strategic business plans, and policy coordination and outreach; develops and maintains relationships with industry decision makers; responds to lead requests from motion picture, television, commercial, and digital media professionals interested in doing business in Florida; and works with the network of local film offices to provide information and services to Florida's film and entertainment industry.

Chapter 2

VISIT FLORIDA and Related Tourism Promotion Activities

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, 288.12265, and 288.124, *Florida Statutes*. The review period covers Fiscal Years 2013-14, 2014-15, 2015-16, and 2016-17.

Background

In calendar year 2016, the tourism industry in Florida attracted 112.3 million out-of-state and international visitors. In 2015, the year for which the most recent data is available, out-of-state visitors spent an estimated $108.8 billion in the state and supported approximately 1.4 million jobs.[17] Florida is outpacing several other states concerning tourism employment growth, and has a significant competitive advantage in tourism when compared to other states with strong tourism industries—California, Nevada, New York, and Texas.[18] To examine industry-related job growth in these states, OPPAGA analyzed tourism employment from 2007 to 2016. We examined 17 industries classified by the North American Industry Classification System (NAICS).[19,20] (See the Methodology section at the end of the report for additional detail about our analyses.)

Location quotient results indicate that Florida's tourism industry is strong and growing. Our analysis showed that Florida's tourism 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 percentage of local employment in a particular industry divided by the percentage of national employment in that industry.

[17] The 2017-18 VISIT FLORIDA Marketing Plan.

[18] 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.

[19] 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.

[20] The 17 industries are: accommodations; amusements, gambling, and recreation; convention and trade show organizers; food and beverage stores; food services and drinking places; gift, novelty, and souvenir stores; museums, historical sites, zoos, and parks; passenger car rental; performing arts companies; promoters of performing arts and sports; scenic and sightseeing transportation; scheduled passenger air transportation; spectator sports; support activities for air transportation; taxi and limousine service; all other ground passenger transportation; and travel arrangement and reservation services.

Florida's location quotient exceeds 1.0, indicating that the state's level of industry employment exceeds the national level. (See Exhibit 2-1.) In addition, comparison of 2007 and 2016 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. A positive change in location quotient from 2007 to 2016 indicates that the industry grew in Florida, outpacing growth in California, Nevada, New York, and Texas.

Exhibit 2-1
Florida's Tourism Industry Growth Outpaces Several Other States

State	Location Quotient 2016	Change in Location Quotient 2007 to 2016
Nevada	2.17	-0.11
Florida	**1.27**	**0.09**
California	1.01	0.01
Texas	1.00	0.01
New York	0.94	0.05

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

Shift-share analysis results also indicate a strong tourism industry. We also conducted a shift-share analysis of the tourism industry for the five states. This type of analysis examines the change in jobs in a particular industry or group of industries over a specified period and identifies what portions of the growth or decline in employment were due to industry trends, state or national economic trends, or unique characteristics of the state.

Our shift-share analysis indicates that 113,220 tourism industry jobs created in Florida from 2007 through 2016 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, Nevada, and New York, but less than that of Texas. (See Exhibit 2-2.)

Exhibit 2-2
Florida Has a Stronger Competitive Advantage in Tourism Than California, Nevada, and New York, but is Weaker When Compared to Texas

State	National Share	Industry Mix	Regional Shift	Change in Jobs (Shift-Share)
Florida	69,981	102,713	113,220	285,914
California	114,128	167,508	82,210	363,846
Nevada	22,420	32,906	-44,333	10,993
New York	55,251	81,093	97,833	234,177
Texas	73,788	108,300	169,575	351,662

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

VISIT FLORIDA

Established by the Legislature in 1996 as the state's official tourism marketing corporation, The Florida Tourism Industry Marketing Corporation, doing business as VISIT FLORIDA (VF), serves as Florida's statewide destination marketing organization representing the state's entire tourism industry.[21] VF's

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

mission is to promote travel and drive visitation to and within Florida, with the objective of generating $100 billion in tourism-related expenditures by 2020.[22]

VF is a 501(c)(6) not-for-profit corporation and a direct support organization of Enterprise Florida, Inc. (EFI), a public-private partnership created by the Legislature to serve as the state's principal economic development organization.[23, 24] EFI, in conjunction with the Department of Economic Opportunity (DEO), appoints VF's 31-member board of directors.[25] 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.

VISIT FLORIDA's primary activities include

- administering domestic and international marketing campaigns;
- conducting domestic and international marketing activities;
- coordinating marketing efforts with local tourism marketing organizations;
- managing the state's welcome centers; and

In addition, VF administers marketing activities for Veterans Florida, medical tourism, and marketing to assist the state following critical events, such as storms or the Zika virus epidemic.[26] VF also administers a number of small grant programs that provide organizations and state agencies funding for certain tourism-related activities. Across all of the grant programs, VF awarded an average of $438,000 in grants per year during our review period. (See Appendix C for more information about the grant programs.)

Private sector cash investments represent a portion of VISIT FLORIDA's overall budget; the agency relies primarily on state funds. As a public-private partnership, VF is expected to obtain private sector revenues to match public contributions. According to state law, VF legislative appropriations must be matched with private sector support equal to at least 100% of state funding, which was $78.5 million in Fiscal Year 2016-17.[27] The 2017 Florida Legislature revised four categories of eligible matching contributions from the private sector for VF as follows.

- Direct cash contributions include those from strategic alliances, stocks and bonds, and partnership contributions.
- Fees for services include event participation, research, brochure placement, and transparencies.
- Cooperative advertising is limited to partner expenditures for paid media placement, collateral material distribution, and actual market value of contributed productions, air time, and print space.
- Industry-contributed promotional value is limited to the actual market value of promotional contributions of partner-supplied benefits, and actual market value of nonpartner-supplied air time or print space contributed for promotions.[28]

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

23 Sections 288.901 through 288.923, *F.S.*

24 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.

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

26 See Appendix A for more information on VF's medical tourism efforts and Appendix B for a description of the agency's response to Hurricane Irma.

27 VF reports that not all this funding was unrestricted; it also includes funds appropriated for special purposes, such as marketing Florida to veterans as an ideal state in which to live.

28 Chapter 2017-233, *Laws of Florida*.

Industry-contributed promotional value is not actual cash received or spent by VF. Prior to the 2017 change in law, radio and television media value obtained in connection with a promotion was one of several specified in-kind contributions permitted to be applied to the match. VISIT FLORIDA's implementation required a notorized recap from the media outlet that conducted the advertising. The recap utilized nonnegotiated unit prices for advertising obtained in connected with the promotion.[29]

The 2017 law specifies that in-kind contributions are now limited to the actual market value of promotional contributions of partner-supplied benefits to the target audiences and the actual market value of non-partner supplied air time or print space contributed for the broadcasting or printing of such promotions. VF contracted with The Nielsen Company to set forth guidelines for determining actual market value of promotions. While there is no single, industry-standard formula used for these estimates, they take into account the total number of impressions made, the type of advertising, and the size of the market. For example, a partner might pay to participate in a weeklong radio promotion in a specific market.[30] After the promotion, VF and the partner receive a notarized recap of the total estimated market value of the promotion, which could be valued at several times more than the actual amount paid by the partner for the promotion. VF categorizes this notarized value as industry-contributed promotional value.[31]

According to VF financial data, total funding from private sources ranged from $120 million to $142.8 million per year during the review period, allowing VF to meet the statutory requirement of a one-to-one match of public and private funding. However, most of VF's private sector revenues are not cash contributions, but industry-contributed promotional value. (See Exhibit 2-3.) Industry-contributed promotional value represented 73% (on average) of all private sector funding over the four fiscal years in our review. VF is statutorily permitted to include industry-contributed promotional value as part of its private sector match; without this allowance, VF would not meet its match, as state funding was more than twice the amount of private sector cash contributions during the review period.

Exhibit 2-3
VISIT FLORIDA Satisfies Matching Private Funding Requirements Through a Combination of Cash Revenues and Industry-Contributed Promotional Value

	Fiscal Year			
	2013-14	2014-15	2015-16	2016-17
State Funding	**$64,000,000**	**$73,500,000**	**$76,000,000**	**$78,499,784**
Private Sector Cash Revenues				
Industry Co-Op Advertising Value (in-kind)	$21,194,063	$33,118,105	$21,455,748	$22,517,169
Trade Show and Event Revenue	3,214,287	3,345,650	3,661,767	3,709,221
Partnership Fees	2,087,152	2,305,980	2,365,395	2,445,314
Advertising Revenue	2,508,495	4,185,723	4,460,848	1,869,148
Other (Citrus Revenue, Interest, Miscellaneous)	512,106	483,416	270,722	788,453
Welcome Center Revenue	467,650	477,810	474,007	476,730
Publication Revenue	292,590	259,615	197,850	212,874
Website Revenue	532,918	499,518	485,567	201,910
Research Revenue	91,654	97,269	114,556	100,290
Total Private Sector Cash Revenues	**$30,900,914**	**$44,773,087**	**$33,486,459**	**$32,321,108**
Combined Public and Private Cash Revenues	**$94,900,914**	**$118,273,08**	**$109,486,459**	**$110,820,892**
Industry Contributed Promotional Value	**$89,139,256**	**$97,023,149**	**$109,317,532**	**$95,656,412**

Source: OPPAGA analysis of VISIT FLORIDA revenue data.

[29] This calculation was specified in 2016, Section 288.904(3)(b), *F.S.*
[30] VF categorizes this partner expense as Industry Co-op Advertising Value.
[31] VF staff noted that any benefits or prizes related to a promotion (hotel room nights, airfare, meals, etc.) are not included in the notarized recaps that make up the dollar amounts in the industry-contributed promotional value category.

A majority of VISIT FLORIDA's annual expenditures are for paid media and co-operative advertising with industry partners. VF breaks down its annual expenditures both by expense category and by functional department. Analysis of expenditure data over four fiscal years found that, on average, the organization spent 64% of its annual budget on media (40%) and industry cooperative advertising efforts (24%). Fees and services (11%) and salaries and benefits (11%) make up most of the remaining expenditures. (See Exhibit 2-4.)

Exhibit 2-4
The Majority of VISIT FLORIDA Expenditures Are for Media Services and Advertising

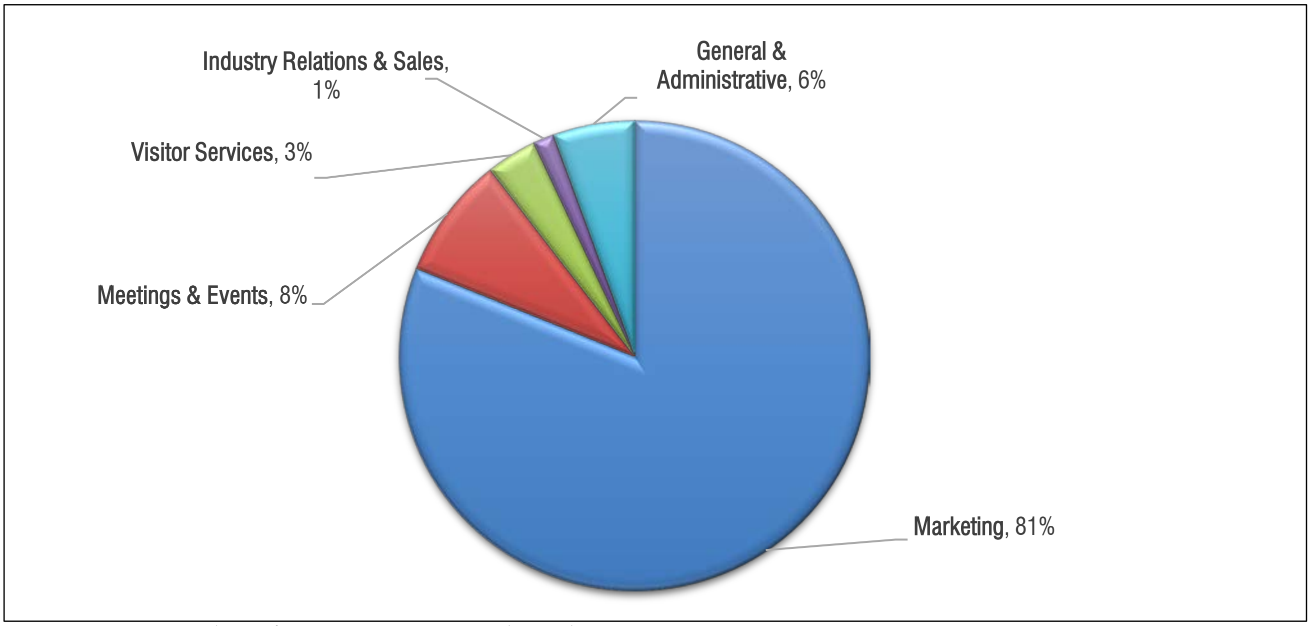
	Fiscal Year				Average	
Category	2013-14	2014-15	2015-16	2016-17	Annual Expenditures	Percentage of Expenditures
Media	$38,495,325	$41,787,180	$43,148,087	$41,797,400	$41,306,998	40%
Industry Co-Op Advertising	21,194,063	30,292,406	22,981,708	23,096,921	24,391,274	24%
Fees and Services	11,276,187	10,058,138	11,521,070	12,822,622	11,419,504	11%
Salaries and Benefits	9,287,230	11,041,074	12,635,003	12,398,043	11,340,338	11%
Production	4,110,133	4,989,120	5,079,165	3,635,035	4,453,364	4%
Office and Administration	4,035,618	4,417,707	4,484,340	3,791,151	4,182,204	4%
Travel	2,058,164	2,570,378	3,248,276	2,865,251	2,685,517	3%
Promotions	1,095,528	1,375,882	1,932,722	1,786,378	1,547,628	1%
Research	967,379	894,865	1,100,870	1,239,385	1,050,625	1%
Grants	911,345	731,599	351,359	617,117	652,855	1%
Citrus Juice[1]	267,546	210,960	204,580	198,492	220,395	< 1%
Total	**$93,698,518**	**$108,369,309**	**$106,687,180**	**$104,247,795**	**$103,250,700**	

[1] Although VISIT FLORIDA spends, on average, $210,306 annually on citrus juice served at Florida Welcome Centers, VF is reimbursed for these expenditures by the Department of Citrus.

Source: OPPAGA analysis of VISIT FLORIDA expenditure data.

VF has five functional business units within the organization: general and administrative, industry relations and sales, marketing, meetings and events, and visitor services. When considering VF expenditures by functional department, OPPAGA found that the marketing department makes up 81% of VF expenditures. The remaining departments make a small portion of annual expenditures. (See Exhibit 2-5.)

Exhibit 2-5
Marketing Department Expenditures Constituted the Bulk of VISIT FLORIDA's Expenditures During the Review Period



Source: OPPAGA analysis of VISIT FLORIDA expenditure data.

The 2017 Legislature instituted additional accountability and transparency requirements for VISIT FLORIDA's finances. Chapter 2017-233, *Laws of Florida*, specifies a number of new requirements for VISIT FLORIDA. In addition to being required to comply with the per diem and travel expense provisions that apply to state agencies, VF is required to follow new provisions related to contracting, private sector match, and transparency. (See Exhibit 2-6.)

Exhibit 2-6
The 2017 Legislature Implemented Provisions to Enhance VISIT FLORIDA's Accountability

Category	Statutory Provisions
Contracting	▪ A proposed contract with a total cost of $750,000 or more is subject to the notice and review procedures of s. 216.177, *Florida Statutes*; VF may not enter into multiple related contracts to avoid these requirements and all executed contracts must be posted to the agency's website. ▪ All contracts valued at $500,000 or more must be placed on the agency's website 14 days prior to execution. ▪ Contracts must include the purpose; performance standards and responsibilities of each entity; detailed budget, if applicable; the value of services provided; and the projected travel and entertainment expenses.
Private Sector Match	▪ Contributions from a government entity or from an entity that received more than 50% of its revenue in the previous fiscal year from public sources are not considered private contributions for purposes of calculating the required one-to-one match. ▪ If VF fails to meet the one-to-one match requirements for private and public sector contributions, they shall revert all unmatched public contributions to the state treasury by June 30 of each fiscal year.
Transparency	▪ Any entity that in the previous fiscal year received more than 50% of its revenues from VF or taxes imposed pursuant to ss. 125.0104, 125.0108, or 212.0305, *Florida Statutes,* and that partners with VF or participates in one of their activities, must annually on July 1 report all financial data to the Governor, President, and Speaker, and include the report on its website. ▪ Specific information must be posted on VF's website, including contracts estimated to exceed $35,000; agreements between VF and any other entity; video recordings of each board meeting; a detailed report of expenditures following each marketing event paid for with VF's funds; an annual itemized accounting of funds spent by a third party on behalf of VF; and an annual itemized accounting of the total amount of travel and entertainment expenditures by VF.

Source: OPPAGA analysis of Chapter 2017-233, Laws of Florida.

Findings

VISIT FLORIDA spends the majority of its funding on marketing activities, and OPPAGA's review of prior fiscal year procurement documents revealed that procurements over $750,000 equal over half of VF's spending for planned purchases. The review also revealed a number of deficiencies. However, VISIT FLORIDA has generally complied with new legislative requirements and has enacted policies to improve the agency's purchasing practices.

In addition, VISIT FLORIDA partners, which include tourist development organizations, other government entities, and private businesses, continue to express support for VF's mission, services, and performance. However, not all VF services are well utilized, with many partners indicating that they regularly use two or fewer services. Furthermore, since our last review, VISIT FLORIDA has made limited progress in improving measurement of their effect on attracting visitors to Florida and has not significantly changed its relationships with other state agencies.

While Fewer in Number, VF Procurements Over $750,000 Account for 50% of VISIT FLORIDA's Planned Expenditures for Purchases

VF maintains information on contracts in SalesForce, a client management system. This system tracks the estimated costs for VF's procurements, but does not readily generate a list of contracts and the actual amount paid. OPPAGA requested that VF provide all contracts over $750,000 during the review period. In response to our request, VF provided a variety of documents presenting the terms and conditions of purchases, including contracts, contract amendments, promotion agreements, and insertion orders. Our analysis includes all planned purchases over $750,000, regardless of the purchasing mechanism VF utilized.

OPPAGA's analysis of all VF procurements during the review period found that 97% of procurements were for less than the newly established public disclosure threshold of $500,000. Of the 5,758 procurements under the threshold, 59% were for less than $2,000. (See Exhibit 2-7.) The purposes of these smaller procurements vary significantly. For example, smaller expenditures may include catering services for a marketing event or hiring a journalist to write a feature piece to be published in a well-known magazine. The largest of these expenditures were for ongoing marketing and media services from major industry vendors or for ad space purchased for VF's largest annual campaigns.

Exhibit 2-7
A Small Number of All VISIT FLORIDA Procurements Constitute Over Half of All Spending for Planned Purchases[1]

Fiscal Year	Under $500k	$500k - $750k	Over $750k	Total
2013-14	1,350	13	21	$79,348,639
2014-15	1,372	15	22	84,499,399
2015-16	1,460	19	29	98,751,347
2016-17	1,576	12	28	91,912,263
Totals	**5,758 procurements (total $)**	**59**	**100**	**$354,511,648**
Percentage of All Procurements	**97%**	**1%**	**2%**	
Percentage of Total $ Spent	**40% ($142,561,076)**	**10% ($34,076,464)**	**50% ($177,874,108)**	

[1] Fiscal Year 2016-17 procurements that VF identified as contracts have an estimated value of $22 million.

Source: OPPAGA analysis of VISIT FLORIDA contract data.

OPPAGA analyzed procurements in excess of the $750,000 statutory public disclosure threshold. Only 100 procurements in the review period (2%) were over the new public disclosure threshold.

Procurements in excess of $750,000 made up 50% of all VF planned spending for purchases during the review period. Most of these higher-expenditure procurements were for major media vendor services or sponsorships of major sporting events or sports teams.

Procurements in excess of $750,000 ranged from $750,600 to The Rodriguez Group for Spanish language marketing services to $5.5 million to M8 for a variety of media buying services.[32] To obtain additional detail about the purposes of procurements over the $750,000 threshold, OPPAGA analyzed all documents pertaining to the 28 procurements exceeding this dollar value threshold executed during Fiscal Year 2016-17.[33] Based on the content of these documents, we divided them into four main categories: media services, large-scale seasonal marketing campaigns, large sponsorship agreements, and technical services. OPPAGA's analysis found that 13 of the 28 procurements over $750,000 were for media services, 11 were for large-scale seasonal marketing campaigns, 2 were large sponsorship agreements, and 2 were for software products and related technical assistance services. An example from each of these categories can be found in Exhibit 2-8 below.

[32] The $5.5 million agreement for M8 was executed in Fiscal Year 2016-17, but runs through Fiscal Year 2019-20. VF reported that M8 will receive between $900,000 and $1.3 million in a given year during this timeframe.

[33] These procurements were executed *before* the 2017 legislation requiring enhanced contract provisions was enacted.

Exhibit 2-8
Large Procurements Fell Into Four Main Categories: Media Services, Marketing Campaigns, Sponsorship Agreements, or Technical Services

Type of Service	Amount	Vendor	Description
Media Services	$750,600	The Rodriguez Group	Provide Spanish language marketing services to VF, including brand consulting, strategic planning, research, developing advertising materials, and media buying.
Marketing Campaign	$2,737,889	M8	Provide ad space purchasing services for a Spring Families campaign across a variety of digital media platforms, including, but not limited to, YouTube, Expedia, TripAdvisor, Pandora, and Google.
Sponsorship Agreement	$990,000	Fulham Football Club, Ltd.	Provide year-round marketing and brand promotion services utilizing the Fulham Football Club and the Jacksonville Jaguars sports teams. Specific deliverables in the contract require the VF logo to appear on Fulham player jerseys, the roof of the Fulham stadium, on-field LED message boards, player interview backdrops, and in a variety of digital and social media engagement platforms. The contract also requires VF to be the featured sponsor for a variety of marketing activities before and during the Jacksonville Jaguars game in London, England.
Technical Services	$2,015,663	Adobe	Provide custom Adobe professional services and resources to VF over a one-year contract (up to 8,487 hours).

Source: OPPAGA analysis of VISIT FLORIDA procurement data.

Large Procurements Executed in Fiscal Year 2016-17 Have Some Deficiencies, but VISIT FLORIDA Has Recently Enacted New Policies to Improve Some of Their Purchasing Practices

OPPAGA's review of all procurements over $750,000 that were executed prior to the 2017 changes to VF's procurement practices included a review of original and continuing contracts. Our review identified a number of deficiencies. These deficiencies include

- stated contract purpose was vague;
- deliverables were not itemized or lacked specificity;
- timetable for delivery of products or services was not included; and
- total contract compensation amount was not apparent.[34]

The new legislation requires improvements be made to VF's contracting standards, which should address these deficiencies. Since the new legislation took effect on July 1, 2017, only two contracts over $750,000 had been approved. One was a $900,000 contract with Miles Media Group to market the state as a destination for veterans, as part of VISIT FLORIDA's relationship with Veterans Florida.[35] The other contract, for brand development and production services through Spark Branding House, was valued at $4.6 million. Based on our review of these contracts, VF's new statutory contracting requirements were met. As directed in the new legislation, VF has posted procurements, including those valued at $500,000 or more, on its website. The procurements are listed by vendor under the relevant state fiscal year. The list of contracts includes new contracts executed in that fiscal year, as well as amendments to contracts that were executed in previous fiscal years.

[34] These four deficiencies were not present in every contract.

[35] Section 295.23, *F.S.*, requires VISIT FLORIDA to spend $1 million annually to market the state to veterans as a permanent home and disseminate information to improve veterans' knowledge of, and access to, benefits available from Veterans Florida. Veterans Florida was created by s. 295.12, *F.S.*, in 2014. This nonprofit corporation exists to help veterans fully transition to civilian life by connecting them with employers, providing grant funding to businesses to hire and train veterans, and educating veterans on how to open their own businesses.

VF reported that as of February 2017, they have improved their procurement practices, but some purchases will still be exempt from competitive bidding. As of February 2017, VF reported having improved their competitive purchasing process.[36] Changes to internal competitive bidding guidelines now more closely reflect those required of state agencies, including establishing set dollar thresholds for various levels of competitive purchasing. VF reported that they have made the following specific improvements to their internal purchasing processes.

- Dollar thresholds were established that trigger a mandatory request for quote (RFQ), invitation to bid (ITB), request for proposal (RFP), and invitation to negotiate (ITN) processes unless a sole source is approved by the agency's CEO, CFO, or general counsel. The threshold is $35,000 for the RFQ process and $100,000 for the ITB, RFP, and ITN processes.
- Evaluation and selection teams were established and include representatives from a variety of disciplines across the organization.
- Additional training is emphasized. For instance, staff members have attended the Department of Management Services' Certified Contract Negotiator program, and VF is exploring other available training processes.
- A Certified Contract Negotiator is now involved with each RFP and ITN.
- VF has established criteria for the evaluation of responses and presentations.
- VF emphasizes and enforces a communication embargo when procurements are active. This is noted in both the purchasing policy and the employee ethics policy.

VF's use of competitive bidding has been generally increasing over the past three fiscal years. A competitive bidding process was used to obtain 6 contracts in Fiscal Year 2013-14, 20 contracts in Fiscal Year 2014-15, 8 contracts in Fiscal Year 2015-16, and 16 contracts in Fiscal Year 2016-17. However, VF also makes exceptions to competitive purchasing guidelines. Purchases made by the research department and promotions department, as well as direct purchases of media or advertising by VF, do not have to go through the competitive bidding process.[37] Such purchases will instead rely on the professional judgement of VF staff.

VISIT FLORIDA staff reported that the organization requires detailed proof of performance before any payments are authorized. VF reported that for all contracts, the members of the business unit that own the contract actively manage the contract. The contract manager ensures that goods and services are acceptable prior to processing an invoice for payment, and proof of performance is required with each invoice before VF accounting staff issue any payment to a vendor. Proof of performance may include notarized station logs, pictures of the work, or receipts and proof of payments for pass-through costs. VF provided OPPAGA with sample invoices and station logs for radio and TV ads that VF contracted for in the past. These records contain detailed information about each ad that was paid for, including, but not limited to, the day of the week, date, time, length of the ad, rate charged, and total billed to VF before payment is authorized.

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[36] Florida statutes exempt VISIT FLORIDA purchasing from the provisions of Ch. 287, *F.S.*

[37] VISIT FLORIDA staff indicated that while direct purchases of media or advertising are exempt from competitive procurement guidelines, obtaining the services of a marketing agency or media purchasing agency for the same activity does require a competitive bidding process.

Partners Express Support for VISIT FLORIDA's Mission, Services, and Performance, Although Not All Services Are Well Utilized

OPPAGA surveyed paying VF partners to obtain their input on VF's performance, as well as gauge their opinion of VF's partner services and achievement of its mission to promote tourism.[38,39] Overall, partners express support for the agency's mission and services. However, several responses indicate that VF's partner services are not being well utilized by all partners.

VISIT FLORIDA's partners are generally longtime members who express support for the agency's mission and activities. VF partners are in a range of industries, including hospitality, entertainment, and outdoor recreation. No single industry dominates the partnership composition. For example, the top two industries among survey respondents are accommodation (33% of respondents) and nonprofit attractions (11%), with an additional 13% stating that they were in some other industry.[40] Thirty-six percent of respondents stated that they have been a partner for less than 5 years, 23% for 5 to 10 years, and 31% for more than 10 years. When asked if they plan to increase, decrease, or maintain their level of partnership for at least the next fiscal year, 93% of respondents stated that they plan to continue their level of partnership.[41]

Overall, paying partners expressed support for VF's mission, services, and performance, with 76% of respondents stating that VF has had a substantial impact on the tourism industry statewide and 37% of respondents stating that VF has had a substantial impact on their organization, with an additional 39% stating that the agency has had a moderate impact on their organization.

Partner opinions vary regarding the importance, success, and utilization of certain VISIT FLORIDA services. Based on their responses, this variation could be because some partners may only use one service, whereas other partners use a range of services. Furthermore, many partners have never used several of the VF services.

VF's general marketing of Florida is considered the most important of all services, with 89% of respondents stating that it is very important or important. The blog is considered the least important service, with 32% of respondents stating it is not at all important.[42] In terms of usage, Florida Welcome Center brochure placement or displays vary the most widely, with 22% of respondents stating that they use the brochure placements or displays daily and 27% stating that they never use them.

Partners consider the partner/industry website, market research, and brochure placements or displays to be the most successful of the VF services. However, many services have not been used by partners. For example, 47% of respondents have not used the industry hotline, 45% have not used the blog, 35% have not used the online marketing planner, and 34% have not used co-operative opportunities. In addition, VF partner grants may also be underutilized. Only 18% of survey respondents have applied for a grant; this could be because not all VF partners meet the qualifying criteria for grants. Of those respondents that have applied for a grant, 72% received a grant; 86% of respondents receiving a grant

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[38] Paying partnerships include the following: Business-to-Business Partnership (110 total partners), Destination Marketing Organization Partnership (53), Port Partnership (20), Premier Partnership (560), Primary Partner Contact (565), Small Business Partnership (1,138), and Strategic Partnership (49).

[39] The survey was sent to 2,495 active, paying VISIT FLORIDA partners. Of these, we received 652 responses (26% response rate) with 427 complete responses (17% complete response rate). To further validate survey findings, individual questions were weighted according to partner type of respondents to that question. Most survey questions have a margin of error between +/-2% to +/-4%. For the three questions we analyzed that only a subset of respondents are supposed to answer, the margin of error is about+/-8%.

[40] These industries include entertainment/recreation, marketing and advertising, and restaurants.

[41] VF reported that 89% of businesses renew their partnerships.

[42] The hotline and the blog are used by other consumers and vendors as well as VF partners.

stated that the grant allowed their organization to do something it could not have accomplished without VF funding.

Respondents expressed a strong interest in taking advantage of co-operative opportunities, but many stated that they were unable to afford these opportunities. The interest in both grants and co-operative opportunities indicate that partners are interested in financial assistance. Additionally, when asked about changes that VF could make to improve its services, 41 respondents stated that they want more affordable opportunities, specifically, more affordable co-op opportunities. Moreover, 34 respondents stated that they would appreciate more of a focus on rural counties and smaller organizations.

When asked to state the value of different marketing services that they utilized, VF was not the highest rated by respondents. Sixty-four percent of respondents stated that their own marketing staff are very valuable, and 44% stated that marketing services purchased by their organization *other* than through VF are very valuable. In comparison, 35% of respondents stated that VF marketing opportunities are very valuable. However, 37% of respondents said that the quality of services from VF has improved in the past three years, with 45% stating that the quality has remained the same.

VISIT FLORIDA Has Not Significantly Changed Surveys of Marketing Effectiveness, Performance Measures, or Relationships With Other State Agencies

VISIT FLORIDA has contracted with new vendors to conduct surveys of marketing effectiveness, but methods remain similar. VF contracts with outside vendors for various surveys and uses such research to inform its marketing decisions. OPPAGA's 2015 report found that VF's partner satisfaction survey and influencer study raised methodological concerns, such as small sample sizes, and self-selected samples.[43]

Since our last report, VF has contracted with new vendors for both surveys. VF indicated that they changed their survey contracts, in part, to address the prior survey's methodological shortcomings. In 2015, VF selected Nielsen Consumer Insights to conduct their annual influencer study.[44] While the new vendor improved the sample size of the influencer study survey by deploying two waves of surveys per year (instead of one), the methodology used to calculate VF's direct influence on potential tourists is the same as before. We believe that these methodological shortcomings continue to distort the overall influence that VF marketing efforts have on travel to Florida. For example, the results of the Fiscal Year 2016-17 influencer study indicated that 54% of all visitors to the state in the prior year were significantly influenced by at least one VF marketing effort. At the same time, 68% of respondents indicated that a previous trip to Florida significantly influenced their trip to Florida, and 57% of respondents indicated that having family to visit in Florida was also a significant reason for their visit, among other factors. Additionally, the internet-based influencer study remains self-selected and based on memory of advertising they saw prior to their trip, which raises concerns about the veracity of those results.

While the new survey vendor asked many of the same questions in their internal industry satisfaction survey, the sample size increased compared to our last review.[45] In 2013, the survey was based on 271 responses from paying partners. The 2017 industry satisfaction survey sample size was increased to 380 paying partners, as well as 90 web-listing partners.

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[43] The influencer study is an internet-based survey that assesses the different factors that may have influenced an individual to visit the state, which VISIT FLORIDA conducts in an effort to assess its overall impact.

[44] In prior years, the direct influencer study was conducted by Toluna.

[45] The industry satisfaction survey was administered by Downs & St. Germain Research, but was conducted by Profile Marketing Research in prior fiscal years.

Since our last review, VISIT FLORIDA has not updated their performance measures or standards. As required by s. 20.60(11), *Florida Statutes*, VF must report annually to the Department of Economic Opportunity on nine main performance measures. These measures have not been updated since our 2015 review. While VF verifies their performance across these metrics using different data sources, they are primarily focused on maintaining current levels of market share, visitor spending, partner engagement, and marketing influence. (See Exhibit 2-9.)

This is consistent with our prior findings, which determined that VF's performance measures are either not directly linked to the performance of the agency itself or focused on maintaining levels of performance that have already been achieved. For example, while maintaining Florida's annual market share of domestic and international visitors is important to the health of the tourism industry in Florida, it is not a direct reflection of VF's performance alone. While their marketing efforts certainly contribute to this metric, a myriad of national, state, local, and private entities also conduct domestic and international marketing activities.

Exhibit 2-9
Performance Measures Are Mainly Concerned With Maintaining Current Levels of Performance

	Fiscal Year	
Annual Performance Measures Reported, as required by s. 20.60(11), *Florida Statutes*	2016-17 Standards	2016-17 Actual
Annual percentage of domestic visitors to Florida influenced by VISIT FLORIDA's primary marketing programs	30%	54%
Annual share of domestic vacation trips	15%	16%
Annual share of international visitor spending	20%	20%
Maintain annual market share in traditional feeder markets	20%	21%
Growth in annual market share in emerging markets	17%	17%
Total number of individual businesses actively participating in VISIT FLORIDA's marketing activities	12,000	12,481
Total number of individual businesses, located in RACEC-designated communities, actively participating in VISIT FLORIDA marketing activities and the percentage coverage of the total RACEC-designated communities[1]	600 / 90%	687 / 97%
Total industry investment in VISIT FLORIDA programs	$76 million	$128 million
Number of strategies in the Florida Strategic Plan for Economic Development being implemented by VISIT FLORIDA	4	4

[1] Rural Areas of Critical Economic Concern, which the Florida Department of Economic Opportunity now refers to as Rural Areas of Opportunity.

Source: OPPAGA analysis of VISIT Florida information.

VISIT FLORIDA continues to assist state agencies with marketing efforts on an as-needed basis. VF continues to assist various state agencies with their marketing efforts. OPPAGA previously recommended that the Legislature consider directing VF to designate one or more staff to coordinate with and provide subject matter expertise for state agency tourism marketing initiatives. However, VF and state agencies have continued to have an informal working relationship. Through interviews with the Department of Environmental Protection, the Department of State, and the Florida Fish and Wildlife Conservation Commission, we found that these agencies have very small marketing staff and budgets and seek assistance from VF as needed. The agencies reported that this approach is working well.

Further, state agencies do not believe VF activities are duplicative, but rather complementary of their own unique marketing efforts. VF's marketing is specifically intended to attract out-of-state tourists, but state agency marketing efforts are unique to an agency's overall mission and not designed to draw out-of-state visitors in particular. For example, state agencies promote Florida state parks and trails, history and heritage sites, or the state's fishing and wildlife viewing opportunities. While these efforts may draw of out-of-state visitors to Florida, the agencies report that these visitors are only a fraction of their total patrons.

Recommendations

VISIT FLORIDA should update its performance measures to accurately assess the effectiveness of its marketing activities, which will require developing new measures and standards as well as improving the quality of survey research. Four of the eight performance measures used by VF are measurements of Florida's market share of the tourism industry in general. It is important for Florida to retain market share; however, given the many other public and private entities in Florida that also conduct tourism marketing, market share is not a suitable measure of VF's overall effectiveness as an agency. As recommended in our prior review, VF should review all of its performance measures to ensure that they measure the effectiveness of their own activities and challenge the organization to improve performance rather than simply maintaining a target that has already been achieved. VF will also need to improve the quality of survey research to verify the effect of its marketing efforts. This could include, but is not limited to, increased frequency of surveys, greater sample sizes or alternative research designs, and targeting audiences throughout the year (rather than just twice per year).

Appendix A

VISIT FLORIDA Efforts to Market the State as a Medical Tourism Destination

The 2014 Legislature appropriated VISIT FLORIDA $5 million in nonrecurring funds to promote the state as a medical tourism destination. VF sought input from members of the Medical Tourism Task Force to design its marketing strategy. The task force, which was formed in September 2014, consisted of physicians, destination marketing organization representatives, medical tourism professors and professionals, and health care facility representatives.

Ultimately, the appropriation was used for several purposes. The funding supported the development of a strategic plan for Discover Florida Health and was used for branding, marketing, research, website development, and developing partnerships with entities such as Florida Department of Health, the Florida Department of Agriculture & Consumer Services, the Florida Chamber Foundation, and Florida's Academic Cancer Center Alliance. In addition, the funds were used for two matching grant programs; the task force helped VF develop program guidelines and criteria.

- **Medical Meetings and Training Promotion Grant** – A matching grant program wherein grant funds had to be used to promote Florida as the ideal host for medical meetings or medical trainings, or to promote a Florida-based medical meeting or training program to increase event attendance.
- **Destination Promotion Grant** – A matching grant program wherein grant funds had to be used to promote an existing medical tourism product or service within the state of Florida.

Each grant awarded under VF's medical tourism promotion program had to be matched by private dollars. Applicants were required to be a destination marketing organization, a health care provider, a medical facility, a physician, or, in the case of the Meetings and Training Promotional Grant, a collaboration that included one or more of these entities.

In Fiscal Year 2014-15, VF awarded 25 grants totaling $3 million to entities across the state. Grant recipients included local destination marketing organizations, local convention and visitors bureaus, medical associations, and a variety of hospitals and health care facilities. Of the $3 million of grants initially awarded, only $1.8 million (60%) was paid out to grant recipients, based on their actual matching expenditures. Further, VF interpreted the intent of the program broadly. Our review found that half of a $500,000 grant awarded to a Miami-based medical center was used to reimburse the facility for equipment purchases and renovation of a space used for medical trainings and conferences. While VF viewed this as an appropriate use of grant funds—since the space and equipment was to be used for future medical meetings and trainings—the purpose of the matching grants programs was intended for marketing and promotion purposes only.

Of the $5 million appropriated to VF for medical tourism promotion, only $4.2 million was actually spent by the end of the fiscal year on all marketing efforts. This resulted in $788,240 reverting to the state. Moreover, while VF tracked outputs and outcomes of the individual medical conferences or medical training events that received grant assistance (e.g., leads generated, number of attendees, and number of new patients), none of the materials OPPAGA reviewed included outcomes on out-of-state medical visitation to Florida as a result of these grant programs. As a result, it is impossible to determine if the grants increased medical tourism in the state.

Appendix B

VISIT FLORIDA Post-Hurricane Irma Marketing Strategies

Hurricane Irma affected businesses across Florida in early September 2017. In response to the hurricane and at the direction of the Governor, VISIT FLORIDA launched a new marketing campaign to let visitors know that recovery efforts were already underway and the state was still open for tourism. The campaign was paid for with existing VF funds and ran for one month beginning on September 19, 2017. The marketing plan was organized into two phases. Phase One involved all immediate action occurring after the storm, including

- sharing partner content on social media, post-storm;
- streaming live video broadcasts from locations across the state to targeted domestic and international audiences;
- deploying production teams across the state to develop video content; and
- sponsoring social media efforts to encourage shared content by Florida residents.

Phase Two allowed VF to assess recovery efforts in heavily affected areas and plan for their return to market, including implementing a multi-channel paid media campaign and increasing VF's "Share a Little Sunshine" advocacy program.

VF reported that they have continued efforts to research the effects of the storm, for example, on consumer intent to travel and that they have conducted a related fourth quarter marketing campaign.

Following the storm, tourism businesses located in 48 affected counties were also eligible for discounts on VF programs, including Welcome Center brochures, Small Business Marketing Partnership fees, and exposure on VF's media website.

Appendix C

VISIT FLORIDA Administers Four Grant Programs for Industry Stakeholders and Partners

VISIT FLORIDA is statutorily required to administer the Advertising Matching Grant Program and the Minority Convention Grant Program. VF has also established two other grant programs: the Cultural, Heritage, Rural, and Nature Tourism Grant Program and the Small Business Grant Program. The purpose and funding amount varies by program, with grants ranging from $2,500 to $40,000. (See Exhibit C-1.) In Fiscal Year 2015-16, VF introduced an online application process for grant recipients.

Exhibit C-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 nonprofits for tourism advertising efforts • Grants must be matched by non-state dollars	Up to $2,500
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	Up to $5,000
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
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 ▪ Grants must be matched by non-state dollars	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.

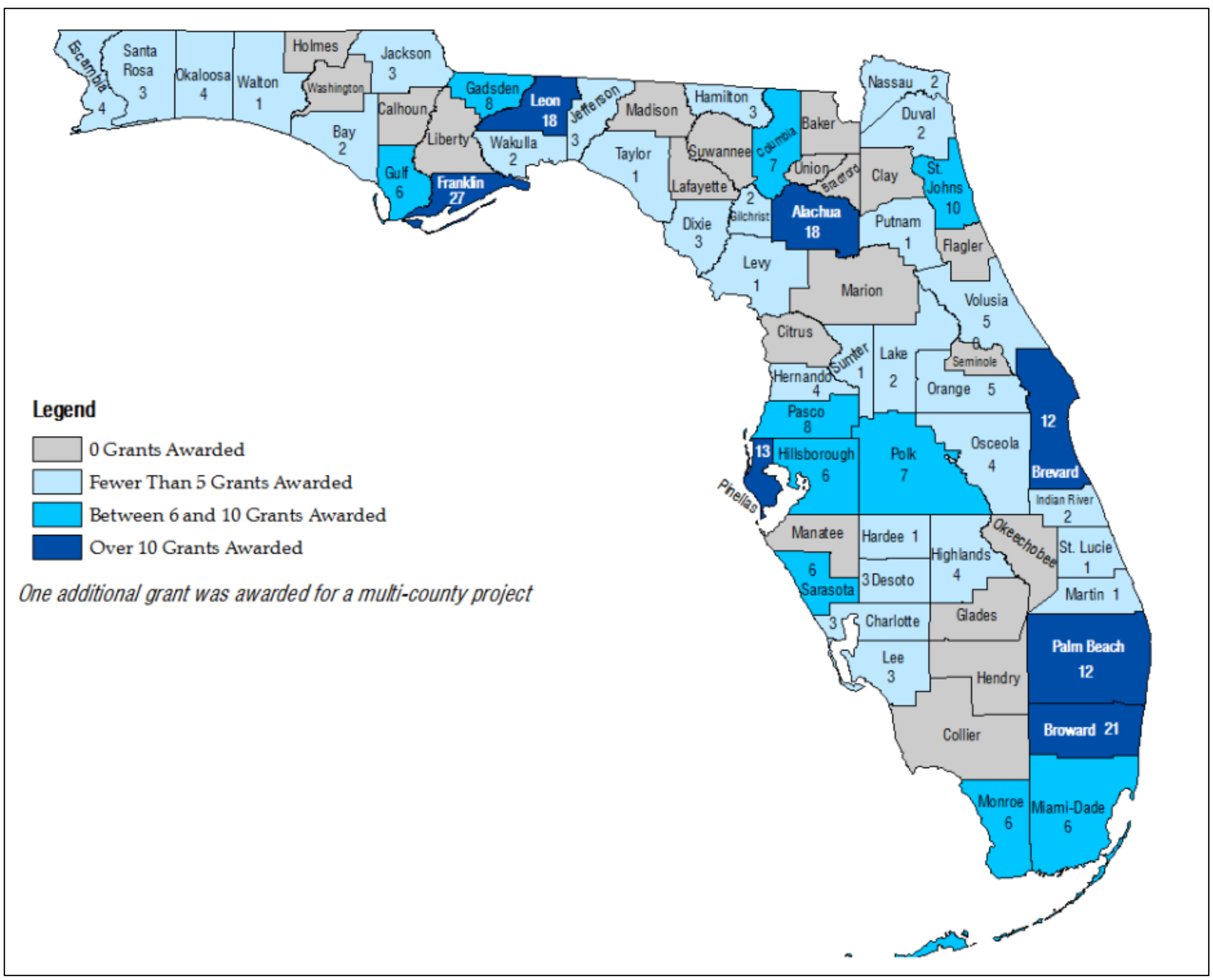
During Fiscal Years 2013-14 through 2015-16, VF awarded 291 grants for a total of $1.3 million and, of this amount, paid a total of $1.1 million. (See Exhibit C-2.) Grants awarded during this period went to entities in rural counties and those already known as major tourist destinations. (See Exhibit C-3.) Some counties received grants each fiscal year. 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 C-2
VISIT FLORIDA Awarded 291 Grants Across Four Grant Programs; the Small Business Grant and Cultural, Heritage, Rural, and Nature Grant Programs Were the Most Frequently Utilized by Industry Partners

	Fiscal Year					
	2013-14		2014-15		2015-16	
Grant Type	Number Awarded	Amount Paid	Number Awarded	Amount Paid	Number Awarded	Amount Paid
Cultural Heritage, Rural, and Nature Grants	36	$113,412	41	$158,764	44	$157,189
Small Business Grant Program	31	$ 92,750	39	$164,186	43	$175,100
Advertising Matching Grant	16	$ 32,624	13	$ 30,316	22	$ 47,969
Minority Convention Grant	3	$ 40,000	2	$ 40,000	1	$ 0
Totals	**86**	**$278,786**	**95**	**$393,267**	**110**	**$380,259**

Source: OPPAGA analysis of VISIT FLORIDA data.

Exhibit C-3
VISIT FLORIDA Grants Were Awarded to Entities Across 47 Counties During Fiscal Years 2013-14 Through 2015-16; 17 Counties Received More Than Five Grants During This Time Period



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 Analysis and Government Accountability (OPPAGA) and the Office of Economic and Demographic Research (EDR) must review the Florida Sports Foundation, including funding for the following activities and programs.[46]

- Renovation or construction of major professional sports facilities[47]
- Renovation or construction of Major League Baseball spring training facilities[48]
- Construction or renovation of motorsports entertainment complexes[49]
- Professional Golf Hall of Fame[50]
- International Game Fish Association World Center[51,52]
- Sports Development Program[53]

The review period covers Fiscal Years 2013-14, 2014-15, and 2015-16.

Background

In 2017, the sports industry in Florida generated $57 billion in statewide sales and economic output and supported approximately 580,000 jobs. In the same year, Florida's sports economy attracted more than 16 million non-resident visitors, accounting for approximately 15% of the state's total tourism economy.[54]

Florida is home to 10 major professional sports franchises in five national sports leagues: Major League Baseball (MLB), the National Basketball Association (NBA), the National Football League (NFL), the National Hockey League (NHL), and Major League Soccer (MLS). Florida also hosts 15 of the MLB teams for spring training, is home to 12 Florida State League Baseball teams, and hosts two Southern League Baseball Clubs. In addition, the state is home to two international professional tennis tournaments, two NASCAR racetracks, and the World Golf Hall of Fame. Florida also has over 60 colleges and universities and 29 local and regional sports commissions that host various amateur sporting events.[55]

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[46] In addition, OPPAGA must review professional sports facility compliance with statutory requirements that facilities be made available as homeless shelters and provide food and concession business opportunities for minority businesses.

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

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

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

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

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

[52] The International Game Fish Association World Center received its final payment from the state in 2014. While the association's headquarters remains in Dania Beach, Florida, the Hall of Fame was relocated to Springfield, Missouri.

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

[54] Florida Sports Foundation, The Economic Impact of the Florida Sports Industry, 2017.

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

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.[56] We examined 11 industries classified by the North American Industry Classification System (NAICS).[57,58] (See the Methodology section at the end of the report for additional detail about our analyses.)

Location quotient results indicate that Florida's sports industry is strong and growing. 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 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 2007 through 2016 indicates that the industry grew in Florida, and during the period, outpaced growth in Arizona, California, and New York.[59] (See Exhibit 3-1.)

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

State	Location Quotient 2016	Change in Location Quotient 2007 Through 2016
Florida	1.28	0.06
Arizona	1.22	0.00
California	0.97	-0.07
New York	0.98	0.02
Texas	0.85	0.06

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

Shift share analysis results also indicate a strong sports industry. We also conducted a shift share analysis of the changes in sports industry employment from 2007 through 2016 in Florida and the four competitor states. This type of analysis examines the change in jobs in a particular industry or group of industries over a specified period and identifies what portions of the growth or decline in employment were due to industry trends, state or national economic trends, or unique characteristics of the state.

56 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.

57 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.

58 The 11 industries are: 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; and sports and recreation instruction.

59 Florida's 2016 location quotient is greater than the other states', and the magnitude of change in Florida's location quotient from 2007 through 2016 was greater than that of Arizona, California, and New York.

Our shift share analysis indicates that 6,378 jobs out of Florida's total sports industry employment growth from 2007 through 2016 were attributable to Florida's relative competitive advantage in the sports industry. Moreover, Florida's competitive advantage in the sports industry was greater than that of Arizona, California, and New York during the same period. (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	Total Change in Jobs From 2007
Florida	6,641	13,124	6,378	26,144
Arizona	2,177	4,301	-1,593	4,885
California	10,917	21,575	-11,219	21,273
New York	5,394	10,660	5,920	21,974
Texas	5,355	10,582	20,281	36,217

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) nonprofit corporation serving as the Sports Industry Development Division of Enterprise Florida, Inc.[60, 61] 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 14 board members who represent professional sports, fishing, golf, auto racing, and recreational sports industries. The foundation's president manages the administrative and day-to-day operations of the foundation.

The foundation's primary activities 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 sports industry in Florida. (See Exhibit 3-3.)

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

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

Exhibit 3-3
Florida Sports Foundation Activities Primarily Focus on Grants, Games, and Technical Support and Marketing

Activity	Description
Grants	**Major Grants** must be for events that generate over $5,000,000 in out-of-state economic impact and at least 4,000 out-of-state room nights. **Regional Grants** must be for events that generate over $500,000 in out-of-state economic impact and at least 600 out-of-state bed 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. **Sports Industry Conference Assistance Program Grants** assist communities in hosting events such as tradeshows, conferences, or association meetings whose attendees include legitimate event rights holders willing to conduct business in Florida.
Games	**Sunshine State Games** is an Olympic-style sports festival that is intended to provide quality competition for Florida's amateur athletes and is administered by the foundation. **Florida Senior Games** provides 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 qualifiers for the state championships.
Technical Support and Marketing	▪ The foundation assisted in screening and certifying applicants for state funding of major professional sports facilities. ▪ The foundation provides technical assistance to sports organizations (e.g., professional sports franchises and local and regional sports commissions) and markets the sports industry in Florida.

Source: Florida Sports Foundation.

Foundation grants help support amateur, collegiate, and professional sporting events. 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.

The state's local and regional sports commissions and assigned host committees are the only entities eligible to submit grant applications. Foundation staff summarizes 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. 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 2013-14 through 2015-16, the foundation awarded $7,841,300 in grants for 354 events. During this time, five grantees received 55% of the funding of major and regional grants awarded: Broward County Convention Center Sports Development; Central Florida Sports Commission; Orange Bowl Committee; Palm Beach County Sports Commission; and Tampa Bay Sports Commission. The Tampa Bay Sports Commission received the most grant funds during this period, with $1,862,500. (See Exhibit 3-4.)

Exhibit 3-4
During Fiscal Years 2013-14 Through 2015-16, Amateur Events Were Awarded $7.8 Million in Florida Sports Foundation Grants[1]

Grant Recipient	Number of Grants: Fiscal Year 2013-14	Number of Grants: Fiscal Year 2014-15	Number of Grants: Fiscal Year 2015-16	Total Grants	Total Dollars Awarded
Tampa Bay Sports Commission	5	1	3	9	$1,862,500
Orange Bowl Committee	1		1	2	850,000
Broward County Convention Center Sports Development	20	20	16	56	635,100
Central Florida Sports Commission	15	19	9	43	563,600
Palm Beach County Sports Commission	14	17	14	45	433,300
Jacksonville Sports Council	1	3	3	7	400,000
Miami Marlins		1		1	400,000
Sarasota County Sports Commission	8	5	8	21	395,500
Florida Citrus Sports Events		1		1	300,000
Polk County BOCC	8	6	3	17	220,700
Miami Beach-Miami LGBT Sports & Cultural League		1		1	200,000
Panama City Beach CVB	3		2	5	184,000
Lee County Sports Development	4	1	3	8	179,500
Bradenton Area Sports Commission	2	6	4	12	168,000
Miami-Dade Sports Commission	6	1	2	9	143,500
Space Coast Sports Promotions	5	6	8	19	112,750
Ocala/Marion County Visitors and Convention Bureau	2	3	5	10	111,000
Amateur Athletic Union		1		1	100,000
Visit Orlando			1	1	100,000
Treasure Coast Sports Commission	5	4	8	17	97,000
Pensacola Sports Association	4	6	5	15	65,950
Leon County Tourism Development (Visit Tallahassee)		5	8	13	59,000
Gainesville Sports Commission	6	7	2	15	54,200
St. Petersburg Clearwater Sports Commission	2	1	1	4	43,000
Pasco County Sports Commission		1	1	2	40,000
Naples, Marco Island, Everglades CVB	1	5		6	26,700
Charlotte Harbor Convention and Visitors Bureau		3	2	5	22,500
Santa Rosa County BOCC		1	1	2	22,000
Visit Jacksonville	1			1	20,000
Daytona Beach Area Convention and Visitors Bureau	1	2		3	18,000
Experience Kissimmee	1		1	2	11,000
Washington County Tourism Development Council	1			1	2,500
Total	**116**	**127**	**111**	**354**	**$7,841,300**

[1] This exhibit counts grants awarded during each fiscal year, not grant-funded events occurring each fiscal year.

Source: Florida Sports Foundation.

License plate fees are the foundation's primary source of 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 plates for nine Florida professional sports teams. Ten percent of each professional sports team's specialty license plate sales goes back to the professional sports teams' charitable foundations for their programs. Additionally, the foundation pays a monthly royalty to the MLB and NBA leagues. The foundation keeps the remainder of the revenue generated by professional sports license plates to support its sports development activities.[62]

The foundation uses funding generated by the Florida United States Olympic Committee (USOC) specialty license plate to support the Sunshine State Games, and the remainder is distributed to the USOC.[63] The Florida NASCAR specialty license plate generates funding that the foundation uses to support its regional grant program, attract sporting events to Florida, market motorsports-related tourism in the state, and administer the license plate program; the remaining funds are distributed to NASCAR.[64] Lastly, the U.S. Tennis Association (USTA) specialty license plate provides funds to the foundation to administer the program, with the majority of funds going to the USTA Florida Section Foundation.[65]

The amount of foundation revenues derived from general revenue funds increased substantially during the review period, from $200,000 in Fiscal Year 2013-14 to $1.9 million in Fiscal Year 2015-16; the increase was due to the Legislature increasing funding for the foundation's grant program. Revenues from license plate sales accounted for most of the foundation's annual revenues, averaging about $2.8 million over the three fiscal years. (See Exhibit 3-5.)

Exhibit 3-5
Florida Sports Foundation Revenues Increased by Almost $2 Million From Fiscal Year 2013-14 to Fiscal Year 2015-16

	Fiscal Year		
Revenues	2013-14	2014-15	2015-16
Professional Sports Teams License Plates	$2,555,664	$2,576,909	$2,700,783
General Revenue	200,000	1,500,000	1,900,000
Private Contributions/Other Income	782,258	759,832	576,288
U.S. Olympic Committee License Plate	97,126	94,383	91,566
NASCAR License Plate	79,931	81,404	89,688
USTA License Plate	72,204	79,524	84,896
Total Revenues	$3,787,182	$5,092,052	$5,443,220

Source: Florida Sports Foundation.

[62] Section 320.08058(9), *F.S.*

[63] Section 320.08058(6), *F.S.*

[64] Section 320.08058(60), *F.S.*

[65] Section 320.08058(64), *F.S.*

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. (See Exhibit 3-6.)

Exhibit 3-6
In Fiscal Years 2013-14 Through 2015-16, Florida Sports Foundation Annual Expenditures Fluctuated Between Approximately $4.9 Million and $5.7 Million

	Fiscal Year		
Florida Sports Foundation Expenditures	2013-14	2014-15	2015-16
Florida Sports Foundation Grants Programs	$3,215,000	$2,612,700	$2,698,600
Administrative Costs[1]	1,226,584	797,492	829,976
Amateur Sports Programs[2]	438,354	1,002,090	1,086,735
Florida Sports Foundation, Other Programs[3]	863,016	574,613	748,133
Total Expenditures	**$5,742,954**	**$4,986,895**	**$5,363,444**

[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 a statewide study of the economic impacts of sports, Grapefruit League grant administration, the golf and fishing/boating industry promotion program, special events, conferences and conventions, USOC expenses, NASCAR license plate expenses, tennis license plate expenses, pro sports teams royalties, and pro sports teams charities.

Source: Florida Sports Foundation.

Florida Professional Sports Facilities

Several state laws authorize programs through 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 or other facility. Local governments and nonprofit and for-profit entities may apply to these programs. The Department of Economic Opportunity (DEO) is responsible for screening and certifying applicants for state funding. Three programs currently provide funding for professional sports facilities, and three programs do not currently have any certified facilities. (See Exhibit 3-7.)

Certification criteria vary by type of facility. (See Appendix A, Exhibit A-1.) Since 1994, state funding has been allocated for the construction or renovation of 8 professional sports facilities, 12 spring training facilities, and 2 other sports facilities.[66,67,68] Twenty entities representing twenty teams currently receive state funding. (See Appendix B for more information on state-funded sports facilities.)

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

[67] The original certified teams no longer occupy two of the state-funded spring training facilities; one facility continues to receive state funding (Dodgertown) and one does not (Osceola County Stadium).

[68] One of the two other sports facilities, the International Game Fish Association World Center, stopped receiving state payments in 2014.

Exhibit 3-7
Several Programs Allow for State Funding of Certified Professional Sports Facilities; but a Few Programs Do Not Currently Have Certified Facilities

Program	Certified Facilities as of June 30, 2016	Certifying Statute(s)	Year Program Created	Purpose
Professional Sports	8	s. 288.1162, *F.S.*	1988	Funding for new or retained professional sports facilities
Spring Training[1]	6	s. 288.1162, *F.S.*	1988	Funding for new or retained professional sports facilities
	1	s. 288.11621, *F.S.*	2010	Funding for spring training facilities
	4	s. 288.11631, *F.S.*	2013	Retention of spring training facilities
Motorsports	0	s. 288.1171, *F.S.*	2006	Funding for construction or expansion of motorsports entertainment complexes
Professional Golf Hall of Fame	1	s. 288.1168, *F.S.*	1993	Funding for the construction or renovation of the golf hall of fame facility in the state
International Game Fish Association World Center[2]	0	s. 288.1169, *F.S.*	1996	Funding for the construction or renovation of the IGFA World Center facility
Sports Development	0	s. 288.11625, *F.S.*	2014	Funding for the construction or renovation of a professional sports facility

[1] One of the certified spring training facilities hosts two Major League Baseball teams.

[2] The IGFA World Center received state funds from March 2000 through February 2014.

Source: OPPAGA analysis of Florida statutes and Department of Economic Opportunity data.

Payments for professional sports facilities are distributed to local governments and remained constant during the review period; no facilities received funding through the new Sports Development Program. 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. (See Exhibit 3-8.)

Exhibit 3-8
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
Retention of Major League Baseball Spring Training Franchises, Multiple Franchises at One Location (1)	$166,667	$2,000,004	25
Retention of Major League Baseball Spring Training Franchises, Single Franchise at One Location (3)	$83,333	$999,996	20
Major League Baseball Spring Training Franchises (7)	$41,667	$500,004	30

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

As of June 30, 2017, cumulative payments for professional sports facilities totaled approximately $421 million, with annual payments remaining fairly constant at approximately $22 million per year. (See Exhibit 3-9.) Remaining debt service to satisfy all current state funding obligations for these facilities is approximately $340 million. Since OPPAGA's 2015 review, several teams' state agreements have been recertified and two teams received new certifications.[69] These teams' first state payments were made in Fiscal Year 2016-17 and are therefore not reflected in the totals in Exhibit 3-9. (See Appendix B for information about payment schedules and lease terms for individual teams.)

Exhibit 3-9
Payments to Professional Sports Franchises Remained Fairly Constant During the Review Period

Facility Type	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Total Paid Through Fiscal Year 2015-16
Professional Sports	$16,000,032	$16,000,032	$16,000,032	$322,000,644
Spring Training Facilities	4,730,520	4,730,520	4,408,296	61,910,627
World Golf Foundation	2,000,004	$2,000,004	$2,000,004	$38,000,076
Total	$22,730,556	$22,730,556	$22,408,332	$421,911,347

Source: Department of Economic Opportunity.

The 2014 Legislature created the Sports Development program that authorizes distributions of state sales tax and use revenue to fund professional sports franchise facilities, up to an annual cap of $13 million for all certified applicants.[70,71] DEO is responsible for screening applicants for state funding under the program. Any entity certified under the program must submit annual reports to DEO, as well as a report every five years that demonstrates that the applicant continues to meet program requirements.[72,73] On or before February 1 of each year since the program's inception, DEO has provided the Senate President and the Speaker of the House with a list of applications meeting the statutory criteria for review and approval. DEO staff reported that as of August 31, 2017, no applications had been received for Fiscal Year 2017-18. Since the program's inception, the department has received nine applications, but no funds have been issued to date.

Facilities supported with state funds are subject to requirements related to homeless shelters and concessions. Section 288.1166, *F.S.*, 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, the facility is designated or used by the county that owns the facility as a staging area, or the county that owns the facility also owns or operates homeless assistance centers determined to meet sheltering needs. OPPAGA surveyed the sports franchises in Florida that receive state payments to learn about their facility management and operations.[74] Of the 19 professional sports and spring training facilities that OPPAGA contacted, 5 reported either that there is an arrangement in place with the city or county or that the local government is entirely responsible for compliance. Three additional facilities reported that they are designated as a homeless shelter or are part of a cooperative agreement with local service providers like the Salvation Army, and another two facilities reported that no agreements are in place.

Similarly, s. 288.1167, *F.S.*, requires any applicant who receives funding pursuant to the provisions of s. 212.20, *F.S.*, to demonstrate that a certain percentage of food and beverage and related concessions contracts be awarded to minority business enterprises. Franchises supported with state funds reported a variety of approaches to meeting this requirement. Five reported that they have contracts

[69] The Detroit Tigers, Houston Astros, and New York Mets are recertifications and the New York Yankees and Washington Nationals are new certifications.

[70] Sections 212.20(6)(d)6.f. and 288.11625, *F.S.*

[71] The cap was $7 million in Fiscal Year 2014-15 only.

[72] Section 288.11625(9), *F.S.*

[73] No new facilities have been certified since 2014, and therefore no facilities have been subject to this reporting requirement.

[74] OPPAGA surveyed 19 professional sports franchises that currently operate in state-funded facilities; 11 responded, for a response rate of 58%.

or other agreements with companies that provide opportunities for hiring minorities, one stated that the local government manages these services, and two reported that they have their own internal hiring practices that prioritize the state requirements.

Florida MLB spring training facilities that have been recertified or newly certified for 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.[75] DEO staff reported that since 2016 they have required facilities applying for recertification under s. 288.11631, *F.S.*, to annually provide a cost-benefit analysis that must be substantially similar in content and format to the 2009 Major League Baseball Florida Spring Training Economic Impact Study, except that its scope must be limited to the impact on the particular certified entity.[76]

World Golf Hall of Fame must meet certain statutory requirements. The World Golf Hall of Fame is a 501(c)(3) nonprofit institution located in St. Augustine, Florida. The facility was certified as the professional golf hall of fame facility in 1998; it is the only such facility in the U.S. recognized by the Professional Golfers' Association (PGA). Every 10 years, the facility 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.[77] The facility also has an annual required advertising contribution of $2.5 million, $500,000 of which must be allocated to generic Florida advertising as determined by DEO. Each year, DEO convenes a meeting to review the annual advertising requirement and discuss the upcoming year's media plan. During the review period, the department determined that the facility met the advertising spending requirements. Specifically, for Fiscal Years 2013-14 through 2015-16, the facility reported an average annual value of over $21 million in total marketing and advertising efforts and an average annual value of generic Florida advertising of over $10 million.[78]

The 2017 Legislature established new reporting requirements for the World Golf Hall of Fame. The new law requires the Department of Revenue to audit the facility by October 1, 2017 and submit the audit to the Legislature by December 1, 2017. The audit was completed and issued by the department on November 28, 2017. The audit showed the World Golf Hall of Fame complied with statutory requirements, and that all state funds were expended on servicing debt and to operating the World Golf Hall of Fame. The law also requires the facility to provide a certified financial report to the Legislature by January 1, 2018. The report must include information on the use of state funds for payment of debt service on bonds used for facility construction or renovation, as well as information on the bonds and bond payments. If the facility fails to provide this report, all state payments will end and no new or additional applications or certifications will be approved, no new letter of certification may be issued, no new contracts of agreements may be executed, and no new awards may be made.[79] Facility staff report that on December 12, 2017, they sent this financial report to the Governor, President of the Senate, and Speaker of the House.

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[75] Sections 288.11621(4) and 288.11631(4), *F.S.*

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

[77] Sections 288.1168(6), 288.1168(1)(d), and 288.1168(1)(e), *F.S.*

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

[79] Section 288.1168(5), *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. Since OPPAGA's prior report, the foundation has improved its process for administering grants by requiring additional detail on local economic impacts generated by grant-funded events. In addition, annual reporting to the Department of Economic Opportunity of economic impacts by spring training facilities has improved since our 2015 review. According to the foundation, events supported in part by grant funds generated approximately $1.7 billion in out-of-state economic impact and over 1.8 million out-of-state visitors over the review period.

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.[80, 81] These stakeholders are very satisfied with the foundation's performance and reported that the state's sports industry significantly benefits from its activities and services.

Professional sports organizations and regional sports commissions seek a variety of services from the foundation and are satisfied with foundation's programs and services. Local and regional sports commissions reported that they contact the foundation for assistance with grant programs (88%) and public relations materials such as publications (60%). Most commission respondents reported that they have sought (92%) and received (96%) grant funding from the foundation. Grant funds are typically used to pay facility rental expenses (86%) and bid or application fees (77%). Some respondents reported that they also use grant funds for officiating staff (41%) and advertising (41%). The majority of respondents (90%) reported that foundation grants are very important to the successful operation of amateur and recreational sporting events in their region. When asked why the foundation's support is important in this regard, most commissions (84%) reported that it is because the grants allow them to bid on or host more events, especially large scale, high-impact events, that they otherwise would be unable to host. Most sports commissions (70%) also reported that the foundation's assistance with professional sporting events in their region is important, and 57% explained that this is because foundation support is critical to recruiting high-impact events and makes their regions more competitive for these types of events. Respondents are generally satisfied with the foundation's grant process, and most feel that the application completion and submission, review, and reimbursement processes are efficient.

Professional sports franchises report a variety of interactions with the foundation. Several reported that they seek assistance from the foundation for Florida-specific industry information and technical assistance (47%), work with the foundation to attract and/or retain professional sporting events in Florida (47%), and use the foundation's website as an information resource (26%). Overall, most of the professional sports franchises (74%) that responded to the survey feel that the services provided by the foundation are very or extremely valuable to their organizations.

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[80] OPPAGA surveyed 46 professional sports franchises, including those that receive state funding and those that do not; 24 responded, for a response rate of 52%.

[81] OPPAGA surveyed 29 local and regional sports commissions; 26 responded, for a response rate of 90%.

Both sports commissions and professional team representatives consider the foundation integral to Florida's sports industry. Ninety-one percent of commissions feel that the foundation has a positive impact on Florida's professional sports industry, and respondents indicated that this is due to the value the foundation provides through networking and promoting the state, as well as the assistance it provides in securing events that generate positive economic impacts. Eighty-three percent of respondents reported that without foundation support, they would host fewer events. According to respondents, without the foundation, commissions would lose valuable marketing, financial, and professional relationships. Several commissions suggested areas of improvement for the foundation, including providing more promotion and marketing for small and mid-size markets and areas that may not have sports commissions, and providing education and training opportunities on calculating economic impacts.

Similarly, 68% 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 positive economic and social impacts generated by the foundation's activities, the foundation's support that contributes to attracting significant professional sports events to the state, and the assistance the foundation provides in promoting both major and minor league baseball.

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

OPPAGA's 2015 review found that the Florida Sports Foundation's 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.[82] Local and regional sports commissions calculate economic impact by multiplying the number of out-of-state visitors and/or participants by various components of economic impacts, such as average daily hotel spending and others.[83] If staff determines that grantees met the terms of the grant agreement, they reimburse the local or regional sports commission for paid invoices related to expenses specified in the post-event report.

OPPAGA's 2015 review found that the foundation did not require documentation of the economic impacts specified in the report prior to payment. Rather, the foundation relied upon the sports commissions' certification of the reported data. Without this documentation, the foundation did not have reasonable assurance that the stated economic impacts are accurate. Subsequent to our review, the foundation improved this process by requiring grantees to provide in the post-event reports proof

[82] 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.

[83] The average daily spending figure is generated annually by VISIT FLORIDA. For 2017, this figure was $155.90 per day for an adult out-of-state visitor and $77.95 per day for a youth out-of-state visitor.

of the room nights contracted applicable to the event. This proof includes information such as data on participant numbers and types (e.g., adults, youth, coaches, etc.), local convention and visitor bureau event attendee and hotel night data, and participant lists that specify names and hotel stays.

Amateur and Professional Events That Receive Funds From the Florida Sports Foundation Generate Economic Impacts

Grants to regional sports commissions attract out-of-state visitors that generate economic activity. From Fiscal Years 2013-14 through 2015-16, the Florida Sports Foundation provided $7,841,300 in grants to local and regional sports commissions to support 354 sporting events. Post-event economic reports provided by the commissions estimate that these events attracted over 1.8 million out-of-state visitors and suggest that they generated a total out-of-state economic impact of over $1.7 billion over the three-year period.

Participation in Sunshine State and Florida Senior Games is growing. According to the foundation, both the Florida Senior Games and Sunshine State Games attract a number of Florida athletes, with participation steadily increasing over the years.[84] For example, the foundation reported that the Sunshine State and Senior Games had 45,000 participants in Fiscal Year 2013-14, compared to an estimated 52,000 in Fiscal Year 2015-16. During the same period, the reported economic activity generated by participants and spectators of these events was around $8 million each year.

Annual Reporting of Economic Impacts by Spring Training Facilities Has Improved

Spring training facilities that receive state funding are subject to certain annual reporting requirements, including a cost-benefit analysis of the team's economic impact on the community.[85] OPPAGA's 2015 review found that spring training teams were submitting the cost-benefit analysis information in a variety of formats and with varying levels of detail, leading to a lack of consistency across the reports. DEO staff has improved cost-benefit analysis reporting by requiring teams to conduct their own economic impact study and model it after a well-known economic impact analysis of spring training facilities.[86] Further, our current review found that several spring training teams have improved the details and methodologies provided in the cost-benefit sections of their annual reports, and consistency across the reports has improved. For example, several have collected primary data through surveys and interviews and conducted updated economic impact analyses.

However, several teams are still using a variety of different approaches and data sources to provide the required information. These include teams certified under the old statute, s. 288.1162, *F.S.*, which are not required to meet the new reporting requirements. According to DEO staff, the department has no current plans to require these teams to meet the department's new reporting requirements. DEO indicated that the agency has limited ability to enforce reporting requirements for those teams but continues to provide guidance and technical assistance to all teams that contact them for support related to the economic impact analyses.

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

[85] Sections 288.11621(4) and 288.11631(4), *F.S.*

[86] Six facilities currently certified under ss. 288.11621 and 288.11631, *F.S.*, are subject to annual reporting requirements, while six facilities currently certified under s. 288.1162, *F.S.*, are not subject to annual reporting requirements. See Appendix B, Exhibit B-1 for additional details.

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[1]	▪ 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.

<table>
<tr><th>Type of Professional Sports Facility</th><th>Certification Criteria</th></tr>
<tr><td>Retention of Major League Baseball Spring Training Franchises</td><td>

The applicant is responsible for the construction or renovation of the facility for a spring training franchise or holds title to the property on which the facility for a spring training franchise is located.
The applicant has a certified copy of a signed agreement with a spring training franchise for a term that is at minimum equal to the length of the term of the bonds issued for constructing or renovating the spring training facility or a term of at least 20 years if no such bonds are issued. The agreement cannot be signed more than four years before the expiration of any existing agreement except in cases where the applicant has never received state funding for the facility as a spring training facility and the facility was constructed before January 1, 2000. The agreement must also require the franchise to reimburse the state for state funds expended if the franchise relocates before the agreement expires, and if bonds were issued to construct or renovate the spring training facility, the reimbursement must equal the total state distributions expected to be paid from the date the franchise breaks its agreement through the final maturity of the bonds.
The applicant has made a financial commitment to provide 50% or more of the funds required by an agreement for the construction or renovation of the facility for a spring training franchise.
The applicant demonstrates that the facility for a spring training franchise will attract a paid attendance of at least 50,000 persons annually to the spring training games.
The facility for a spring training franchise is located in a county that levies a tourist development tax under s. 125.0104, F.S.
The applicant is not currently certified to receive state funding for the facility as a spring training franchise under this section.
Nine additional evaluation criteria must be met for competitive evaluation of applications.

Projected economic impact
Local matching funds
Potential for the facility to serve multiple uses
Intended use of funds by the applicant
Length of time a spring training franchise has been under an agreement to conduct spring training activities in the applicant's jurisdiction
Length of time an applicant's facility has been used by one or more spring training franchises
Term remaining on a lease
Length of time a franchise agrees to use an applicant's facility
Location of the facility in a brownfield, enterprise zone, community redevelopment area, or other area of targeted development or revitalization

</td></tr>
</table>

Type of Professional Sports Facility	Certification Criteria
Sports Development	▪ The applicant or beneficiary is responsible for the construction, reconstruction, renovation, or improvement of a facility and obtained at least three bids for the project. ▪ If the applicant is not a unit of local government, a unit of local government holds title to the property on which the facility and project are, or will be, located. ▪ If the applicant is a unit of local government in whose jurisdiction the facility is, or will be, located, the unit of local government has an exclusive intent agreement to negotiate in this state with the beneficiary. ▪ A unit of local government in whose jurisdiction the facility is, or will be, located supports the application for state funds. Such support must be verified by the adoption of a resolution, after a public hearing, that the project serves a public purpose. ▪ The applicant or beneficiary has not previously defaulted or failed to meet any statutory requirements of a previous state-administered sports-related program under ss. 288.1162, 288.11621, 288.11631, *F.S.*, or this section, s. 288.11625, *F.S.* Additionally, the applicant or beneficiary is not currently receiving state distributions under s. 212.20, *F.S.*, for the facility that is the subject of the application, unless the applicant demonstrates that the franchise that applied for a distribution under s. 212.20, *F.S.*, no longer plays at the facility that is the subject of the application. ▪ The applicant or beneficiary has sufficiently demonstrated a commitment to employ residents of this state, contract with Florida-based firms, and purchase locally available building materials to the greatest extent possible. ▪ If the applicant is a unit of local government, the applicant has a certified copy of a signed agreement with a beneficiary for the use of the facility. If the applicant is a beneficiary, the beneficiary must enter into an agreement with the department. The beneficiary must reimburse the state for state funds that will be distributed if the beneficiary relocates or no longer occupies or uses the facility as the facility's primary tenant before the agreement expires. The beneficiary must pay for signage or advertising within the facility. ▪ The project will commence within 12 months after receiving state funds or did not commence before January 1, 2013. ▪ Thirteen additional evaluation criteria must be met for competitive evaluation of applications. o Proposed use of state funds o Length of time that a beneficiary has agreed to use the facility o Percentage of total project funds provided by the applicant and the percentage of total project funds provided by the beneficiary o Number and type of signature events the facility is likely to attract during the duration of the agreement with the beneficiary o Anticipated increase in average annual ticket sales and attendance at the facility due to the project o Potential to attract out-of-state visitors to the facility o Length of time a beneficiary has been in this state or partnered with the unit of local government o Multiuse capabilities of the facility o Facility's projected employment of residents of this state, contracts with Florida-based firms, and purchases of locally available building materials o Amount of private and local financial or in-kind contributions to the project o Amount of positive advertising or media coverage the facility generates o Expected amount of average annual new incremental state sales taxes generated by sales at the facility above the baseline that will be generated as a result of the project o Size and scope of the project and number of temporary and permanent jobs that will be created as a direct
Motorsports Entertainment Complex	▪ A unit of local government holds title to the land on which the motorsports entertainment complex is located or holds title to the motorsports entertainment complex. ▪ The municipality in which the motorsports entertainment complex is located, or the county if the motorsports entertainment complex is located in an unincorporated area, has certified by resolution after a public hearing that the application serves a public purpose.

[1] The International Game Fish Association World Center received its final payment from the state in 2014. While the association's headquarters remains in Dania Beach, Florida, the Hall of Fame was relocated to Springfield, Missouri.

Source: Sections 288.11621(2), 288.1162(4), 288.11625(6), 288.11631(2), 288.1168(2), 288.1169(2), and 288.1171(3), *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, & Certification Statute	Monthly Distribution, Number of Years Bonded, & Total State Payment	First Payment & Final Payment	Total Payments as of June 30, 2017	Team's Lease Expires
Detroit Tigers	Joker Marchant Stadium	Lakeland Lakeland January 2001 s. 288.1162, *F.S.*	$38,889 15 years $7 million	March 2001 February 2016	$7,000,020	2016
Houston Astros	Osceola County Stadium	Kissimmee Osceola County January 2001 s. 288.1162, *F.S.*	$41,667 15 years $7.5 million	March 2001 February 2016	$7,500,060	2016
Los Angeles Dodgers[2]	Holman Stadium (now Dodgertown)	Vero Beach Indian River County January 2001 s. 288.1162, *F.S.*	$41,667 30 years $15 million	March 2001 February 2031	$8,166,723	No lease
Philadelphia Phillies	Spectrum Field (formerly Bright House Field)	Clearwater Clearwater December 2006 s. 288.1162, *F.S.*	$41,667 30 years $15 million	March 2001 February 2031	$8,166,723	2023
Toronto Blue Jays	Florida Auto Exchange Stadium	Dunedin Dunedin January 2001 s. 288.1162, *F.S.*	$41,667 20 years $10 million	March 2001 February 2023	$8,166,723	2017
Baltimore Orioles	Ed Smith Stadium	Sarasota Sarasota December 2006 s. 288.1162, *F.S.*	$41,667 30 years $15 million	March 2007 March 2037	$5,166,708	2039
New York Mets	Tradition Field	Port St. Lucie St. Lucie County December 2006 s. 288.1162, *F.S.*	$21,985 30 years $7.9 million	March 2007 March 2017	$2,660,240	2016
Pittsburgh Pirates	McKechnie Field	Bradenton Bradenton December 2006 s. 288.1162, *F.S.*	$41,667 30 years $15 million	March 2007 March 2037	$5,166,708	2037

Team	Facility	Location, Certified Entity, Certification Date, & Certification Statute	Monthly Distribution, Number of Years Bonded, & Total State Payment	First Payment & Final Payment	Total Payments as of June 30, 2017	Team's Lease Expires
Tampa Bay Rays	Charlotte Sports Park	Port Charlotte Charlotte County December 2006 s. 288.1162, *F.S.*	$41,667 30 years $15 million	March 2007 March 2037	$5,166,708	2028
Minnesota Twins	Hammond Stadium	Fort Myers Lee County August 2012 s. 288.11621, *F.S.*	$41,667 30 years $15 million	July 2013 June 2043	$2,000,016	2045
Houston Astros[3] (Recertification)	Ballpark of the Palm Beaches	West Palm Beach Palm Beach County October 2015 s. 288.11631, *F.S.*	$166,667 25 years $50 million	October 2016 September 2041	$1,500,003	2048
Washington Nationals[3]	Ballpark of the Palm Beaches	West Palm Beach Palm Beach County October 2015 s. 288.11631, *F.S.*	$166,667 25 years $50 million	October 2016 September 2041	$1,500,003	2048
Detroit Tigers (Recertification)	Joker Marchant Stadium	Lakeland Lakeland April 2015 s. 288.11631, *F.S.*	$83,333 20 years $20 million	November 2016 October 2036	$666,664	2036
New York Yankees	George M. Steinbrenner Field	Tampa Tampa Sports Authority December 2016 s. 288.11631, *F.S.*	$83,333 20 years $20 million	January 2017 December 2036	$499,998	2046
New York Mets (Recertification)	First Data Field (formerly known as Tradition Field)	Port St. Lucie St. Lucie County March 2017 s. 288.11631, *F.S.*	$83,333 20 years $20 million	June 2017 May 2037	$83,333	2042

[1] The Atlanta Braves, Boston Red Sox, Miami Marlins, and St. Louis Cardinals also hold spring training in Florida but do not currently receive state funding for their facilities.

[2] This facility, now known as Historic Dodgertown, was previously occupied by the Los Angeles Dodgers until the Dodgers moved their spring training facility to Arizona in 2008. The facility hosts local sports events that bring in amateur, high school, collegiate, and international sports teams. There is not currently a Major League Baseball team based at the facility, and it is privately owned.

[3] The Houston Astros moved their spring training operations from Osceola County to Palm Beach County in 2015. They share the newly certified facility with the Washington Nationals.

Source: Department of Economic Opportunity and Florida Sports Foundation.

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	First Payment & Final Payment	Total Payments as of June 30, 2017	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	$48,000,096	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	$46,166,759	2030
Tampa Bay Rays MLB	Tropicana Field	St. Petersburg St. Petersburg July 1995	$166,667 30 years $60 million	July 1995 June 2025	$44,000,088	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	$43,666,754	2025
Florida Panthers NHL	BB&T Center	Sunrise Broward County June 1996	$166,667 30 years $60 million	August 1996 July 2026	$41,833,417	2028
Tampa Bay Buccane ers NFL	Raymond James Stadium	Tampa Hillsborough County November 1996	$166,667 30 years $60 million	January 1997 December 2026	$41,000,082	2028
Miami Heat NBA	American Airlines Arena	Miami BPL, LTD February 1998	$166,667 30 years $60 million	March 1998 March 2028	$38,500,077	2030
Orlando Magic NBA	Amway Center	Orlando City of Orlando November 2007	$166,667 30 years $60 million	February 2008 January 2038	$18,833,371	2036

Source: Department of Economic Opportunity.

Exhibit B-3
Professional Golf Hall of Fame Facility

Facility	Location	Monthly Distribution, Number of Years Bonded, & Total State Payment	First Payment & Final Payment	Total Payments as of June 30, 2017
Professional Golf Hall of Fame	St. Augustine	$166,667 25 years $50 million	July 1998 June 2023	$38,000,076

Source: Department of Economic Opportunity.

Methodology

OPPAGA conducted economic analyses of the industries relevant to each of the incentive and business development programs in our review. Our goal was to gain a better understanding of how the state is performing relative to other competing states and the national economy. Our analyses used state and national employment data that captured timeframes relevant to each program, but extending as far back as 2007 and ending in 2016. Below, we describe these analyses in more detail.

Location quotient. Location quotient analysis is a way of quantifying how concentrated a particular industry in one area, such as a region, as compared to a broader area, such as a state. We calculated location quotients for groups of industry sectors in Florida (e.g. traditional film and entertainment) and compared them to other states. This approach provides an indicator of relative strength of a particular industry and is computed as the percentage of regional employment in a particular industry divided by the percentage of state employment in that industry.

Location quotients exceeding 1.0 indicate that state levels of industry employment were higher than that of comparison states. A positive change in location quotient indicates that the industry is growing relative to those states.

Shift-share. 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 or region's characteristics that may give it a competitive advantage. Shift-share is comprised of these components, with the change in employment between two years (e.g., between 2007 and 2016) equal to the sum of the components.

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

Our shift share analyses indicate whether a segment of Florida's economy outperformed the other states, and thus suggest whether Florida has a stronger competitive advantage in that group of industries, compared to those states.

Agency Response

Rick Scott
GOVERNOR

FLORIDA DEPARTMENT of ECONOMIC OPPORTUNITY

Cissy Proctor
EXECUTIVE DIRECTOR

December 22, 2017

Mr. R. Phillip Twogood, Coordinator
Office of Program Policy Analysis and Government Accountability
111 West Madison Street, Suite 312
Tallahassee, Florida 32399-1475

Dear Mr. Twogood,

In the past seven years, Florida has undergone a remarkable transformation after experiencing one of the worst downturns in the nation during the recession. Thanks to Governor Rick Scott and the Legislature's commitment to job creation and the pursuit of pro-growth policies, Florida's economy has recovered with strength and certainty.

During the recession, Florida was hit hard. Unemployment increased to 11.2 percent. Private-sector businesses lost more than 900,000 jobs. And job demand continued to fall, along with housing prices. Since December 2010, more than 1.46 million private-sector jobs have been created in Florida. Communities across the state are growing as new buildings rise, companies expand and empty homes fill with a steady stream of new residents. Over the past seven years, the state's unemployment rate has decreased and is currently at 3.6 percent, which is the lowest it has been in a decade. Florida continues to outpace the nation in several indicators. Since December 2010, jobs in Florida have grown by 24 percent, while the nation only grew jobs by 15 percent. The labor force growth rate in Florida is nearly three times higher than the nation's.

With a GDP of $814 billion in 2016, Florida's economy is the fourth largest in the U.S. and would rank 17th in the world if it were a country. Florida's low cost of living helps to maintain its strong job market and global competitiveness. Florida has welcomed more than 112.3 million visitors in 2017, including 11.2 million visitors from other countries.

Across the country, people know that Florida is the best place to get their dream job. Here at the Florida Department of Economic Opportunity, we're working to create a competitive business environment that fosters new business across the state.

Florida Department of Economic Opportunity | Caldwell Building | 107 E. Madison Street | Tallahassee, FL 32399
866.FLA.2345 | 850.245.7105 | 850.921.3223 Fax
www.floridajobs.org | www.twitter.com/FLDEO | www.facebook.com/FLDEO

Pursuant to section 11.51(2), Florida Statutes, this letter represents our response to the report titled: *Florida Economic Development Program Evaluations – Year 5*. We thank you and your staff for the review of the Office of Film and Entertainment's incentive programs and appreciate the detailed analysis. The department recognizes the benefits of having systems reviewed and audited and appreciate your thoroughness and professionalism throughout the process. The department agrees with the evaluation of the Office of Film and Entertainment and the message portrayed in the report.

Sincerely,

Cissy Proctor
Executive Director

VISIT FLORIDA
2540 W. Executive Center Circle
Suite 200
Tallahassee, Florida 32301

T 850/488-5607

December 22, 2017

Mr. R. Philip Twogood
The Florida Legislature's Office of
Program Policy Analysis and Accountability
111 West Madison Street, Suite 3112
Tallahassee, FL 32399-1475

Dear Mr. Twogood:

Thank you for the opportunity to respond to the Office of Program Policy Analysis and Government Accountability's (OPPAGA) Florida Economic Development Evaluations - Year 5 report on VISIT FLORIDA and thank you and your staff for the professional and thorough review of VISIT FLORIDA's destination marketing programs. We were pleased to find a favorable report that highlights VISIT FLORIDA's contributions to Florida's tourism industry and overall economic prosperity.

Florida's tourism industry has a tremendous amount of momentum having posted three consecutive record years of visitation, traveler spending and tourism employment since your last review. VISIT FLORIDA works hard every day to protect and grow the 1.4 million jobs supported by Florida's tourism industry. As the report states, "Florida is outpacing several other states concerning tourism employment growth, and has a significant competitive advantage in tourism when compared to other states with strong tourism industries—California, Nevada, New York, and Texas."

We have carefully reviewed the content of the report and understand the basis for the report's recommendations. Moving forward, we will continue to review and improve our performance measures to ensure they are suitably evaluating VISIT FLORIDA's effectiveness as an organization, and explore ways to enhance the research methodology utilized by the reputable third-party research firms we engage.

To this end, in July 2017, we enriched our research capabilities by engaging new and robust marketing research tools that better evaluate the effectiveness of our marketing programs on driving visitation. Additionally, we are in the process of reorganizing our research department by adding new senior management staff and drawing clear lines of delineation between our consumer insights and performance evaluation research efforts. This will more effectively evaluate the results of our marketing initiatives. These efforts, along with our continued cooperation with the Department of Economic Opportunity to review VISIT FLORIDA's formal performance measures, should satisfy the report's concerns.

Secondly, we have reviewed your team's analysis of VISIT FLORIDA's spending practices over the prior four years. To ensure an accurate understanding of our processes, we invited your team to our headquarters and spent considerable time demonstrating our internal contracting and accounting procedures and controls during the review period.

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Nevertheless, the report states that "VF procurements over $750,000 account for 50% of VISIT FLORIDA's planned expenditures for purchases." VISIT FLORIDA respectfully disagrees with the report's calculation of the number of procurements over $750,000. The report appears to have characterized non-contract documentation as a single procurement or contract.

For example, the report's methodology appears to have characterized a spring television campaign as a single procurement valued at $2,500,000. However, in reality, that campaign consisted of multiple, separate purchases implemented by our in-house media buying team. To implement that campaign, our team of media buying professionals negotiated and placed television advertisements with 47 local television stations in Atlanta, Boston, Chicago, Dallas, New York, Philadelphia, and Washington. No single vendor received $2,500,000. Nor was there ever a procurement or contract valued at $2,500,000.

The above is just one of many similar instances where we believe the report mischaracterized VISIT FLORIDA activity as a "single procurement." Again, to be clear, half of VISIT FLORIDA's expenditures are not paid to a small group of vendors, and VISIT FLORIDA does not enter into thirty or more contracts each year with a total cost in excess of $750,000. As your report accurately states, only two contracts over $750,000 have been entered into since July 1, 2017. Importantly, all VISIT FLORIDA contracts are posted online and anyone can read them at any time.

VISITFLORIDA.

We largely agree with the content of the report and appreciate the opportunity to provide these clarifying points to ensure that the record is correct. We continue to be fully committed to maximizing the economic impact of tourism and the return on the state's investment in VISIT FLORIDA.

Sincerely,

Ken Lawson
President and CEO

The Official Tourism Marketing Corporation for the State of Florida