Florida Economic Development Program Evaluations – Year 11

Report 23-14

December 2023

OPPAGA

Office of Program Policy Analysis and Government Accountability

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EXECUTIVE SUMMARY

REPORT 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 s. 288.0001, *Florida Statutes*. OPPAGA must evaluate each program for effectiveness and value to the state's taxpayers over the previous three years 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 four entities are scheduled for review by January 1, 2024.

- Office of Film and Entertainment-administered Entertainment Industry Sales Tax Exemption Program
- VISIT FLORIDA and its programs
- Florida Sports Foundation and related sports development programs
- Space Florida

The review period covers Fiscal Years 2019-20, 2020-21, and 2021-22.

New laws enacted in 2023 addressed Florida's economic development programs. Notably, the Legislature enacted Ch. 2023-173, *Laws of Florida*, which made changes to economic development programs included in this cycle of OPPAGA's reviews.[1] Among the changes, the law eliminates Enterprise Florida, Inc. (EFI), and transfers its responsibilities to the Department of Economic Opportunity (DEO) and renames DEO the Florida Department of Commerce.[2] In addition, the law

- makes VISIT FLORIDA and the Florida Sports Foundation direct services organizations of the Department of Commerce; and
- repeals three programs that OPPAGA had been directed to review in this cycle: the Entertainment Industry tax credit, the Motorsports Entertainment Complex, and the Professional Golf Hall of Fame.

The Legislature also enacted Ch. 2023-200, *Laws of Florida,* which, among other provisions, added Space Florida to OPPAGA's economic development review schedule.[3]

[1] Chapter 2023-173, *Laws of Florida*.
[2] Because the statutory timeframe of OPPAGA's reviews is Fiscal Years 2019-20, 2020-21, and 2021-22, this report refers to the entities as the entities were named during those years: EFI and DEO.
[3] Chapter 2023-200, *Laws of Florida*.

Entities OPPAGA reviewed provided a range of services to state businesses, but some previous recommendations have not been addressed

The economic development incentives and programs offered by the Office of Film and Entertainment, VISIT FLORIDA, the Florida Sports Foundation, and Space Florida represent a wide range of benefits for businesses. These benefits include sales tax exemptions, tourism marketing programs, grants for sports activities, and facilitating business financing. Stakeholders that responded to OPPAGA surveys or interviews were generally satisfied with the incentives and services offered by the entities. However, for some programs, OPPAGA identified concerns about the methods used to assess program performance and program administration. See below for a summary of each program under review.

Entertainment Industry Incentives

> Qualified companies in Florida engaged in producing motion pictures, television series, commercials, music videos, and sound recordings may apply for an exemption from sales and use tax on the purchase or lease of certain items used exclusively as an integral part of production activities in the state. (s. 288.1258, *Florida Statutes*)

OPPAGA's review of Florida's film and entertainment industry tax exemption found that 1,409 qualified production companies reported spending an estimated $1.3 billion on average annually during the review period, saving, on average, $22.6 million in sales taxes annually. OPPAGA surveyed representatives of qualified companies that received a tax exemption certificate, and respondents reported that the exemption benefited their companies. Additionally, 57% of the tax exemption recipients responding to OPPAGA's survey reported that the sales tax exemption affected their decision to locate productions in Florida.

VISIT FLORIDA Programs

> VISIT FLORIDA administers, conducts, and coordinates domestic and international marketing. Among its activities, VISIT FLORIDA conducts research on tourism and travel trends and manages the four Florida welcome centers, which provide Florida destination information to visitors. (ss. 288.122, 288.1226, 288.12265, and 288.124, *Florida Statutes*)

Overall, during the review period, state funds continued to be the primary source of revenue for VISIT FLORIDA's operations, but federal funding and advertising revenues also increased during the period. During and immediately following the COVID-19 pandemic, VISIT FLORIDA launched pandemic rebound campaigns and an adventure travel program to encourage travel to and within Florida. Additionally, over half (68%) of VISIT FLORIDA partners responding to OPPAGA's survey reported that they were satisfied or very satisfied with their partnership during the review period.

OPPAGA noted two issues that VISIT FLORIDA could address to enhance its evaluations of marketing activities. OPPAGA recommends that VISIT FLORIDA revise internal performance measures to be consistent with its marketing strategy, notably, adding measures that address consumer awareness. In addition, OPPAGA continues to recommend that VISIT FLORIDA ensure that its performance measures are meaningful. Specifically, 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.

Florida Sports Incentives

> The Florida Sports Foundation provides grant programs to 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 and professional sports.
>
> Professional Sports Facility Funding: Administered by the Florida Department of Commerce, qualified professional sports franchises receive state funding for the public purpose of facility acquisition, construction, reconstruction, or renovation.
> (ss. 288.1162, 288.11621, 288.1166, and 288.1167, *Florida Statutes*)

During the review period, the Florida Sports Foundation met its contractual performance requirements and reported that sporting events receiving foundation grants attracted over 2.5 million out-of-state visitors generating more than $1.8 billion in economic activity. Overall, amateur sports industry stakeholders are satisfied with the foundation's programs and grant application process and believe that the foundation's assistance is important to the success of sporting events in their regions.

Professional sports facilities received consistent monthly payments during the review period. Entities receiving state funding for facilities reported to OPPAGA that the funding is very important for the overall operation of the professional sports franchise facilities. However, OPPAGA noted one continuing issue related to administering professional sports programs. Specifically, most certified entities and franchises reported that affiliated sports franchises manage compliance with some statutory requirements, but no entity ensures compliance.

Space Florida

> Space Florida is an independent special district and a subdivision of the state. An appointed board of directors governs the organization. Space Florida's primary activities are promoting business development in the aerospace industry by facilitating business financing, spaceport operations, research and development, workforce development, and innovative education programs. (ss. 331.301–331.371, *Florida Statutes*)

During the review period, Space Florida collaborated with public and private entities to grow the state's aerospace industry. The organization reported that it established 40 documented partnerships with public, private, and nonprofit entities and leased and contracted out five facilities to partners. Space Florida also met annual and quarterly contractual performance expectations during the review period. Stakeholder feedback suggests that partners were generally satisfied with Space Florida's performance. However, some partners noted room for improvement regarding the organization's transparency and efficiency.

OPPAGA noted several performance issues that Space Florida could address. Specifically, partnership output and outcome data should be improved. In addition, Space Florida should consider working with the Department of Commerce to establish more ambitious goals, using historic performance to set targets that may challenge the organization beyond what it has previously accomplished. Finally, Space Florida may wish to consult its partners regarding steps it could take to enhance the transparency of its operations.

Chapter 1: Florida Entertainment Industry Sales Tax Exemption

BACKGROUND

In 2022, Florida had 7,911 individuals employed in four entertainment industries representing the types of production companies that qualify to receive a Florida Entertainment Industry Sales Tax Exemption.[4] OPPAGA conducted economic analyses of these four entertainment industries to assess Florida's employment relative to the national economy and four competitor states: California, Georgia, Louisiana, and New York. To examine industry-related job growth, OPPAGA analyzed state and national employment data from 2013 to 2022.[5]

Florida employment in the four entertainment industries increased by 55% (2,809 employees) from 2013 to 2022. (See Exhibit 1-1.) Employment change from 2013 to 2022 was positive for three of the four industry sectors; Sound Recording Studios industry sector employment declined by 33%.

Exhibit 1-1
Florida's Employment Grew in Selected Entertainment Industry Sectors From 2013 to 2022

Industry Sector	Florida Employment Change	Percentage Change
Other Sound Recording Industries	239	98.8%
Teleproduction and Postproduction Services	247	62.8%
Motion Picture and Video Production	2,445	59.7%
Sound Recording Studios	-122	-33.1%
Industry Total	2,809	55.1%

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

OPPAGA's economic analyses also show that Florida's share of employees in the four industry sectors was 2.4 times lower than the national average in 2022. However, Florida's employment growth for the four entertainment industry sectors was 8.1% higher than the industry's growth nationally from 2013 to 2022. Florida was third in employment growth during this period among the five states. Employment growth in Florida's entertainment industry was mostly due to the state's competitive advantage that allowed it to outperform expected national economic and industry trends. (See Appendix A for additional detail on OPPAGA's economic analyses.)

Florida Entertainment Industry Sales Tax Exemption

Chapter 2023-173, *Laws of Florida*, repealed the Office of Film and Entertainment (OFE) within the Department of Economic Opportunity (DEO) and the Florida Film and Entertainment Advisory

[4] Changes in the North American Industry Classification System (NAICS) for 2022 precluded OPPAGA from using the 15 industry codes analyzed in OPPAGA's 2020 report on the entertainment industry tax credit and tax exemption. For this review, OPPAGA selected industry codes consistent with Florida law for the program under review (s. 288.1258(1), F.S.) This law states that any production company engaged in this state in the production of motion pictures, made-for-TV motion pictures, television series, commercial advertising, music videos, or sound may submit an application to the Department of Revenue to be approved by the department as a qualified production company for the purpose of receiving a sales and use tax certificate of exemption from the department. OPPAGA selected the following four industries for analyses: Motion Picture and Video Production; Teleproduction and Postproduction Services; Sound Recording Studios; and Other Sound Recording Industries.
[5] Data for 2022 are preliminary.

Council.[6,7] The Department of Commerce assumed responsibility for administering the Florida Entertainment Industry Sales Tax Exemption in 2023.

Companies engaged in producing commercials, motion pictures, music videos, sound recordings, and television series in Florida are eligible for several tax exemptions under state law.[8] During the review period, production companies could submit an application to the Department of Revenue (DOR). DOR reviewed the submitted application for the required information and forwarded the completed application to OFE for approval. After determining that the production company met the established approval criteria and qualified for the exemption, OFE would return the approved application to DOR to issue a certificate of exemption. If OFE determined that the production company met the established approval criteria and qualified for the exemption, then the company could receive a certificate of exemption from DOR to be exempt from paying sales and use tax for

- lease or rental of real property that is used as an integral part of an activity or service performed directly in connection with the production of a qualified motion picture;[9]
- fabrication labor when a person uses their own equipment and personnel to produce a qualified motion picture;[10]
- motion picture or video equipment and sound recording equipment purchased or leased for use in this state in production activities;[11] and
- sale, lease, storage, or use of master tapes, records, films, and video tapes.[12]

During the review period, OFE reported no program changes and DOR reported making administrative changes. DOR updated the application portal and enhanced reporting to DEO in September 2020.[13]

FINDINGS

Tax exemption recipients saved an average of $22.6 million annually on sales taxes during the review period

The Florida Entertainment Industry Sales Tax Exemption reduced expenses for qualified production companies during the review period. The amount of expenditures and taxes exempted is an estimate based on data that program recipients provided to the Office of Film and Entertainment.[14] Qualified production companies reported spending an estimated $1.3 billion on average annually during the review period, with an average of $377 million in tax-exempt expenditures per year. Based on these

[6] The same law also repealed the Florida Entertainment Industry Financial Incentive Program. OPPAGA reviewed this program in prior evaluations of Florida's economic development programs, available here.
[7] Additionally, this law changed the name of the Department of Economic Opportunity to the Department of Commerce.
[8] Section 288.1258, *F.S.*
[9] Section 212.031(1)(a)(9), *F.S.* Examples of a tax-exempt activity or service includes photography, casting, location scouting, and designing sets.
[10] Section 212.06(1)(b), *F.S.*
[11] Section 212.08(5)(f), *F.S.*
[12] Section 212.08(12), *F.S.*
[13] These changes included enhancements to application questions, updating the OFE logo, a confirmation report to the applicant, the ability to add or update the federal employer identification number on OFE's internal site, and formatting changes.
[14] DOR 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.

expenditure estimates, the annual exemption amount ranged from $19.2 million in Fiscal Year 2019-20 to $28.9 million in Fiscal Year 2021-22, for an annual average of $22.6 million.[15] (See Exhibit 1-2.)

Exhibit 1-2
Estimated Sales Tax Exempted Ranged From Approximately $19 to $29 Million per Year

Fiscal Year	Estimated Total Expenditures	Estimated Tax-Exempt Expenditures	Estimated Tax-Exempt Amount[1]
2019-20	$1,126,535,003	$320,729,767	$19,243,786
2020-21	$1,179,672,610	$328,164,467	$19,689,868
2021-22	$1,479,337,839	$481,853,883	$28,911,233

[1] Amounts were calculated using Florida's statewide 6% sales tax.

Source: Department of Commerce.

Program participation and reported employment increased during the review period

The number of businesses participating in the entertainment industry's sales tax exemptions program increased by 40% during the review period to 1,217 businesses in Fiscal Year 2021-22. Similarly, based on tax exemption recipient reports to DEO, estimated Florida industry jobs increased by 18% during the review period, from 34,176 jobs in Fiscal Year 2019-20 to 40,389 in Fiscal Year 2021-22. (See Exhibit 1-3.) According to the Department of Commerce, increases in participation and jobs during the period can be attributed to production activity allowed within Florida when other major competitor states, like California and New York, did not allow such activity due to the COVID-19 pandemic.

Exhibit 1-3
Program Participation and Estimated Jobs for Sales Tax Exemption Recipients Increased

Fiscal Year	Number of Businesses	Estimated Florida Jobs
2019-20	870	34,176
2020-21	964	36,109
2021-22	1,217	40,389

Source: Department of Commerce.

Incentive recipients reported that the sales tax exemption benefited their companies

OPPAGA surveyed representatives of qualified companies that received a sales tax exemption certificate during the review period to determine if the companies used and benefited from the exemption.[16] Most respondents (95%) reported that they used the sales tax exemption during the review period. Several companies that did not use the sales tax exemption reported not making productions or related purchases that qualified for the exemption during the period. The majority of respondents (57%) also reported that the entertainment industry sales tax exemption affected their decision to locate their production in Florida.

[15] In 2021, the Legislature's Office of Economic and Demographic Research reported a return on investment (ROI) for this program of 0.49. The ROI can be interpreted as a return in tax revenues for each dollar spent by the state. An ROI of 0.49 indicates that the program does not break even; however, the state generates enough revenues to recover a portion of its cost of the investment.
[16] OPPAGA surveyed 1,409 sales tax exemption recipients; 146 responded, for a response rate of 10%.

Survey respondents also reported that the sales tax exemption benefited their companies. Most respondents reported that the exemption helped offset company and production expenses (80%) and helped purchase new or additional equipment (64%). In addition, 89% of survey respondents reported that their business would have experienced a significant negative effect had the sales tax exemption not been available.

APPENDIX A

Selected Entertainment Industry Analyses

Location Quotient

OPPAGA compared Florida to California, Georgia, Louisiana, and New York using location quotients to quantify how concentrated a particular entertainment sector is in the state compared to other competing states and to the nation..[17] A location quotient is computed as the statewide share of employees in an industry divided by the national share of employees in the same industry. A location quotient exceeding 1.0 indicates that state concentration of industry employment is higher than the national average. A positive percent change in location quotient indicates that the state's industry is growing faster than the national average growth.

Florida's 2022 location quotient was 0.41, indicating that the state's entertainment industry employment share was 2.4 times lower than the national average. (See Exhibit A-1.) However, the percent change in Florida's location quotient from 2013 to 2022 was 8.1%. This change indicates that Florida's entertainment industry grew 8.1% faster than the national entertainment industry during the period. In contrast, California, Louisiana, and New York experienced negative growth relative to the national industry from 2013 to 2022.

Exhibit A-1
Entertainment Industry Employment Growth in Florida Outperformed Most Competitor States From 2013 to 2022

State	Location Quotient (2022)	Change in Location Quotient (2013 to 2022)
Georgia	1.90	204.4%
Florida	**0.41**	**8.1%**
California	4.16	-5.9%
Louisiana	1.50	-13.6%
New York	2.79	-14.2%

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

Shift Share Analysis

To assess whether the employment changes were attributable to the national economy, state competitiveness, or the industry itself, OPPAGA conducted a shift-share analysis. The shift-share represents how much of the employment growth or decline in a state's industry was due to the national economy, the employment trend within the particular industry, and the state's competitive advantage in this industry. Shift-share is composed of three components, and the change in employment between two years (e.g., from 2013 to 2022) is equal to the sum of the components.

- National Growth Share is the change in regional employment attributable to the growth of the overall national economy. If the national economy is growing, then one may expect to see a positive change in each industry in the state.
- Industry Mix Share is the change in employment in the state's industry, in relation to the industry's national growth (or decline).

[17] OPPAGA selected the following four industries for our analyses: Motion Picture and Video Production; Teleproduction and Postproduction Services; Sound Recording Studios; and Other Sound Recording Industries.

- Competitive Share represents the performance of the regional industry compared to the industry national average and to the national economy. A positive competitive share indicates the state industry is growing beyond the expected national rate and industry trends. This gain suggests the state industry is more competitive in acquiring jobs than the national average. A state's competitive share can be generated by factors such as geography, legislation, regulation, population characteristics, or natural resources.

Results of the shift-share analysis show that Florida's entertainment industry grew by 2,809 employees from 2013 to 2022, mostly due to the state's competitive advantage. (See Exhibit A-2.) Florida had a positive competitive share of 1,398 employees from 2013 to 2022, indicating that the state's entertainment industry gained additional jobs beyond those expected due national economic and industry trends. Only Georgia had a higher positive competitive share for the period. Results suggest that California, Louisiana, and New York, with negative competitive share numbers, showed lower growth rate than the national average in acquiring entertainment industry jobs than Florida and Georgia.

Exhibit A-2
Florida's Employment Grew and the State Had a Competitive Advantage for the Entertainment Industry From 2013 to 2022

State	Industry Employment (2022)	Industry Employment Change (2013 to 2022)	National Share	Industry Mix Share	Competitive Share
Georgia	17,864	13,634	589	581	12,464
Florida	**7,911**	**2,809**	**710**	**701**	**1,398**
Louisiana	5,422	-194	782	771	-1,747
California	148,635	29,107	16,639	16,415	-3,948
New York	50,981	1,877	6,836	6,744	-11,702

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

Chapter 2: VISIT FLORIDA

BACKGROUND

After a record high of 131.4 million visitors in 2019, visitation to Florida declined to 79.8 million visitors in 2020, a 39% decline. The decline is likely associated with the global COVID-19 pandemic. However, by 2022, Florida's visitation numbers rebounded to an estimated 137.6 million visitors, exceeding the 2019 record by 5%.

OPPAGA conducted economic analyses to provide context on Florida's tourism industry employment relative to the national economy and four competitor states: California, Nevada, New York, and Texas.[18] To examine industry-related job growth, OPPAGA analyzed state and national tourism employment data between 2013 and 2022.[19] OPPAGA examined 17 sectors classified by the North American Industry Classification System (NAICS) as part of the tourism industry.[20]

From 2013 to 2022, Florida's tourism employment in these sectors grew by 21% (278,540 employees). (See Exhibit 2-1.) Employment growth for 13 of the 17 Florida tourism sectors was higher than the national growth in those sectors. The Scheduled Passenger Air Transportation and Promoter of Performing Arts, Sports, and Similar Events sectors experienced the highest growth, at 60.0% and 53.2%, respectively. Employment decreased during the period in the Gift, Novelty, and Souvenir Retailers sector, Performing Arts Companies sector, Taxi and Limousine Services sector, and Travel Arrangement and Reservation Services sector.

[18] OPPAGA selected competing states based on other states with the highest levels of international visitor volume and preliminary traveler spending for 2022.
[19] Data for 2022 are preliminary.
[20] 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. The 17 tourism sectors included in the analysis are: Accommodation; Airport Support Activities; 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, and Similar Institutions; Passenger Car Rental; Performing Arts Companies; Promoters of Performing Arts, Sports, and Similar Events; Scenic and Sightseeing Transportation; Scheduled Passenger Air Transportation; Spectator Sports; Taxi and Limousine Service; Travel Arrangement and Reservation Services; and All Other Transit and Ground Passenger Transportation. The U.S. Census Bureau reclassified Gift, Novelty, and Souvenir Stores in 2017 to Gift, Novelty, and Souvenir Retailers in 2022. This analysis may not capture every industry sector associated with tourism.

Exhibit 2-1
Florida's Employment Grew in Most Tourism Industry Sectors Between 2013 and 2022

Tourism Sector	Florida Employment Change	Percentage Change
Scheduled Passenger Air Transportation	16,499	60.0%
Promoter of Performing Arts, Sports, and Similar Events	3,501	53.2%
Airport Support Activities	8,542	43.4%
Food and Beverage Stores	53,470	26.9%
Amusements, Gambling, and Recreation	36,160	23.4%
Food Services and Drinking Places	155,817	23.2%
Museums, Historical Sights, & Similar Institutions	1,585	22.9%
Scenic & Sightseeing Transportation	569	21.8%
Convention and Trade Show Organizers	600	18.9%
All Other Transit and Ground Passenger Transportation	294	15.1%
Passenger Car Rental	287	2.8%
Accommodation	4,309	2.6%
Spectator Sports	313	1.8%
Travel Arrangement and Reservation Services	-649	-2.4%
Gift, Novelty, and Souvenir Retailers[1]	-937	-8.3%
Performing Arts Companies	-640	-8.4%
Taxi and Limousine Services	-1,180	-31.7%
Florida Tourism Industry Total	**278,540**	**21%**

[1] The U.S. Census Bureau reclassified Gift, Novelty, and Souvenir Stores in 2017 to Gift, Novelty, and Souvenir Retailers in 2022.

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

Analyses of Florida's tourism industry employment between 2013 and 2022 relative to California, Nevada, New York, Texas, and the nation show that Florida's share of employees in the tourism industry was 25% higher than the national average in 2022. However, Florida's tourism industry employment growth was 2% lower than the industry's growth nationally during this period. Of the five states included in the analyses, Florida ranked third in employment growth, behind Texas and California. Although the national economy had the largest effect on Florida's tourism industry growth from 2013 to 2022, the state's competitive advantage in the tourism industry had a positive effect to the growth. (See Appendix A for additional details about these industry analyses.)

VISIT FLORIDA

The 1996 Florida Legislature established the Florida Tourism Industry Marketing Corporation, known as VISIT FLORIDA, to serve as Florida's statewide destination marketing organization representing the state's tourism industry. The Florida Tourism Industry Marketing Corporation is a not-for-profit 501(c)(6) organization, which during the review period served as a direct-support organization of Enterprise Florida, Inc. (EFI). EFI was a nonprofit corporation created by the Florida Legislature to serve as the state's main economic development organization.[21]

During the 2023 legislative session, a law was enacted that eliminated Enterprise Florida, Inc. and transferred all duties, functions, and administrative authority to the Department of Economic

[21] Chapter 288, *Florida Statutes* (2022).

Opportunity.[22] During the review period, VISIT FLORIDA had a contractual agreement with the Department of Economic Opportunity that included performance measures and standards.

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;
- conducting research on tourism and travel trends; and
- administering marketing activities for Veterans Florida and marketing to assist the state following critical events, such as storms.

State funds are the primary source of revenue for VISIT FLORIDA's operations; federal funding and advertising revenues grew during the review period

As a public-private partnership, VISIT FLORIDA is expected to obtain public funds and match those funds with private sector contributions.[23] During the review period, total revenues increased by 87%, with combined annual public and private revenues ranging from $48.2 million in Fiscal Year 2019-20 to $89.8 million in Fiscal Year 2021-22, with an annual average of $68.6 million. (See Exhibit 2-2.)

Most of the increase in total revenues is attributable to federal funding and a 712% increase in advertising revenue, which VISIT FLORIDA primarily attributed to special cooperative advertising programs for destination marketing organizations in response to the COVID-19 pandemic, which used federal funds. VISIT FLORIDA received over $25 million in federal funding during the review period. Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, VISIT FLORIDA applied for a grant from the U.S. Economic Development Administration for a marketing campaign. In Fiscal Year 2020-21, VISIT FLORIDA was awarded a $5 million grant, to be matched 100% with private sector contributions. However, VISIT FLORIDA neither received nor spent these funds until Fiscal Year 2021-22. In Fiscal Year 2021-22, VISIT FLORIDA also was allocated $20.4 million from Florida's American Rescue Plan Act (ARPA) funds. These funds were allotted to support marketing activities, services, and programs.[24]

State funds continue to be VISIT FLORIDA's primary source of revenue. On average, state funds comprised 71% of all revenues during the review period. From Fiscal Year 2019-20 to Fiscal Year 2020-21, state funds allocated to VISIT FLORIDA increased by 48%. However, from Fiscal Year 2020-21 to Fiscal Year 2021-22, state funds allocated to VISIT FLORIDA decreased by 8%.

[22] This law changed the name of the Department of Economic Opportunity to the Department of Commerce; VISIT FLORIDA is now a direct-support organization of the department.

[23] From Fiscal Year 2016-17 through 2018-19, the Office of Economic and Demographic Research reported that VISIT FLORIDA's public marketing spending generated a positive return on investment (ROI) of 3.27, indicating that for every dollar spent on VISIT FLORIDA's marketing efforts, the State of Florida received three dollars and 27 cents back in tax revenue.

[24] Additional ARPA funds were awarded in Fiscal Year 2021-22; these funds will be used for four separate marketing projects supporting travel, tourism, and outdoor recreation sectors during Fiscal Years 2022-23 and 2023-24.

Exhibit 2-2
State Funds Accounted for the Largest Portion of VISIT FLORIDA's Revenues During the Review Period

	Fiscal Year		
Source of Funding	2019-20	2020-21	2021-22
State Allocation	$36,955,524	$54,640,732	$50,000,000
Federal Revenues			25,435,092
Private Sector Cash Revenues			
Industry-Co-Op Advertising Value (in-kind)	7,241,628	3,133,294	4,938,792
Trade Show and Event Revenues	1,350,529	124,445	1,563,615
Partnership Fees	1,104,240	1,063,515	1,117,938
Advertising Revenue	765,731	3,353,851	6,219,937
Welcome Center Revenue (All)	277,336	162,236	229,478
Publication Revenue	218,703	195,751	167,434
Other (Citrus Revenue, Interest, Misc.)	135,268	118,519	148,811
Research Revenue	101,500	64,790	26,455
Website Revenue[1]	8,224	6,300	
Total Private Sector Cash Revenues	11,203,159	8,222,701	14,412,460
Combined State and Private Cash Revenues	**$48,158,683**	**$62,863,433**	**$89,847,552**
Industry-Contributed Promotional Value (in-kind)	**$59,286,729**	**$64,920,992**	**$94,886,532**

[1] VISIT FLORIDA reported that the sole stream of website revenue comes from a single business relationship that was on pause in Fiscal Year 2021-22.

Source: OPPAGA analysis of VISIT FLORIDA data.

VISIT FLORIDA met statutory requirements for private sector match funding. Florida law requires VISIT FLORIDA state appropriations to be matched with private sector support equal to at least 100% of state funding.[25] Private sector revenues include cash and in-kind contributions. In-kind contributions are considered private sector contributions toward meeting this statutory requirement and are 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 airtime or print space contributed for the broadcasting or printing of such promotions.[26] VISIT FLORIDA categorizes this as in-kind value or industry-contributed promotional value. During the review period,

- private sector cash averaged between 13% and 23% of all revenues and increased by $3.2 million; and
- industry-contributed promotional value represented an average of 87% of all private sector revenues and increased by $35.6 million. VISIT FLORIDA attributed this increase to special cooperative advertising programs funded by the CARES Act and ARPA funds.

Total support from these private sources ranged from $70.5 million in Fiscal Year 2019-20 to $109.3 million in Fiscal Year 2021-22, with an annual average of $84.3 million. In each year of the review period, the private match exceeded the state's contribution, allowing VISIT FLORIDA to meet the statutory requirement.

[25] Section 288.1226, *Florida Statutes.*
[26] VISIT FLORIDA 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. An impression is a metric used to quantify the number of digital views or engagements a piece of content receives.

During the review period, VISIT FLORIDA's annual expenditures increased; most expenditures were for paid media

VISIT FLORIDA's total expenditures increased from Fiscal Year 2019-20 to Fiscal Year 2021-22, from $45.9 million to $92.2 million, respectively. (See Exhibit 2-3.) VISIT FLORIDA organizes annual expenditures by expense category and by functional department. OPPAGA's analysis of VISIT FLORIDA expenditure data by expense category for the three years of the review period indicates that 55% of VISIT FLORIDA's expenditures were for media, totaling $113.2 million. This has historically been VISIT FLORIDA's largest expense, and these expenditures increased over $45 million during the review period. As noted earlier, VISIT FLORIDA attributed this increase to special cooperative advertising programs that used CARES Act and ARPA funds. The next two largest expense categories—fees and services, and salaries and benefits—comprised much smaller proportions of overall expenditures (14% and 11%, respectively).

Exhibit 2-3
VISIT FLORIDA's Total Expenditures Increased in Each Year of the Review Period

	Fiscal Year				
Category	2019-20[1]	2020-21	2021-22	Total Expenditures	Percent of Expenditures
Media	$12,697,017	$42,092,143	$58,383,653	$113,172,814	55%
Fees and Services	9,219,162	8,446,460	10,738,846	28,404,468	14%
Salaries and Benefits	7,605,416	7,087,450	7,130,237	21,823,103	11%
Industry Co-op Advertising	7,241,628	3,133,294	4,938,792	15,313,714	7%
Office and Admin	3,134,827	3,181,068	3,174,167	9,490,062	5%
Production	2,790,194	1,656,746	3,174,558	7,621,497	4%
Research	1,232,705	1,719,820	1,919,017	4,871,542	2%
Travel	1,119,505	864,274	1,518,466	3,502,246	2%
Promotions	666,131	356,251	1,128,481	2,150,862	1%
Grants[2]	201,856	222,725	3,952	428,534	0%
Citrus Juice	0	100,312	131,487	231,799	0%
Total	**$45,908,442**	**$68,860,543**	**$92,241,655**	**$207,010,640**	**100%**

[1] During Fiscal Year 2019-20, $998,432 was spent towards marketing the State of Florida to veterans and due to the COVID-19 pandemic. The total spent to market travel to the state was $35,957,092, resulting in the total appropriation recorded as $36,955,524.
[2] Traditional annual grant programs ended in Fiscal Year 2019-20. However, VISIT FLORIDA may provide support for special issues, such as crisis recovery.

Source: OPPAGA analysis of VISIT FLORIDA data.

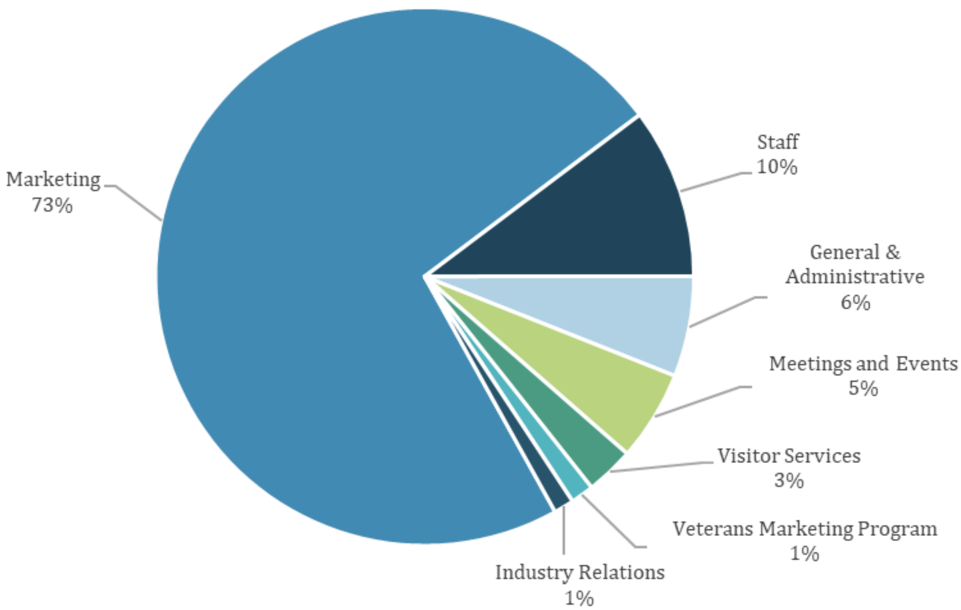
Despite the overall increase, two expenditure categories generally declined during the review period. Notably, industry co-op advertising spending decreased $4.1 million (57%) at the beginning of the review period, before increasing $1.8 million in Fiscal Year 2021-22. Overall, industry co-operative advertising expenditures varied across the review period. Additionally, because VISIT FLORIDA eliminated traditional annual grant programs in 2019-20, expenditures for grants decreased by 98% from Fiscal Year 2019-20 to Fiscal Year 2021-22.[27]

OPPAGA also reviewed expenditures by functional business unit, and for these units, the largest portion of expenditures in each year of the review period was in marketing. VISIT FLORIDA reported

[27] VISIT FLORIDA's state allocation was reduced from $76 million in Fiscal Year 2018-19 to $50 million in Fiscal Year 2019-20. Following this budget cut, VISIT FLORIDA reduced its full-time staff and discontinued grant programs to shift remaining staff toward higher-impact endeavors.

expenditures for seven business units: general and administrative, industry relations, marketing, meetings and events, staff, veterans marketing program, and visitor services. During the review period, the marketing unit accounted for 73% of all expenditures. (See Exhibit 2-4.)

Exhibit 2-4
Marketing Department Expenditures Remain the Largest Portion of VISIT FLORIDA's Expenditures



Source: OPPAGA analysis of VISIT FLORIDA expenditure data.

FINDINGS

During the review period, VISIT FLORIDA launched pandemic rebound campaigns and an adventure travel program

During and immediately following the COVID-19 pandemic, VISIT FLORIDA prioritized rebound campaigns to encourage travel to and within Florida. Following the governor's March 2020 declaration of a state of emergency in Florida, VISIT FLORIDA reported it paused all media and worked to disseminate safety information to visitors and residents. Further, VISIT FLORIDA reported it conducted several efforts to support partners, including freezing invoicing for partnership and welcome center dues and unlocking paid partnership benefits to businesses for no cost.

To support the state's economic recovery and tourism industry during the global COVID-19 pandemic, VISIT FLORIDA also developed two broad marketing campaigns.[28] The first, an in-state rebound campaign in August 2020, was designed to remind Floridians about in-state tourism opportunities. Related activities included television broadcasts in Florida, digital display or videos with music and video streaming companies, and a digital campaign to showcase Floridians' photos of unique Florida experiences. Additionally, in October 2020, VISIT FLORIDA launched a second rebound campaign to

[28] Federal funds supported these recovery campaigns. In Fiscal Year 2021-22, the CARES Act grant was combined with $3.3 million in partner participation funds and $8.2 million from VISIT FLORIDA for a total of $16.4 million in expenses spent on COVID-19 rebound recovery.

encourage domestic travel to Florida. The campaign focused on reminding people outside of Florida that vacations are worth taking. The campaign included digital video within a 700-mile radius of Florida as well as digital advertising, paid social media, and content provided to major national publications. Both the in-state and domestic rebound campaigns were industry cooperative marketing programs; 12 partners participated in the in-state rebound campaign and 10 partners participated in the domestic rebound campaign. Each campaign was estimated to result in more than 200 million impressions.

Post pandemic, VISIT FLORIDA also took steps to maximize Florida's opportunities for outdoor adventures. VISIT FLORIDA reported that adventure travel is a rapidly growing sector of the tourism industry. In Fiscal Year 2020-21, VISIT FLORIDA reported it implemented a new adventure travel and related marketing training program with the Adventure Travel and Trade Association to promote rural areas of opportunity across the state.[29] This training program consisted of two modules and was intended for adventure travel guides, direct marketing organizations, and accommodations and service providers. The goals of the training program are to

- educate rural and small businesses on how to market their brands; and
- build a statewide network of outdoor and adventure destinations and businesses to share best practices and promote Florida's adventure offerings.

VISIT FLORIDA provided this training program free of cost to participants. During Fiscal Year 2021-22, VISIT FLORIDA conducted three adventure travel and marketing training programs for 131 total participants.[30] VISIT FLORIDA reported that it intends to continue marketing for special interest tourists, including adventure travelers.

VISIT FLORIDA met all but one performance standard during the review period; more ambitious contractual standards and additional internal standards could be considered

Despite the effects of the COVID-19 pandemic on travel, VISIT FLORIDA exceeded nearly all contractual performance standards. During the review period, VISIT FLORIDA exceeded, by an average of 25%, its contractual performance standard for annual percentage of domestic visitors to Florida influenced by VISIT FLORIDA's primary marketing program. Similarly, VISIT FLORIDA exceeded, by an average of 84%, its contractual performance standard for percentage increase in likelihood of visiting Florida after exposure to VISIT FLORIDA's digital marketing among domestic audiences. Annual share of international visitor spending in Fiscal Year 2019-20 was the only standard VISIT FLORIDA did not meet; however, given COVID-related international travel restrictions during that year, VISIT FLORIDA could not have addressed this performance measure. (See Exhibit 2-5).

[29] Florida's designated Rural Areas of Opportunity are rural communities or a region composed of rural communities that have been adversely affected by extraordinary economic events or natural disasters.
[30] This total is not a unique number of participants, as some participants may have completed both modules.

Exhibit 2-5
VISIT FLORIDA Exceeded All But One of Its Contractual Performance Standards

	Fiscal Year					
	2019-20		2020-21		2021-22[1]	
Annual Performance Measures	Standard	Actual	Standard	Actual	Standard	Actual
Annual percentage of domestic visitors to Florida influenced by VISIT FLORIDA's primary marketing programs	40%	60%	25%	64%	50%	66%
Percentage increase in likelihood of visiting Florida after exposure to VISIT FLORIDA's digital marketing among domestic audience	20%	55%	15%	93%	20%	160%
Percentage of domestic leisure travelers reporting awareness of VISIT FLORIDA's marketing	45%	47%	25%	47%	40%	47%
Industry rating of VISIT FLORIDA's performance in promoting tourism to Florida	8.0/ 10	8.4/ 10	7.0/ 10	8.1/ 10	7.0/ 10	8.5/ 10
Total number of individual businesses located in Rural Areas of Opportunity-designated communities, actively participating in VISIT FLORIDA marketing activities, and the percentage coverage of the total designated communities	600/ 90%	714/ 94%	600/ 90%	890/ 100%	600/ 90%	866/ 100%
Annual share of domestic vacation trips	15%	18%	10%	17%	15%	23%
Annual share of international visitor spending	20%	19%	10%	25%	15%	27%
Maintain annual market share in traditional feeder markets	20%	23%	10%	19%	15%	27%
Growth in annual market share in emerging markets	17%	21%	0%	18%	17%	26%
Number of strategies in the Florida Strategic Plan for Economic Development being implemented by VISIT FLORIDA	4	4	4	4	4	4

[1] In previous years, the metrics for annual share of domestic vacation trips, maintain annual market share in traditional feeder markets, and growth in annual market share in emerging markets were calculated based on people whose trip purpose was general vacation. This was also how the standard was determined. Beginning in 2021, the company that provides the data to VISIT FLORIDA for these metrics changed how the trip purpose question was asked in such a way that results in higher performance than has previously been reported.

Source: OPPAGA analysis of VISIT FLORIDA information.

VISIT FLORIDA reported that the organization reevaluates performance measures and standards every year; however, during the current review period, VISIT FLORIDA postponed the planned reevaluation of performance standards in light of the negative effects of the COVID-19 pandemic on travel. A concern OPPAGA first raised in 2015 is that VISIT FLORIDA's standards, while flexible for major events that may affect travel, do not challenge the organization to improve performance. OPPAGA continues to recommend that when VISIT FLORIDA re-engages with its contractual performance standards, that it establish more ambitious goals using historic performance to set targets that may challenge the organization beyond what it has previously accomplished.

VISIT FLORIDA did not set standards for internal performance measures during most of the review period because of a shift in marketing strategy due to the COVID-19 pandemic. Previously, VISIT FLORIDA established internal performance standards for visitor volume for five domestic target audiences. However, it only set standards for these audiences during calendar year 2019, and most commonly, exceeded those standards. (See Exhibit 2-6.) VISIT FLORIDA reported that it discontinued these performance standards for target audiences after 2019 due to the uncertainty in the travel industry that resulted from the COVID-19 pandemic. Instead, VISIT FLORIDA shifted its overall marketing strategy to focus on the travelers who were ready to travel or were returning to previous travel patterns.

Exhibit 2-6
VISIT FLORIDA Measured Visitor Group Volume but Did Not Set Annual Performance Goals

	Calendar Year				
	2019		2020	2021	2022
	Standard	Actual	Actual	Actual	Actual
Domestic Target Audience					
Winter Sun Seekers	52.2%	52.6%	51.1%	51.8%	53.4%
Impulse Getaways	6.6%	6.9%	7.1%	8.1%	7.2%
Adventure Seekers	7.9%	8.0%	7.3%	7.3%	7.6%
Experience Seekers	7.8%	8.2%	7.9%	7.5%	7.4%
Family Memory Makers	14.3%	12.5%	11.1%	12.3%	13.0%

Source: VISIT FLORIDA.

Prior to the current review period, VISIT FLORIDA also began measuring the difference in trip intent and consideration between those who have seen VISIT FLORIDA's marketing and those who have not. However, VISIT FLORIDA has not established standards for the following internal performance measures.

- Difference in perceptions between those who are aware of VISIT FLORIDA marketing and those who are not, all markets
- Difference in trip intent and consideration between those who have seen VISIT FLORIDA marketing and those who have not, in next 24 months
- Difference in trip intent and consideration between those who have seen VISIT FLORIDA marketing and those who have not, in next 12 months

VISIT FLORIDA reported that it changed marketing strategies, and accordingly chose not to finalize standards for these measures because the measures would provide minimal actionable insight for VISIT FLORIDA's marketing. Specifically, VISIT FLORIDA reported a mismatch between the focus of these measures, trip intent, and current marketing efforts, which primarily focus on awareness and consideration; keeping the Florida vacation brand at the top of consumers' minds; and encouraging consumers to consider Florida as a travel destination. However, VISIT FLORIDA reported that as of Fiscal Year 2023-24, it has resumed its target audience marketing strategy and will begin to reestablish related performance standards. OPPAGA recommends that VISIT FLORIDA consider revising its internal performance measures to add related standards that address intent as well as consumer awareness and consideration.

Most partner survey respondents were satisfied with VISIT FLORIDA

OPPAGA surveyed current and former VISIT FLORIDA partners that had an active partnership during the review period to understand partner satisfaction with and the impact of VISIT FLORIDA's services.[31] Seventy-one percent of survey respondents reported that their organization was a current VISIT FLORIDA partner, while some reported that their organization was not a current partner (13%) or they were unsure if their organization was a current partner (15%). Of the respondents whose

[31] OPPAGA surveyed 6,227 current and former VISIT FLORIDA partner organizations and received 281 responses (4.5% response rate). Of the 281 responses, 56 respondents reported that they did not have an active partnership with VISIT FLORIDA during the review period and therefore, were disqualified from the remainder of the survey.

organization was not a current partner, 59% reported that their organization ended or paused the VISIT FLORIDA partnership because the organization did not think VISIT FLORIDA's services were sufficiently beneficial. Only 5% of respondents who reported that their organization was a current partner reported that their organization did not plan to renew its partnership.

Most survey respondents reported that they were satisfied (32%) or very satisfied (36%) with their organization's VISIT FLORIDA partnership during the review period. Further, 67% of respondents reported that their organization's partnership with VISIT FLORIDA was very important or somewhat important to the organization's success. When asked how their organization's marketing plans would have proceeded had VISIT FLORIDA's services not been available, 41% reported that the organization's marketing plans would have proceeded as planned, while 26% reported that plans would have proceeded on a smaller scale. A small number of respondents reported that they were dissatisfied (5%) or very dissatisfied (3%) with their organization's VISIT FLORIDA partnership during the review period. Among the reasons given for dissatisfaction were that VISIT FLORIDA did not sufficiently market their organization, their organization did not benefit from its partnership with VISIT FLORIDA, and that increased support for small businesses was needed.

Some respondents reported that marketing for partner businesses could be improved. OPPAGA asked respondents what, if any, VISIT FLORIDA services could be improved. While 26% of respondents reported that they did not believe VISIT FLORIDA services could be improved, 30% of respondents reported that VISIT FLORIDA's cooperative advertising services could be improved and 20% reported that market research could be improved. Additionally, 24% of respondents provided written suggestions for service improvements in areas including VISIT FLORIDA's marketing of partner businesses and support services opportunities for small and minority businesses. When asked for additional recommendations, 15% of respondents provided suggestions. Of these, the most common recommendations were related to increasing support to smaller businesses, with a few respondents noting that marketing campaigns and advertising in particular were too costly for small businesses.

VISIT FLORIDA took some steps to address small business partner concerns during the review period. VISIT FLORIDA provided support to small businesses through the Targeted Marketing Assistance Program (TMAP) and the Adventure Travel Network during the review period. TMAP is designed to help small, minority, rural, and agritourism businesses improve marketing efforts through a range of programs, such as consultation with a VISIT FLORIDA regional partnership manager, access to webinars and training, press release opportunities across VISIT FLORIDA's media channels, access to the Small Business Marketing Toolkit, and a one-time discount on Small Business Partnership for new partners.[32] Moreover, in Fiscal Year 2021-22, VISIT FLORIDA began providing free brochure distribution at the Official Florida Welcome Centers for eligible businesses in TMAP. During the review period, the number of small businesses served through TMAP ranged from 58 to 150 annually and VISIT FLORIDA provided 80 to 112 hours of consultations with small businesses, with the most time spent during Fiscal Year 2019-20. Additionally, as noted above, VISIT FLORIDA's partnership with the Florida Adventure Travel Network provides an opportunity for destinations, small business operators, and other industry stakeholders to collaborate and promote adventure tourism in rural counties.

VISIT FLORIDA reported that small businesses that partner with VISIT FLORIDA continued to receive marketing partnership benefits during the review period, such as inclusion in the Official Florida Vacation Guide and participation in co-op advertising programs, which give partners access to VISIT FLORIDA's marketing resources.

[32] Agritourism is any agricultural-related activity consistent with a bona fide farm or ranch or in a working forest, which allows members of the general public to view or enjoy activities related to farming, ranching, historical, cultural, or harvest-your-own attractions for recreational, entertainment or educational purposes.

APPENDIX A

Selected Tourism Industry Analyses

Location Quotient

OPPAGA compared Florida to California, Nevada, New York, and Texas using location quotients to quantify how concentrated a particular tourism sector is in the state compared to other competing states and to the nation. OPPAGA selected these states for comparison based on their high levels of international visitor volume and preliminary traveler spending for 2022. A location quotient is computed as the statewide share of employees in an industry divided by the national share of employees in the same industry. A location quotient t exceeding 1.0 indicates that state concentration of industry employment is higher than the national average. A positive percent change in location quotient indicates that the state's industry is growing faster than the national average growth.

Florida's location quotient of 1.25 in 2022 indicates that Florida's employment level exceeds the national level of employment in the tourism industry by 25%. (See Exhibit A-1.) However, Florida's percentage change in location quotient of -2.0% from 2013 to 2022 indicates that the tourism industry is not growing as fast in Florida as is nationwide. While Nevada had the highest location quotient of all competitor states at 1.90 in 2022, the state's industry experienced a 17.3% decline relative to the industry growth nationally between 2013 and 2022.

Exhibit A-1
Tourism Industry Growth in Florida, New York, and Nevada Was Less Than National Growth From 2013 to 2022

State	Location Quotient (2022)	Change in Location Quotient (2013 to 2022)
Texas	1.02	4.0%
California	1.01	0.8%
Florida	1.25	-2.0%
New York	0.92	-2.8%
Nevada	1.90	-17.3%

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

Shift-Share Analysis

To assess whether the employment changes were attributable to the national economy, state competitiveness, or the industry itself, OPPAGA conducted a shift-share analysis. The shift-share represents how much of the employment growth or decline in a state's industry was due to the national economy, the employment trend within the particular industry, and the state's competitive advantage in this industry. Shift-share is composed of three components, and the change in employment between two years (e.g., from 2013 to 2022) is equal to the sum of the components.

- National Growth Share is the change in regional employment attributable to the growth of the overall national economy. If the national economy is growing, then one may expect to see a positive change in each industry in the state.
- Industry Mix Share is the change in employment in the state's industry, based on the industry's national growth (or decline).
- Competitive Share represents the performance of the regional industry compared to the industry national average and to the national economy. A positive competitive share indicates the state

industry is growing beyond the expected national rate and industry trends. This gain suggests the state is more competitive in acquiring jobs than the national average. A state's competitive share can be generated by factors such as geography, legislation, regulation, population characteristics, or natural resources.

Exhibit A-2 shows the results of the shift-share analysis for five states from 2013 to 2022. Florida ranked third in employment growth among the five states. All states had positive employment growth due to national economic growth. The national economy had the largest effect on employment growth for all five states. However, declines in the growth of the tourism industry nationwide negatively affected employment for tourism industries in Florida and competitor states. Florida had a positive competitive share of 148,341 employees from 2013 to 2022, indicating that the state's tourism industry gained additional jobs beyond those expected due to national economic and industry trends.

Exhibit A-2
Florida's Employment Grew and the State Had a Competitive Advantage for the Tourism Industry From 2013 to 2022

State	Industry Employment (2022)	Industry Employment Change (2013-2022)	National Growth Share	Industry Mix Share	Competitive Share
Texas	1,804,451	331,638	205,030	-61,738	188,346
Florida	1,616,773	278,540	186,295	-56,096	148,341
California	2,420,391	305,480	294,416	-88,653	99,717
Nevada	389,592	12,189	52,534	-15,819	-24,526
New York	1,135,670	11,795	156,454	-47,111	-97,549

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

Chapter 3: Florida Sports Foundation and Professional Sports Facility Funding

INTRODUCTION

Florida is home to 11 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 MLB teams for spring training, is home to 10 Florida State League baseball teams, and hosts 1 Southern League baseball club. In addition, the state is home to the Association of Tennis Professionals and the Ladies Professional Golf Association. The state has over 70 colleges and universities and 38 Florida Sports Foundation industry partners that host various professional, amateur, and recreational sporting events.[33]

From Fiscal Year 2019-20 to Fiscal Year 2020-21, the sports industry in Florida was estimated to be a $71.7 billion industry that supported over 978,000 jobs. In the same period, Florida's sports economy attracted more than 28 million non-resident visitors, accounting for approximately 14% of the state's total tourism economy.

OPPAGA conducted economic analyses to provide context on Florida's sports industry employment relative to the national economy and four competitor states with large sports industries: Arizona, California, New York, and Texas. To examine industry-related job growth, OPPAGA analyzed state and national tourism employment data between 2013 and 2022.[34] OPPAGA examined 10 industries classified by the North American Industry Classification System (NAICS) as part of the sports industry.[35]

From 2013 to 2022, Florida's sports industry employment grew by 21% (26,112 employees). (See Exhibit 3-1.) Nine of 10 Florida sports industry sectors had employment growth during the period. The All Other Amusement and Recreation Industries sector in Florida experienced the highest growth during the period at 82%. The only sports sector to have an employment loss during the period was Recreational and Vacation Camps at -23%.

[33] The count of colleges and universities includes private and public institutions. The industry partners are organizations that promote and develop sports in their local areas and are recognized by the Florida Sports Foundation to apply for grant funding.
[34] Data for 2022 are preliminary.
[35] 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. The 10 sports industries are: All Other Amusement and Recreation Industries; Fitness and Recreational Sports Centers; Golf Courses and Country Clubs; Recreational and Vacation Camps; Scenic and Sightseeing Transportation on Water; Spectator Sports; Sporting and Athletic Goods Manufacturing; Sporting Goods Merchant Wholesalers; Sporting Goods Stores; and Sports and Recreation Instruction. The U.S. Census Bureau reclassified Sporting Goods Stores in 2017 to Sport Goods Retailers in 2022. This analysis may not capture every industry sector associated with sports.

Exhibit 3-1
Florida's Employment Grew in 9 of 10 Selected Sports Industry Sectors From 2013 to 2020

Sports Industry Sector	Florida Employment Change	Percentage Change
All Other Amusement and Recreation Industries	6,349	82%
Sports and Recreation Instruction	4,015	75%
Sporting Goods Merchant Wholesalers	1,873	57%
Scenic and Sightseeing Transportation on Water	599	30%
Golf Courses and Country Clubs	8,002	20%
Sporting and Athletic Goods Manufacturing	189	14%
Sport Goods Retailers[1]	1,847	12%
Fitness and Recreational Sports Centers	3,122	10%
Spectator Sports	313	2%
Recreational and Vacation Camps	-197	-23%
Florida Sports Industry Total	**26,112**	**21%**

[1] The U.S. Census Bureau reclassified Sporting Goods Stores in 2017 to Sport Goods Retailers in 2022.

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

OPPAGA's analyses of Florida's sports industry employment from 2013 through 2022 show that the sports industry growth slightly declined in comparison to the national average. However, the state's employment concentration in this industry was 20% higher than the national average in 2022. Florida ranked second in employment growth among the five states included in the analyses. Further, Florida's sports industry employment growth from 2013 to 2022 was mostly attributable to the general and industry economy nationally rather than the state's competitive position. (See Appendix A for supporting detail on OPPAGA's sports industry analyses.)

Some competitor states provide state-level sports funding similar to Florida. OPPAGA examined state-level funding and incentives in competitor states in the following categories: Amateur and Youth Sports, Spring Training, Professional Sports League Facilities, One-Time Events, and Other Sports Facilities (e.g., headquarters or halls of fame). Florida offers state-level incentives for four of these categories; Arizona and New York also have state-level incentives for four categories. (See Exhibit 3-2).

Exhibit 3-2
Sports Funding Program Types Are Similar in Florida, Arizona, and New York

State-Funded Activities	Florida	Arizona	New York	Texas
Amateur and Youth Sports	✓	✓	✓	✓
Spring Training	✓	✓		
Professional Sports League Facilities	✓	✓	✓	
One-Time Events[1]	✓	✓	✓	✓
Other Sports Facilities			✓	✓

[1] One-Time Events refers to funding for events that do not occur regularly in the state, such as a Super Bowl or National Collegiate Athletic Association tournament.

Note: During the previous review period, California provided funding for amateur and youth sports, but that program has since ended.

Source: OPPAGA analysis of state incentives programs.

The amount and type of state financial incentive for sports activities or facilities varies by state.

- The Florida Sports Foundation's Small Market Grant program provides grants up to $5,000 and its Major Grant program provides over $20,000 on average for sporting events.
- Arizona has a grant program offering up to $5,000 for small youth sports projects.
- Texas offers a sales and franchise tax exemption for youth sport organizations.
- New York provides over $20 million in state funding for youth sports facilities and programs.

FLORIDA SPORTS FOUNDATION

Background

Established by the Florida Legislature in 1989, the Florida Sports Foundation is a 501(c)(3) nonprofit corporation serving as the Sports Industry Development Division of Enterprise Florida, Inc.[36] From Fiscal Year 2019-20 to Fiscal Year 2021-22, the foundation operated through contracts with the Department of Economic Opportunity (DEO). During the 2023 legislative session, legislation was enacted that made a number of administrative and programmatic changes to Florida's economic development programs and incentives.[37] The foundation has a board of directors appointed by the Governor. The board generally manages the corporation and oversees a president, who manages the foundation's day-to-day operations.[38] There are currently 15 board members representing several industries, including professional sports, auto racing, and collegiate sports.

The foundation's primary activities consist of providing grants to support sporting events that bring out-of-state visitors to Florida and organizing the Sunshine State Games and the Florida Senior Games State Championships. Further, the foundation produces and distributes annual golf, fishing and boating, and baseball spring training guides and markets Florida's sports industry. The foundation also assisted in reviewing applicants for state funding of major professional sports facilities. (See Exhibit 3-3.)

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[36] Chapter 2011-142, *Laws of Florida.*
[37] Additionally, this law changed the name of the Department of Economic Opportunity to the Department of Commerce.
[38] In addition to general oversight, the board is responsible for approving and making recommendations regarding the administration of foundation programs, as well as any other programs assigned to the foundation by various state agencies that could affect Florida's sports industry.

Exhibit 3-3
Florida Sports Foundation Activities Include Grants, Games, and Technical Support and Marketing

Activity	Description
Grants	• **Major and Regional Grants** are for events that generate over $500,000 in out-of-state economic impact and at least 600 out-of-state hotel room nights. • **Small Market Grants** assist events that normally do not exceed $500,000 in out-of-state economic impact by offering a grant award not to exceed $5,000. • **Sports Industry Conference Assistance 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 intended to provide quality competition for Florida's amateur athletes and is administered by the foundation. • **Florida Senior Games** provides athletes age 50 and older 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[1]	The foundation assisted in reviewing applicants for state funding of major professional sports facilities. The foundation also provides technical assistance to sports organizations (e.g., industry partners) and markets Florida's sports industry.

[1] From Fiscal Year 2019-20 to Fiscal Year 2021-22, the foundation provided technical assistance to sports organizations through consultations and guidance, including, but not limited to, event planning, venue selection, destination assets, and logistics; participation in and distribution of economic impact and other studies; and securing event bid letters of support.

Source: Florida Sports Foundation.

The foundation's Sports Industry Partnership program awards grants statewide. Foundation grant programs—the Major and Regional Grant Program and the Small Market Grant Program—help support amateur, collegiate, and professional sporting events. The foundation reports that its grants 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.

The foundation requires event holders seeking a grant to work with an approved industry partner, organizations that promote and develop sports in local areas. Industry partners include a range of entities such as visitor bureaus and county sports promotion organizations. The foundation encourages event holders to contact the partner closest to the event location. The foundation's board of directors' five-member grant committee reviews grant applications submitted by event holders and industry partners. The grant committee meets quarterly to review applications and finalize recommendations and to present those recommendations to the entire board for approval.

License plate fees are the foundation's primary funding source. The Florida Sports Foundation receives its funding from three sources: specialty license plate programs, general revenue, and private contributions.[39] The foundation's primary source of revenue is the sale of specialty license plates for ten Florida professional sports teams. The foundation uses these funds to attract and support major sports events in the state.[40]

The foundation distributes quarterly payments to each of the ten professional teams that have Florida license plates.[41,42] Fifty-five percent of the funds and any remaining revenue generated by professional sports license plates are deposited into the Professional Sports Development Trust Fund. The revenue share on association plates varies by association. Notably, half of the funding generated by the Florida

[39] From Fiscal Year 2016-17 to Fiscal Year 2018-19, the Office of Economic and Demographic Research reported that the foundation's grant program generated a positive return on investment (ROI) of 4.27, indicating that for every dollar spent on foundation grants, the State of Florida received $4.27 in tax revenue. During this period, the ROIs for the professional sports facilities incentive and the spring training baseball franchise incentive were 0.75 and 0.54, respectively.
[40] Section 320.08058(9), *F.S.*
[41] These professional teams are the Florida Panthers, Jacksonville Jaguars, Miami Dolphins, Miami Heat, Miami Marlins, Orlando City Soccer Club, Orlando Magic, Tampa Bay Buccaneers, Tampa Bay Lightning, and Tampa Bay Rays.
[42] The Orlando City Soccer Club's specialty license plate was approved during the review period, but was not made available to the public until March 2023.

United States Olympic Committee license plate supports the Sunshine State Games, with the other half distributed to the committee.[43] The foundation uses Florida NASCAR license plate revenues to support regional grants, attract events to the state, and market motorsports-related tourism; the remaining funds are distributed to the NASCAR Foundation.[44] The majority of U.S. Tennis Association license plate funds are directed to the U.S. Tennis Association Florida Section Foundation.[45]

From Fiscal Year 2019-20 to Fiscal Year 2021-22, revenues from professional sports team specialty license plate sales accounted for most of the foundation's annual revenues, totaling $3 million each fiscal year. General revenue was $1.7 million in each fiscal year. (See Exhibit 3-4.)

Exhibit 3-4
Florida Sports Foundation Annual Revenues Ranged From $5.3 Million to $5.7 Million During the Review Period

	Fiscal Years		
Florida Sports Foundation Revenues	2019-20	2020-21	2021-22
Professional Sports Teams License Plates	$3,000,000	$3,000,000	$3,000,000
General Revenue	1,700,000	1,700,000	1,700,000
Private Contributions/Other Income	404,521	313,784	687,310
U.S. Olympic Committee License Plate	82,325	87,525	84,421
NASCAR License Plate	86,124	92,245	99,436
USTA License Plate	92,285	99,904	102,265
Total Revenues	**$5,365,255**	**$5,293,459**	**$5,673,432**

Source: Florida Sports Foundation.

The foundation's expenditures increased during the review period. From Fiscal Year 2019-20 to Fiscal Year 2021-22, the foundation's total expenditures increased by $1.2 million. (See Exhibit 3-5.) The majority of this increase was due to an increase in expenditures for grant programs. In each year of the review period, the largest portion of the foundation's expenditures was for grant awards, which vary depending on the number of events and the amount awarded to events each year.

Exhibit 3-5
From Fiscal Year 2019-20 to Fiscal Year 2021-22, Florida Sports Foundation Annual Expenditures Increased by Nearly $1.2 Million

	Fiscal Years		
Florida Sports Foundation Expenditures	2019-20	2020-21	2021-22
Florida Sports Foundation Grants Programs[1]	$1,871,174	$2,207,688	$2,684,621
Administrative Costs[2]	1,003,141	1,258,641	1,383,899
Amateur Sports Programs[3]	939,286	468,357	720,228
Florida Sports Foundation Other Programs[4]	702,063	443,293	891,595
Total Expenditures	**$4,515,664**	**$4,377,979**	**$5,680,343**

[1] Foundation grants programs expenditures include awards, payments, and fund transfers associated with the programs' administration.
[2] Administrative costs include management, employee expenses, and professional fees; operating, general, and administration; advertising and marketing; and travel.
[3] Amateur sports programs include the Sunshine State Games, the Senior Games, Ambassadors for Aging Day/Florida Seniors Day (this event was last hosted in 2019), and other programs involving amateur sports program development.
[4] 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, United States Olympic Committee expenses, NASCAR and tennis license plate expenses, and professional sports team royalties and charities.

Source: Florida Sports Foundation.

[43] Section 320.08058(6), *F.S.*
[44] Section 320.08058(57), *F.S.*
[45] Section 320.08058(61), *F.S.*

Findings

During the review period, the Florida Sports Foundation met its contractual requirements and performance standards. The foundation provided 383 grants to industry partners and reported that sporting events receiving foundation grants attracted over 2.5 million out-of-state visitors generating more than $1.8 billion in economic activity. Overall, amateur sports industry stakeholders are satisfied with the foundation's programs and grant application process and believe that the foundation's assistance is important to the success of sporting events in their regions. The foundation reported that since OPPAGA's prior report, it has added a new staff position and offered opportunities for industry partners to purchase the economic impact calculator as needed to address prior concerns.

The foundation met contractual requirements and most performance standards

The foundation's contract with the Department of Economic Opportunity during the review period contained a number of monthly and quarterly deliverables and outlined minimum levels of service required. These requirements include

- awarding at least four grants to Florida industry partners per quarter;
- hosting and promoting the Florida Senior Games and the Sunshine State Games; and
- reporting on economic impact and attendance for the grants and events.

DEO provided documentation showing that the foundation met its minimum contractual requirements for all months during the review period. Furthermore, the foundation reported that from Fiscal Year 2019-20 to Fiscal Year 2021-22, it executed several strategic marketing activities to promote the sports industry in Florida, including, but not limited to, social media campaigns; public speaking engagements, roundtable discussions, and workshops at national and international industry conferences; and email newsletters.

Additionally, the foundation's contract with DEO specified performance standards for economic impact and attendance for both the Florida Senior Games and Florida Sunshine State Games as well as for Regional and Major Sporting Events Grants.[46] The foundation generally met these performance standards from Fiscal Year 2019-20 to Fiscal Year 2021-22. (See Exhibit 3-6.) Post-event economic reports provided by the foundation estimate that these regional and major sporting events contributed to attracting over 2.5 million out-of-state visitors. The foundation estimated that these visitors generated a total out-of-state economic impact of approximately $1.8 billion over the three-year review period. Furthermore, the reported economic activity generated by Sunshine State and Senior Games event participants and spectators increased from $4.8 million in Fiscal Year 2019-20 to $9.7 million in Fiscal Year 2021-22. The foundation reported that this increase was the result of a new impact calculator, introduced in Fiscal Year 2020-21, which includes a multiplier for youth sports that captures the additional impact of family members who typically are in attendance at youth sporting events.

However, the foundation did not meet the attendance and economic impact performance standards for the Florida Senior Games and Florida Sunshine State Games for Fiscal Year 2019-20; the foundation reported that this was due to the COVID-19 pandemic and the resulting quarantine measures. As a

[46] Other major events that occurred during the review period include the Formula 1 Miami Grand Prix 2022, the NFL Pro Bowl 2020, and the 2022 Special Olympics USA Games.

result of the pandemic, the foundation reduced its economic impact and attendance standards for the Florida Senior Games and Florida Sunshine State Games for Fiscal Years 2020-21 and 2021-22.[47] Subsequently, the foundation met both performance standards for those events for Fiscal Years 2020-21 and 2021-22.

Exhibit 3-6
The Foundation Generally Met Performance Standards From Fiscal Year 2019-20 to Fiscal Year 2021-22

	Fiscal Years			
Performance Measures	2019-20	2020-21	2021-22	Total
Florida Senior Games and Florida Sunshine State Games (In-State)				
Economic impact to communities	**$4,822,839**	**$8,456,896**	**$9,715,694**	**$22,995,429**
Performance Standard	$7,000,000	$5,000,000	$5,000,000	$17,000,000
Number of attendees	**24,417**	**26,560**	**25,493**	**76,470**
Performance Standard	40,000	10,000	10,000	60,000
Regional and Major Sporting Event Grants (Out-of-State)				
Economic impact to communities	**$655,398,357**	**$645,252,010**	**$535,088,650**	**$1,835,739,017**
Performance Standard	$200,000,000	$100,000,000	$100,000,000	$400,000,000
Number of attendees	**466,120**	**795,179**	**1,288,168**	**2,549,467**
Performance Standard	300,000	150,000	150,000	600,000

Source: Florida Sports Foundation.

During the review period, the foundation awarded 383 grants totaling $5.9 million

When awarding grants, the foundation prioritizes out-of-state visitor economic impact, return on investment, community financial support, and promotion of the state. The foundation disburses awards as a reimbursement after receiving documentation of all grant agreement requirements and ensuring all conditions have been met; documentation must include information on the number of attendees and accommodation room nights. The foundation pays awarded grants in full, if the event meets estimated impact or return on investment requirements.[48] For Major and Regional Grants, if the final economic impact is less than 80% of the projected impact but still exceeds a $500,000 threshold, the foundation will prorate the award. During the review period, the foundation reduced the award amount for 69 of 383 Major and Regional Grant events.

From Fiscal Year 2019-20 to Fiscal Year 2021-22, the foundation awarded $5.9 million in grants for 383 events. Four grantees received 45% of the funding for major and regional grants awarded—Tampa Bay Sports Commission, Greater Miami Convention and Visitors Bureau, Greater Orlando Sports Commission, and Palm Beach County Sports Commission. The Tampa Bay Sports Commission received the most grant funds during this period, at a total of $918,421. (See Exhibit 3-7.)

[47] The foundation did not increase the attendance and economic impact performance standards for Fiscal Year 2022-23. However, the foundation reported the pending Fiscal Year 2023-24 agreement includes a proposed increase.
[48] Events awarded a Major and Regional Grant must generate at least 80% of the applicant's estimated impact or remain above an ROI of at least $150:1 to receive the full award. Events awarded a Small Market Grant must remain above an ROI of at least $100:1 to receive the full award.

Exhibit 3-7
From Fiscal Year 2019-20 to Fiscal Year 2021-22, Florida Sports Foundation Provided $5.9 Million in Grants

	Number of Grants Awarded by Fiscal Year				
Grant Recipient	2019-20	2020-21	2021-22	Total Grants	Total Amount Awarded
Tampa Bay Sports Commission	6	4	12	22	$918,421
Greater Miami Convention and Visitors Bureau	3	3	7	13	642,949
Greater Orlando Sports Commission	5	8	14	27	572,041
Palm Beach County Sports Commission	9	12	20	41	556,310
Kissimmee Sports Commission	5	13	26	44	432,103
Broward County Sports Development	0	0	3	3	307,733
Florida Citrus Sports and Events, Inc.	1	0	0	1	300,000
Pensacola Sports	3	7	7	17	289,355
Manatee County, a political subdivision of the State of Florida	3	6	3	12	228,724
Sarasota County Sports Commission	5	5	8	18	217,532
Treasure Coast Sports Commission	7	8	13	28	159,646
Experience Florida's Sports Coast	7	16	11	34	151,228
Ocala/Marion County Visitors and Convention Bureau	4	4	5	13	146,193
Visit Orlando Sports	3	2	0	5	138,777
Lee County Sports Development	1	2	2	5	120,460
Panama City Beach Convention and Visitors Bureau	1	1	1	3	113,714
Florida's Space Coast Office of Tourism	1	8	7	16	112,697
Punta Gorda / Englewood Beach VCB / Charlotte County	5	7	5	17	97,046
Visit Jacksonville	0	2	2	4	86,826
Polk County, a political subdivision of the State of Florida	3	5	4	12	70,373
Gainesville Sports Commission	3	3	11	17	57,041
Lake County, a political subdivision of the State of Florida	0	0	3	3	46,153
St. Petersburg/Clearwater Sports and Events	2	1	2	5	45,661
Highlands County EDC	0	5	7	12	44,818
Orange Bowl Committee	1	0	0	1	25,000
Tallahassee Sports Council	0	3	0	3	15,000
Clay County Board of County Commissioners Tourism	0	2	1	3	10,963
St. Augustine, Ponte Vedra and the Beaches Visitors & Convention Bureau	0	0	3	3	4,784
Columbia County Sports Commission	1	0	0	1	1,500
Total	**79**	**127**	**177**	**383**	**$5,913,049**

Source: Florida Sports Foundation.

During the review period, most grant activity took place in Fiscal Year 2021-22—46% of total grant awards (177 awards) and 50% of total funding ($3 million). Most of this activity was major grants. From Fiscal Year 2019-20 to Fiscal Year 2021-22, the foundation awarded 93% ($5.5 million) of total grant funding to major grants. Small Market Grant recipients received 6% ($381,297) of total grant funding, and the foundation awarded a total of $26,500 to four Sports Industry Conference Assistance grant recipients.

Industry partners are generally satisfied with the foundation's services; stakeholders suggest improvements to communication with partners

Partners seek not only grants, but also a variety of other services from the Florida Sports Foundation. During the review period, the foundation added six partnership opportunities.[49] OPPAGA surveyed 44 foundation partners to determine the nature of their interactions and satisfaction with the foundation. Of the seven survey respondents, most reported that they were satisfied with most of the foundation's partner services.

All seven survey respondents reported that the foundation's assistance is very important, important, or somewhat important to the success of sporting events in their regions. When asked how significant the effect would have been to their organization if the foundation's services had not been available, a few partners reported that there would be a significant negative effect. All seven respondents reported that their organization plans to renew its partnership with the foundation in the upcoming fiscal year. However, some respondents reported that the foundation could improve communication related to assistance with local efforts or legislative issues.

The foundation made changes to the grant administration process and addressed stakeholder concerns from OPPAGA's previous review

As noted above, the Florida Sports Foundation uses economic impact information to evaluate grant applications. In July 2020, the foundation began allowing in-state economic impact to be included for consideration of grant funding to adjust to the changing demands of sports tourism during the COVID-19 pandemic. Previously, only out-of-state economic impact was included. The foundation reported that this change allowed more events to qualify for grant awards.

During the review period, the foundation also implemented electronic processing for required grant documentation. Applications are submitted through the main grant portal, accessible via the foundation website, and all applications, award letters, and contracts can now be signed electronically through DocuSign. The foundation reported that these changes have improved processing efficiencies and record keeping, resulting in faster payout. Additionally, the foundation sends out grant deadline reminders more frequently than in the past.

Further, the foundation reported addressing prior industry partner concerns that the online, in-house application and reporting process was not centralized to provide one login to each organization to access all grant applications in process. The foundation uses Salesforce software to manage this process. The foundation reported exploring options to purchase additional Salesforce licenses so each partner could easily access collective information online; however, the foundation found that the cost for individual Salesforce licenses was not sustainable over the long-term. Instead, the foundation added a new staff position with access to the Salesforce license and data owned by the foundation. This new staff member offers one-on-one support to partners to facilitate the grant process by providing assistance with grant applications, processes, and post-event reports. The foundation reported that staff members are open to exploring new solutions if such solutions are accessible and within the foundation's budget.

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[49] The foundation's six partnership levels include industry partners, service partners, concierge partners, and three types of event partners. Industry partners can apply for foundation grants while service partners mainly benefit from invitations to the Florida Sports Summit and roundtables. Event partners can sponsor foundation events at three levels.

The foundation also addressed prior industry partner concerns that the economic impact calculator was not accessible to applicants before applying for a grant to estimate the potential grant amount partners could receive. Because the foundation determined that allowing unrestricted partner access to the calculator would violate the proprietary ownership of the calculator developer, Destinations International, the foundation partnered with a sports trade association to offer opportunities for industry partners to purchase an annual subscription to the calculator.[50] When asked to rate their satisfaction with the sports economic impact calculator, a few partners responding to OPPAGA's survey reported that they were satisfied, and other partners reported that they were neither satisfied nor dissatisfied.

FLORIDA PROFESSIONAL SPORTS INCENTIVES

Background

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, nonprofit organizations, and for-profit entities may apply to these programs. However, a unit of local government must be responsible for the construction, management, or operation of the professional sports franchise facility or hold title to the property on which the professional sports franchise facility is located. The Department of Economic Opportunity is responsible for screening and certifying applicants for state funding.

Historically, these facilities included professional sports venues, Major League Baseball spring training facilities, and other facilities specified in statute. However, Ch. 2023-179, *Laws of Florida*, repealed provisions related to several facilities: the Motorsports Entertainment Complex, the Professional Golf Hall of Fame, and the International Game Fish Association World Center Facility.[51] The Motorsports Entertainment Complex and the International Game Fish Association World Center facilities were not certified during the review period, so related performance information is not presented in this review.

Certification and Funding

Certification criteria for applicants vary by type of facility and include minimum annual attendance requirements or being located in a county that levies a tourism development tax. (See Appendix B for information on the certification criteria.) The state provides funding for 23 professional sports facilities. (See Exhibit 3-8.)

[50] The foundation reports that Destinations International (DI) is widely accepted throughout the industry as the leader in data calculation for the tourism industry. The foundation's contract with DI is solely for use of the calculator for the foundation's grant application process. The price of the annual subscription for the calculator varies by industry partner. Sports ETA, a non-profit trade association, and DI establish the price of the annual subscription with the partner's annual operating budget taken into consideration. The cost to the foundation for use of the calculator is $2,570.

[51] The law authorizes continuation of payments for existing related commitments.

Exhibit 3-8
Several Programs Allow for State Funding of 23 Certified Professional Sports Facilities

Program[1]	Certified Facilities as of April 20, 2023	Certifying Statute	Year Program Created	Funding Purpose
Professional Sports	8	s. 288.1162, *F.S.*	1988	New or retained professional sports facilities
Spring Training	6	s. 288.1162, *F.S.*	1988	New or retained professional sports facilities[2]
	1	s. 288.11621, *F.S.*	2010	New spring training facilities
	7	s. 288.11631, *F.S.*	2013	Retention of spring training facilities
Professional Golf Hall of Fame	1	s. 288.1169, *F.S.*	1993	Construction or renovation of the golf hall of fame facility in the state
TOTAL	**23**			

[1] Motorsports facilities and the International Game Fish Association (IGFA) World Center are not included in the exhibit because these programs did not have certified facilities during the review period. The IGFA World Center received state funds from March 2000 to February 2014. The Professional Golf Hall of Fame received its last payment in June 2023.
[2] The six spring training facilities certified under s. 288.1162, *F.S.*, listed in the exhibit includes the City of Dunedin's 2001 certification. However, the City of Dunedin received its last payment under s. 288.1162, *F.S.*, in February 2023.

Source: OPPAGA analysis of Department of Economic Opportunity data.

Twenty-two of the 23 entities are currently certified to receive this state funding as professional sports and spring training facilities; these entities represent 21 teams.[52] Of the teams represented, 15 are spring training franchises and 8 are professional sports franchises.[53] The certification for funding is tied to the facility; if the professional sports franchise or spring training team moves to a different facility, the original facility continues to receive the funding.[54] Since 1994, state funding has been allocated for the construction or renovation of 8 professional sports facilities and 13 spring training facilities.[55,56]

Statutory Requirements

State-funded sports facilities are subject to a variety of statutory requirements. For example, all facilities must provide facility management and concession opportunities for minority businesses. In addition, professional sports franchises must cooperate with the county to provide shelter services for the homeless at facilities during emergencies.[57] The provisions also include annual reporting requirements for spring training franchises.

MLB spring training facilities that have been certified for state funding are required to submit annual reports to DEO. Reporting requirements include a copy of the most recent annual audit; a detailed report of all local and state funds expended to date; a copy of the contract between the certified local government entity and the spring training team or franchise; a cost-benefit analysis of the team's impact on the community; and evidence that the certified applicant continues to meet

[52] The Professional Golf Hall of Fame is not included in the 21 teams.
[53] Two teams are associated with two different certified entities as both a professional sports franchise and a spring training franchise.
[54] DEO annual reports indicate no change in teams during the review period.
[55] Each professional sports franchise facility may only be certified once.
[56] The certification is tied to the facility and certified entity rather than the team. During the review period, no entities discontinued certification, left the state, or changed certified entities.
[57] Spring training franchises are not subject to this requirement.

certification criteria.[58] Each year, the Department of Economic Opportunity is required to publish the annual reports of entities certified to receive funding for MLB spring training facilities.[59]

Facilities supported with state funds are subject to requirements related to homeless shelters as well as concessions, facility management, and facility operations contracts. Section 288.1166, *Florida Statutes*, requires any professional sports facility constructed using state funds to be designated as a shelter site for the homeless in accordance with the criteria of locally existing homeless shelter programs.[60] In addition, s. 288.1167, *Florida Statutes*, requires any applicant who receives funding pursuant to the provisions of s. 212.20, *Florida Statutes*, to demonstrate that a certain percentage of food and beverage and related concessions contracts as well as facility management and operational service contracts are awarded to minority business enterprises.

Findings

Professional sports facilities received consistent monthly payments during the review period. Entities receiving state funding for facilities reported that the funding is very important for the overall operation of professional sports franchise facilities and reported that loss of funding would lead to an inability to make debt payments on bonds, finance necessary construction or renovations, and/or maintain professional sports team agreements. Most certified entities and franchises reported that affiliated sports franchises manage compliance with some statutory requirements; however, no entity ensures compliance with these requirements.

Professional sports franchises value state funding for facilities; additional accountability mechanisms are needed to ensure compliance with statutory requirements

Payments for professional sports facilities remained constant during the review period. The Florida Department of Revenue (DOR) distributes state funding for professional sports facility construction or renovation to certified entities according to statutorily established schedules. For example, for a period of up to 30 years, DOR distributes $166,667 monthly ($2 million annually) to entities certified as new or retained professional sports franchises. New or retained Major League Baseball teams receive a different payment. (See Exhibit 3-9.)

[58] Sections 288.11621(4) and 288.11631(4), *F.S.*
[59] Section 288.11631(4)(b), *F.S.*
[60] Exceptions to the requirement include 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.

Exhibit 3-9
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
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 (5)	$83,333	$999,996	20
Major League Baseball Spring Training Franchises (7)	$41,667	$500,004	30

Source: Department of Revenue.

From 1994 to June 30, 2022, cumulative payments for professional sports facilities totaled approximately $517 million. During the three-year review period, payments totaled $79.5 million, with annual payments remaining constant at approximately $26.5 million per year. (See Exhibit 3-10.) No teams received new certifications during the review period. In Fiscal Year 2022-23, the leases for one spring training facility and one professional sports facility expired; the spring training facility received its final payment in February 2023 and the professional sports facility received its final payment in June 2023.[61] (See Appendix B for information about payment schedules and lease terms for individual teams.)

Exhibit 3-10
Payments for Professional Sports Facilities Remained Constant From Fiscal Year 2019-20 to Fiscal Year 2021-22

Facility Type	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Review Period Total
Professional Sports Facilities	$16,000,032	$16,000,032	$16,000,032	$48,000,096
Spring Training Facilities	10,500,012	10,500,012	10,500,012	31,500,036
Total	**$26,500,044**	**$26,500,044**	**$26,500,044**	**$79,500,132**[1]

[1] This does not include payments for the Professional Golf Hall of Fame facility, which received payments totaling $6 million during the review period, or the International Game Fish Association World Center, which did not receive payments during the review period.

Source: Department of Revenue data.

Certified entities reported that state funding is very important to the overall operation of professional sports facilities. To assess the perceived value of state facility incentives and to learn about facility activities, OPPAGA surveyed representatives of certified entities—organizations or local governments that apply on behalf of sports franchise facilities and receive state funding.[62] All seven of the certified entity respondents reported that facility certification funding is very important to the operation of the professional sports franchise facilities in their regions. Entity representatives reported that the funding is important for construction or renovations, debt payments on bonds, and fulfilling contractual obligations to teams. Further, respondents reported that loss of funding would lead to an inability to make debt payments on bonds, finance necessary construction or renovations, and/or to maintain professional sports team agreements.

[61] The City of Dunedin received its final payment under s. 288.1162, *F.S.,* in February 2023, but was subsequently certified under s. 288.11631, *F.S.* and began receiving payments in September 2018.
[62] OPPAGA surveyed all 20 certified entities representing the currently operating state-funded professional sports franchise facilities; 7 responded, for a response rate of 35%.

Certified entities reported that affiliated sports franchises manage compliance with some statutory requirements; however, no entity ensures statutory compliance. OPPAGA also surveyed the certified entities that receive facility payments on behalf of the sports franchises about compliance with statutory requirements. Only one survey respondent reported that there is an arrangement in place to use the facility as an emergency shelter and staging area for emergency equipment and vehicles for response to federal, state, and local emergencies and provided documentation of this designation.

Of the six respondents that answered questions about compliance with providing contract opportunities for minority businesses, most reported that the affiliated sports franchises generally manage food and beverage and related concessions contracts or awards. Most survey respondents also reported that the affiliated sports franchise handles facility management and operational services contracts. However, only one respondent provided requested documentation of contracts awarded to minority businesses.

State law does not designate an entity to oversee compliance with the homeless shelter and minority business statutory provisions, and information provided by certified entities is not verified. In each year of the review period, DEO published its annual report containing information from the spring training facilities about funding use. In these reports, spring training facilities are required to include

- a detailed accounting of all local and state funds expended;
- a copy of the contract between the certified local governmental entity and the franchise;
- a cost-benefit analysis of the team's impact on the community; and
- evidence that the certified applicant continues to meet the criteria in effect when the applicant was certified.

During the review period, only three certified entities included information on franchise compliance with the minority business contracting requirements in the annual reports; one included information on franchise compliance with the homeless shelter provision. Including this information in these reports is not explicitly required in state law, and other types of certified professional sports franchises, such as the Professional Golf Hall of Fame, were not subject to annual reporting requirements under ss. 288.11621 and 288.11631, *Florida Statutes*.

Further, the certified entities are responsible for providing accurate and sufficient information, but this information is not corroborated. DEO cannot attest to the accuracy or guarantee completeness of the cost-benefit information in the reports, nor is the department required by statute to conduct compliance activities of certified entities with respect to these provisions. Therefore, the level of compliance with the homeless shelter and minority business provisions is currently unverified. To address this issue, the Legislature could consider establishing an oversight function or specific reporting requirement and assigning that to a state entity. Such an entity could review whether or how professional sports franchises meet those statutory requirements.

APPENDIX A

Selected Sports Industry Analyses

Location Quotient Analysis

OPPAGA compared Florida to Arizona, California, New York, and Texas usinglocation quotients to quantify how concentrated a particular sports sector is in the state compared to other competing states and the nation. A location quotient is computed as the statewide share of employees in an industry divided by the national share of employees in the same industry. A location quotient exceeding 1.0 indicates that state concentration of industry employment is higher than the national average. A positive percent change in location quotient indicates that the state's industry is growing faster than the national average growth.

In 2022, Florida retained an advantage over its competitor states with a location quotient of 1.20, or 20% above the national average.[63] (See Exhibit A-1.) However, a -8.7% change in location quotient from 2013 to 2022 indicates that Florida's sports industry concentration relative to the nation declined, and at a greater rate than in Arizona, California, and Texas.

Exhibit A-1
Sport Industry Employment Growth in Florida, California, and Arizona Was Less Than National Growth From 2013 to 2022

State	Location Quotient (2022)	Change in Location Quotient (2013 to 2022)
Texas	0.86	12.2%
Arizona	1.10	-3.3%
California	0.94	-7.5%
Florida	**1.20**	**-8.7%**
New York	0.89	-9.1%

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

Shift-Share Analysis

To assess whether the employment changes were attributable to the national economy, state competitiveness, or the industry itself, OPPAGA conducted a shift-share analysis. The shift-share represents how much of the employment growth or decline in a state's industry was due to the national economy, the employment trend within the particular industry, and the state's competitive advantage in this industry. Shift-share is composed of three components, and the change in employment between two years (e.g., from 2013 to 2022) equal to the sum of the components.

- National Growth Share is the change in regional employment attributable to the growth of the overall national economy. If the national economy is growing, then one may expect to see a positive change in each industry in the state.
- Industry Mix Share is the change in employment in the state's industry, in relation to the industry's national growth (or decline).
- Competitive Share represents the performance of the regional industry compared to the industry national average and to the national economy. A positive competitive share indicates the state

[63] The competitor states are Arizona, California, New York, and Texas.

industry is growing beyond the expected national rate and industry trends. This gain suggests the state industry is more competitive in acquiring jobs than the national average. A state's competitive share can be generated by factors such as geography, legislation, regulation, population characteristics, or natural resources.

Results of the shift-share analysis show that Florida's sports industry employment grew from 2013 to 2022. (See Exhibit A-2.) The growth is mostly attributable to growth in the national economy, followed by growth of the national sports industry and the state's competitive share. Additionally,

- sports industries in Florida and competitor states were positively impacted by growth in the national economy;
- overall growth in the sports industries nationwide contributed to the growth of the sports industries in Florida and competitor states; and
- total sports industries in Texas, Florida, and Arizona experienced employment growth because of the states' competitive share (advantage) in this industry.

Exhibit A-2
Florida's Employment Grew and the State Had a Competitive Advantage for the Sports Industry From 2013 to 2022

State	Industry Employment (2022)	Industry Employment Change (2013 to 2022)	National Growth Share	Industry Mix Share	Competitive Share
Texas	146,885	43,510	14,391	4,075	25,044
Florida	**150,986**	**26,112**	**17,384**	**4,922**	**3,806**
Arizona	44,579	9,675	4,859	1,376	3,440
California	218,909	24,827	27,018	7,650	-9,841
New York	105,782	1,584	14,505	4,107	-17,029

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

APPENDIX B

Professional Sports Facility Certification Criteria

Exhibit B-1
The Certification Criteria for Professional Sports Facilities Varies By Type of Sports Facility

<table>
<tr><th>Type of Professional Sports Facility</th><th>Certification Criteria</th></tr>
<tr><td>Major League Baseball Spring Training Facilities</td><td>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, or renovation of facilities.
The applicant demonstrates the franchise will attract a paid attendance of at least 50,000 annually.
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, including
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;
net increase of total active recreation space owned by the applicant; and
location of the facility in a brownfield, enterprise zone, community redevelopment area, or other area of targeted development or revitalization.</td></tr>
<tr><td>Facilities for New or Retained Professional Sports Franchises</td><td>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 Department of Economic Opportunity (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 revenues generated by taxes will equal or 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.</td></tr>
</table>

Type of Professional Sports Facility	Certification Criteria

Retention of Major League Baseball Spring Training Franchises	• 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. In addition, 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, including
	    ○ 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; and
	    ○ location of the facility in a brownfield, enterprise zone, community redevelopment area, or other area of targeted development or revitalization.

Source: Sections 288.11621, 288.1162, and 288.11631, *F.S.*

Chapter 4: Space Florida

BACKGROUND

Florida's role in space exploration originated in 1949 and includes the first manned moon landing in history with the Apollo 11 mission launching from Cape Canaveral. Today, Florida's aerospace industry still includes rocket launching and landing at Cape Canaveral, but it has diversified to include jet and rocket engine manufacturing and satellite development and deployment.

Space Industry Analysis

OPPAGA conducted economic analyses of a few aerospace industries over the previous decade (2011 to 2020) to provide context on how Florida is performing relative to the national economy and to four competitor states: Alabama, California, Texas, and Virginia.[64] OPPAGA compared common industry codes classified by the North American Industry Classification System to determine Florida's aerospace and defense industry employment growth.[65] In one analysis, OPPAGA used the Aerospace Product and Parts Manufacturing industry code to compare all five states. In another, OPPAGA included additional related aerospace and defense industry codes, but data constraints limited the analysis to California, Florida, and Texas. (See Appendix A for additional details about these industry analyses.)

Florida's aerospace and defense industry employment increased in the last decade, outperforming other comparison states. From 2011 to 2020, Florida's industry employment growth in aerospace product and parts manufacturing was positive and the highest of the comparison states as well as the nation. During the 10-year period, Florida's aerospace product and parts manufacturing sector grew by 7,781 employees (41%). When including other related aerospace industries in the 10-year analysis, California and Texas experienced declines in employment, while Florida's industry employment increased by 11,728 employees, a 26% increase from 2011 to 2020. (See Exhibit 4-1.)

Exhibit 4-1
Florida's Employment Growth From 2011 to 2020 in Selected Aerospace Industries Was Higher Than Other Comparison States and the Nation

	Change in Employment From Calendar Year 2011 to 2020	
State	Aerospace Products and Parts Manufacturing	Aerospace and Defense Industry[1]
Florida	**41%**	**26%**
Virginia	28%	
California	7%	-4%
Texas	1%	-6%
Alabama	-4%	
United States	5%	1%

[1] Alabama and Virginia did not disclose data for some industry codes and are excluded from the industry analysis.

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

[64] OPPAGA selected these states because compared to other states, they had higher reported aerospace industry revenues or a higher proportion of aerospace engineers.

[65] The North American Industry Classification System is the standard used by federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. economy. Employment figures are from the U.S. Department of Labor's Bureau of Labor Statistics. The industry examples OPPAGA selected do not encompass all industries related to space.

Space Florida

Prior to 2006, Florida had three separate state space entities representing the first state space entities in the country: the Florida Space Authority, the Florida Space Research Institute, and the Florida Aerospace Finance Corporation. The 2006 Legislature enacted the Space Florida Act, consolidating the three entities into Space Florida and designating it as the single point of contact for federal agencies, the military, state agencies, businesses, and aerospace partners.[66] During the review period, Space Florida had a partnership with Enterprise Florida, Inc. (EFI), whereby the entities collaborated to increase aerospace industry presence and employment in Florida and to provide financing to aerospace businesses. However, Ch. 2023-173, *Laws of Florida*, eliminated EFI and transferred all duties, functions, and administrative authority to the Department of Economic Opportunity (DEO).[67] As EFI was operating during the review period, it is referred to throughout the report.

Space Florida conducts a range of activities and is statutorily required to collaborate with several entities to grow Florida's space industry. The Legislature established Space Florida to develop a sustainable, world-leading aerospace industry in the state, including promoting aerospace business development.[68] Space Florida is an independent special district, a body politic and corporate, and a subdivision of the state.[69] The organization is governed by a board of directors, which meets at least four times per year.

Space Florida's primary activities are promoting business development in the aerospace industry by facilitating business financing, spaceport operations, research and development, workforce development, and innovative education programs. Space Florida facilitates access to capital and supports research and development opportunities that target industry growth. Because Space Florida has tax-exempt status, businesses seeking access to capital for the construction of space facilities through bonds may do so at a reduced tax burden.

In addition, Ch. 331, *Florida Statutes*, requires Space Florida to partner with CareerSource Florida, Inc.; Enterprise Florida, Inc.; the Department of Education (FDOE); and the Department of Transportation (FDOT) in executing its fundamental duties.[70,71] (See Appendix B for details about these partnerships.) Space Florida has memorandums of understanding (MOU) with these entities. The MOUs outline the roles, responsibilities, and shared duties of Space Florida and its partners and include the following goals for each partner.

- CareerSource Florida: Develop higher education training programs geared toward aerospace employment
- Enterprise Florida, Inc.: Improve Florida's economy and develop, attract, and retain aerospace industry entities
- FDOE: Advance science, technology, engineering, and math (STEM)-oriented workforce, educational, and research opportunities

[66] Chapter 2006-60, Laws of Florida.
[67] The law also changed the name of the Department of Economic Opportunity to the Department of Commerce; Space Florida now works directly with that department.
[68] Originally, space exploration was solely federally funded, but the industry has since transitioned to commercial funding options.
[69] Section 331.302(1), *F.S.*
[70] CareerSource Florida is a hybrid organization composed of both business and government leaders tasked with guiding workforce development in Florida.
[71] Chapter 331, *F.S.*

- FDOT: Manage and deploy the Spaceport Improvement Program to develop spaceport transportation and system plans; and fund spaceport infrastructure

Recent legislation changed qualification criteria for Space Florida board members and added recordkeeping and reporting requirements for Space Florida operations. The Legislature passed Ch. 2023-200, *Laws of Florida*, directing Space Florida to increase public private collaboration, enhance transparency, and make changes to the organization's board of directors. Originally, Space Florida's board had 13 members consisting of the Governor and EFI board members who were appointed by the Governor, the President of the Senate, and the Speaker of the House of Representatives. The new law requires that Space Florida's board consist of 12 members, to include the Governor, who will serve ex officio or appoint a designee to serve, and three non-voting members. The non-voting members are appointed by the Governor, confirmed by the Senate, and include a representative from the Jacksonville Aviation Authority, a representative from the Titusville-Cocoa Airport Authority, and an employee or official of a port district or port authority. Voting members include the Secretary of Transportation or a designee and seven appointed members. The Governor will appoint five of the seven members to be confirmed by the Senate, the President of the Senate will appoint one member, and the Speaker of the House of Representatives will appoint one member. Members appointed by the Governor must reflect the state's interests in the aerospace sector or have at least five years of aerospace industry, bond financing facilities/operations experience or academic experience in related sciences.

Chapter 2023-200, *Laws of Florida,* also requires Space Florida to engage in a number of accountability activities. This includes soliciting input on its plans and activities from the aerospace industry, private sector spaceport territory stakeholders, each entity that owns or has ownership interest in a facility within spaceport territory, and other political subdivisions within spaceport territory. In addition, the legislation requires that Space Florida keep certain travel and entertainment expenditure records and assess its contracts with service organizations. The legislation also requires Space Florida to include additional information, such as operations and accomplishments during the fiscal year and the amount and sources of capital investment, in its annual report to the Department of Commerce.

During the review period, state general revenue was Space Florida's primary funding source. On average, state funds comprised 77% of all Space Florida revenues from Fiscal Year 2019-20 through Fiscal Year 2021-22. The Legislature's annual appropriation accounts for the majority of Space Florida's annual revenues and fluctuated between representing 72% of Space Florida's yearly budget in Fiscal Year 2019-20 and 81% in Fiscal Year 2020-21. OPPAGA reviewed Space Florida's yearly budgets to assess the amount and use of revenues for the organization's operations. In each of the three Space Florida fiscal years, $12.5 million total was appropriated to Space Florida from the State Economic Enhancement and Development Trust Fund.[72] From this appropriation, $1.0 million was allocated for collaborative activities between Space Florida and the State of Israel through an established MOU and is not used by Space Florida for its operations. Other revenue reported by Space Florida includes lease revenue, administrative fees, interest income, franchise fees, and other services such as IT provided to Space Florida tenants. Lease revenue from leased facilities accounts for the largest portion of other revenue each fiscal year. This revenue from other sources ranged over the review period from a low of $2.7 million in Fiscal Year 2020-21 to a high of $4.6 million in Fiscal Year

[72] Throughout this section, OPPAGA is referring to Space Florida's fiscal year. As an independent special district, s. 218.33(1), *F.S.*, defines Space Florida's fiscal year as beginning October 1 and ending September 30, which differs from the state fiscal year beginning the preceding July 1 and ending June 30.

2019-20. Total revenue was highest in Fiscal Year 2019-20 at $16.1 million and lowest in Fiscal Year 2020-21 at $14.2 million. (See Exhibit 4-2.)

Exhibit 4-2
Space Florida Annual Operational Revenues Declined During the Review Period

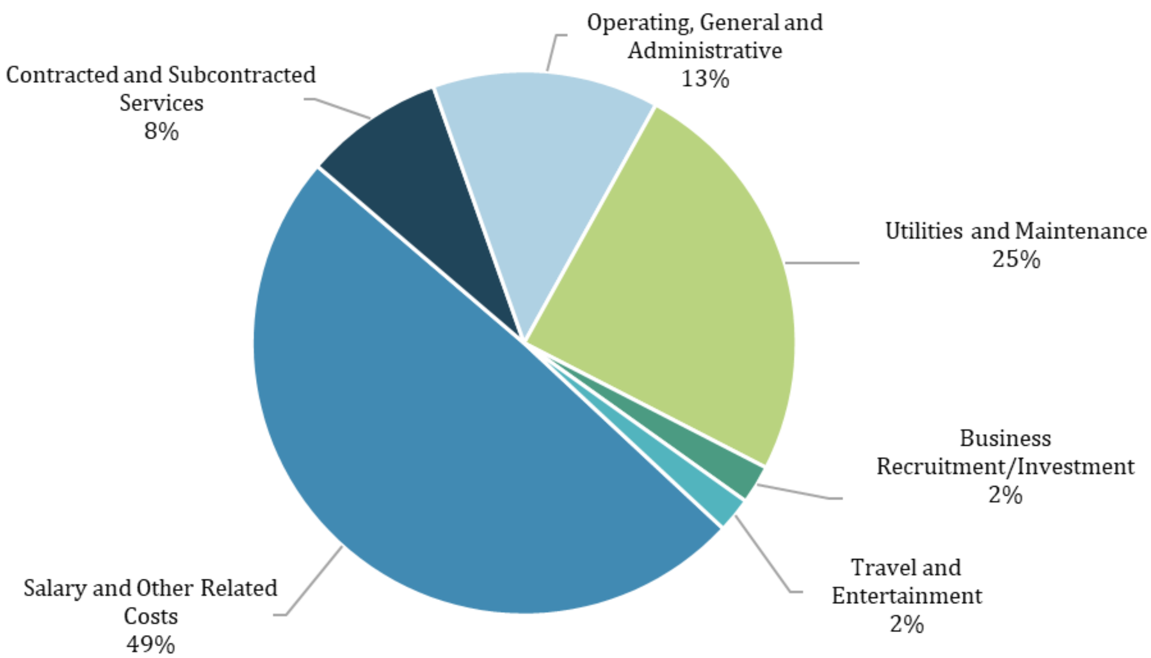
Operating Revenue Category	Fiscal Year[1] 2019-20	2020-21	2021-22
State Economic Enhancement and Development Trust Fund	$11,500,000	$11,500,000	$11,500,000
Other	$4,559,000	$2,740,000	$3,030,000
Total	**$16,059,000**	**$14,240,000**	**$14,530,000**

[1] All fiscal years refer to the Space Florida's fiscal year, which, as a special district or local fiscal year, runs from October 1 to September 30. Trust fund allocations were effective the preceding July.

Source: OPPAGA analysis of Space Florida budget statements.

Salary-related costs and utility and maintenance expenses accounted for most of Space Florida's expenditures during the review period. During the review period, Space Florida expended the most funds on salaries (49%) and utility and maintenance costs (25%). (See Exhibit 4-3.) Although Space Florida combines utility and maintenance costs, facility maintenance and repairs account for more of the costs than utilities in this category. The Space Life Sciences Lab, a research and development facility managed by Space Florida and located in Brevard County, consumed the majority of the organization's utility, repair, and maintenance costs in each year of the review period. Space Florida intends for the facility, which hosts laboratory, office, and conference space, to serve as magnet for research and development companies.

Exhibit 4-3
On Average, Most of Space Florida's Costs Were for Personnel During the Review Period



Source: OPPAGA analysis of Space Florida yearly budgets for Fiscal Years 2019-20, 2020-21, and 2021-22.

During the review period staffing remained generally consistent. Space Florida's internal staffing levels remained generally stable during the review period. For Space Florida Fiscal Years 2019-20 and 2020-21, Space Florida employed 44 full-time equivalent (FTE) staff. For Fiscal Year 2021-22, staffing increased slightly to 47 FTE, with the organization adding positions to its operations and business development functions, and reducing administrative and marketing staff. More than any other category, Space Florida employed staff in administrative functions including accountants, assistants, and executive positions such as chief financial officer and president. (See Exhibit 4-4.)

Exhibit 4-4
Most Space Florida Staff Were Assigned to Administrative and Operations Functions

		Fiscal Year	
Expenditure Category	2019-20	2020-21	2021-22
Administrative	18	19	17
Business Development	9	8	11
Government Relations	5	5	4
Marketing	1	1	0
Operations	11	11	15
Total	**44**	**44**	**47**

Source: OPPAGA analysis of Space Florida staffing data.

FINDINGS

Space Florida collaborated with public and private entities to grow the state's aerospace industry, but partnership output and outcome data should be improved

Space Florida reported that during the review period, it established 40 documented partnerships with public, private, and nonprofit entities, including two agreements with international government agencies. Aerospace partners are eligible public or private entities that consider or request Spaceport Improvement Program funding for a proposed project. Space Florida reported that it enters into infrastructure funding agreements with FDOT on an individual project basis. Space Florida then uses these agreements to construct infrastructure and/or reimburse eligible infrastructure projects. As noted previously, some of these partnerships are statutorily required, notably, Space Florida's agreements with the FDOE, FDOT, EFI, and Career Source Florida, Inc., to fulfill its goals of promoting aerospace business development by facilitating business financing, spaceport operations, research and development, workforce development, and innovative education programs. (See Appendix B for a summary of the MOUs between Space Florida and the aforementioned statutorily required partners.)

Space Florida reported that most partnerships were cooperative activities, and other partnerships included spaceport-related activities. (See Exhibit 4-5.) The organization's cooperative activities include an assortment of partnerships, ranging from hosting charitable marathons to participating in venture capital conferences.

Exhibit 4-5
Space Florida Reported 40 Partnerships During the Review Period

Partnership Types	Fiscal Year 2019-20	2020-21	2021-22
Commercial Space Licenses With the Federal Aviation Office	1	1	
Cooperative Activities	8	4	4
Franchise Agreement		1	
Spaceport Master Planning and Financial Assistance Grant Efforts[1]	1	1	1
Spaceport Partnership Efforts	6	4	3
Statutory	1	1	3
Total	**17**	**12**	**11**

[1] Spaceport master planning and financial assistance grant partnerships refer to Space Florida's required, recurring MOU with FDOT.

Source: Space Florida partnership data.

During the review period, Space Florida leased and contracted out five facilities to partners and its infrastructure facilitated several commercial launches. Section 331.305, *Florida Statutes*, grants Space Florida the authority to acquire property, enter into contracted service arrangements, and be a lessor or lease property in executing projects for its purposes. Space Florida did not provide OPPAGA with a list of its owned properties, but the organization includes 13 facilities on its website and notes if facilities are presently occupied or available for occupancy. Of the listed facilities, six were partially vacant and available at the time of OPPAGA's review.

Space Florida is not the primary user of its owned facilities and does not own any land associated with undeveloped parcels. The organization has several master use agreements or master premise agreements (i.e., enhanced use leases, use permits, licenses, or ground leases) with the U.S. Air Force and National Aeronautics and Space Administration (NASA), as well as the State of Florida Armory Board and the City of Melbourne Airport Authority. It subleases the premises to third-party clients who are approved by the master premises-related party.

From Fiscal Year 2019-20 to Fiscal Year 2021-22, Space Florida reported procuring (i.e., gaining rights to use facilities not owned by Space Florida to sublease to commercial clients) or leasing facilities to five commercial and public partners. These are located in two counties.[73]

- Brevard County: Blue Origin, City of Melbourne Airport Authority, and U.S. Space Force
- Hillsborough County: CAE USA, Inc., and T.D. Bank

Space Florida also provided infrastructure for commercial launches at Cape Canaveral Spaceport during the review period. Spaceports are areas intended for public use or for the launching, takeoff, and landing of spacecraft and aircraft, including areas for spaceport buildings or other spaceport facilities. Florida statutes designate certain areas as spaceport territories such as Elgin Air Force Base, Cecil Spaceport, and Cape Canaveral Spaceport. Cape Canaveral Spaceport is federal property with portions of the property under the management of Space Florida, and includes facilities and properties within Kennedy Space Center and Cape Canaveral Space Force Station.[74] Property agreements with NASA and U.S. Space Force allow Space Florida to develop the land on the spaceport and to permit others to develop sites and projects on the property.

[73] For its own use, Space Florida entered into a lease agreement for Tallahassee office space during Fiscal Year 2019-20.
[74] Section 331.304, *F.S.*

Space Florida did not clearly present partnership outputs or outcomes in documentation provided to OPPAGA. Although many of its partnerships appear to be related to developing economic relationships, the specific services Space Florida provided to partners or results or products of those partnerships are not clearly presented in Space Florida's data. For example, outcomes for cooperative activities partnerships include "client development activities" or "cooperation in space" activities. These descriptions do not present the specific business services (e.g., capital financing), nor does the data present outputs (e.g., number of bond deals, dollar value of bonds issued). Moreover, these categories were not mutually exclusive. Specifically, spaceport partnerships efforts included the same types of activities as cooperative activities. However, OPPAGA identified additional details for some less frequent activities. For example, Space Florida has a partnership with the University of Central Florida known as the Florida Space Research Program. Space Florida reported that in Fiscal Year 2021-22, the partnership funded 14 space research and education grants to universities totaling over $300,000.

In addition, via its federal partnership, Space Florida coordinated with the U.S. Department of Transportation and NASA on a critical infrastructure effort including the construction of new bridges over the Indian River. Construction began in Fiscal Year 2021-22 after Space Florida was awarded federal grant funds. This initiative, a $126 million investment of state and federal funds, will provide access to Kennedy Space Center, Merritt Island, and Cape Canaveral from the City of Titusville.

While Space Florida collects a range of information related to its activities, it did not provide specific partnership activities to OPPAGA for all years of the review. OPPAGA recommends that the organization improve the consistency and specificity of its activity tracking as it considers how it will proceed with required reporting to the Department of Commerce. For example, the department tracks total capital investment required, total new jobs expected and confirmed, and projected economic benefit. Systemically tracking such information for its partnerships is necessary to readily demonstrate how public and private revenues are used in Space Florida partnerships and to consistently measure the results of its business services.

Space Florida met contractual performance expectations, but received mixed performance reviews from stakeholders

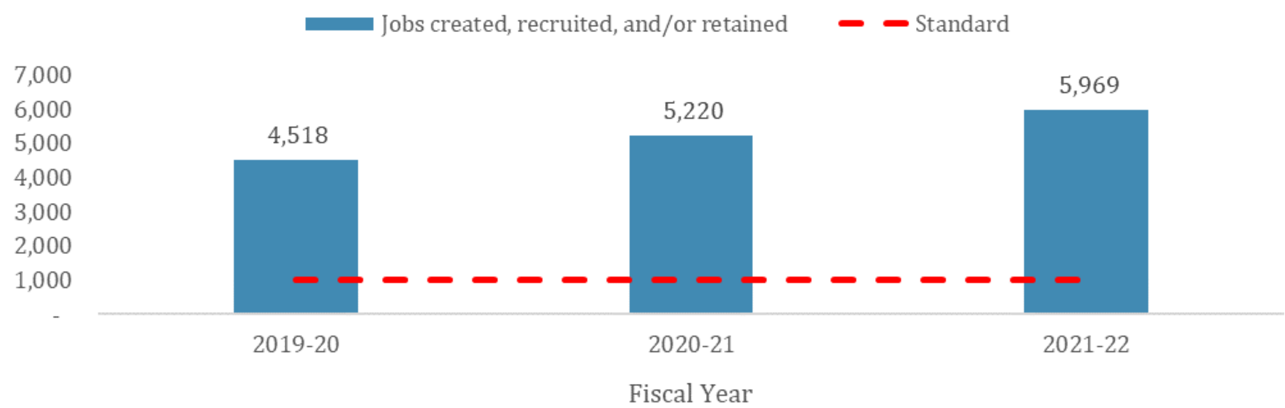
Space Florida met or exceeded annual contractual performance requirements during the review period. Under s. 20.60 (11), *Florida Statutes*, DEO is required to establish performance standards for Space Florida and annually report progress toward meeting those standards. In compliance with this requirement, Space Florida's contract with DEO specified several measures to annually evaluate the organization's performance.

- Create, recruit, and/or retain 1,000 jobs
- Recruit, retain, and/or expand 15 companies
- Support $2 million in funding for research projects, partnerships, and grants supported by Space Florida
- Support 30 research projects, partnerships, and grants
- Implement 15 strategies in the Florida Strategic Plan for Economic Development[75]

[75] As required in s. 20.60, *F.S.,* the Florida Strategic Plan for Economic Development defines goals, objectives, and strategies to guide Florida's economy.

Each year of the review period, Space Florida surpassed the contractual goal of creating, recruiting, and retaining 1,000 jobs. (See Exhibit 4-6.) Space Florida improved on this metric for each year reviewed.

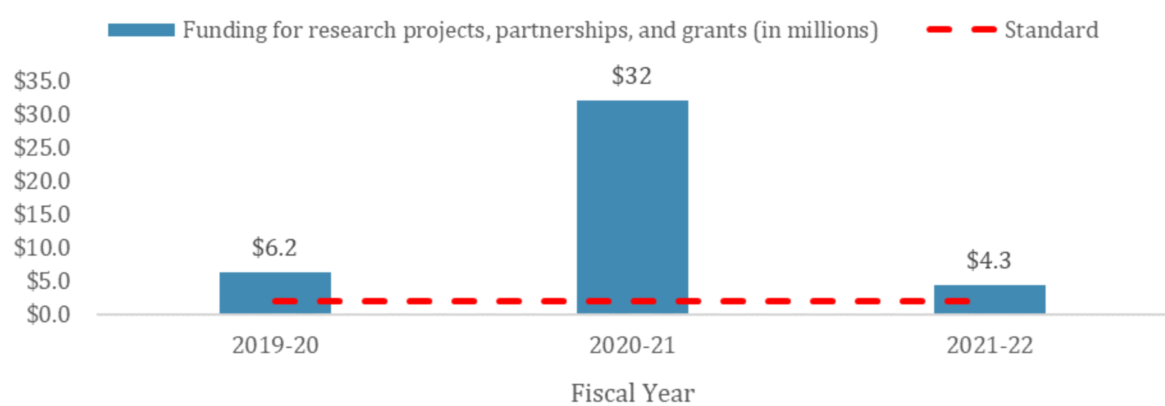
Exhibit 4-6
Space Florida Consistently Surpassed the Performance Standard for Number of Jobs Created, Recruited, or Retained During the Review Period



Source: OPPAGA analysis of space Florida annual performance reports.

Across all years of the review period, Space Florida also exceeded annual funding goals. The organization's contract with DEO required it to support $2 million in funding for 30 research projects, partnerships, and/or grants. Space Florida made 92 awards during the review period ranging from $4.3 to $32 million across each fiscal year, exceeding the performance standards. (See Exhibit 4-7.) For example, Space Florida used a multi-year, $10 million grant to partner with the United Launch Alliance, which contributed an additional $24.9 million to design and construct a new liquid oxygen system, liquefied natural gas system, liquid hydrogen system, Vulcan launch platform, and acoustic suppression water system. Two other Space Florida grants, a $4.8 million grant in Fiscal Year 2019-20 and a $17.1 million grant in Fiscal Year 2020-21, combined with a $24.9 million contribution from SpaceX, supported modifying a launch site to accommodate SpaceX's super heavy-lift launch vehicle.

Exhibit 4-7
Space Florida Funding for Research Projects, Partnerships, and Grants Fluctuated During the Review Period



Note: The increase between Fiscal Year 2019-20 and Fiscal Year 2020-21 is a result of three individual grant awards in partnership with two private firms that totaled over $30 million.

Source: OPPAGA analysis of Space Florida annual performance reports.

During the review period, Space Florida also met the two remaining annual contractual performance standards.

- As required, the organization engaged in at least 30 partnerships each year of the review period including partnering with the Florida Venture Forum, the City of Titusville, the University of Central Florida, and the Brazilian Agency for Industrial Research and Innovation.
- Space Florida reported it also met its goal of implementing 15 strategies in the *Florida Strategic Plan for Economic Development* during the same period by promoting the benefits of doing business in Florida at trade shows and hosting the Florida-Israel Innovation Partnership.
- Finally, Space Florida reported it met its goal of recruiting, retaining, or expanding 15 companies for each year in the review period including Blue Origin, Space Perspective, Inc., and Celestial Computing, Inc.

Despite consistently meeting or exceeding annual contractual performance standards, Space Florida's contractual performance standards were not increased during the review period. OPPAGA recommends that Space Florida work with the Department of Commerce to establish more ambitious goals, using historic performance to set targets that may challenge the organization beyond what it has previously accomplished.

Space Florida also consistently met quarterly goals outlined in contracts with DEO. Contracts with the Department of Economic Opportunity required Space Florida to meet additional quarterly goals separate from annual performance measures. Examples of quarterly goals include coordinating at least four flight-related operations activities that Space Florida is responsible for managing (e.g., flight and landing requests, testing activities) and conducting eight maintenance activities (e.g., scheduled preventative maintenance). Additional quarterly goals include Space Florida initiating or identifying and recording five business relationships; coordinating at least one capital acceleration program; coordinating at least three research projects, partnerships, and/or grants located in Florida; and organizing, participating, and/or hosting at least three seminars, conferences, and/or workshops. DEO's contracts further outlined financial penalties for failure to complete each of the individual goals per quarter. For example, Space Florida would have incurred a penalty of $70,000 for each maintenance activity not completed under the minimum of eight. Space Florida met each quarterly goal outlined in contracts with DEO during the review period, as evidenced by full payment receipts for each quarter.

Stakeholder feedback suggests that partners were generally satisfied with Space Florida's performance, but they noted room for improvement regarding transparency and efficiency. Space Florida solicits stakeholder feedback through annual surveys of current and prospective customers and federal and other government-related entities. Survey responses generally suggest that Space Florida has positive relationships with stakeholders. In response to explicit performance and production-related questions, a majority of survey respondents in both 2020 and 2022 reported that Space Florida is growing Florida's aerospace economy and supporting commercial spaceports in the state, which aligns with Space Florida's statutory directives.[76] Over 80% of respondents in each year reported that they were satisfied or somewhat satisfied with Space Florida's performance in relation

[76] For context on Space Florida's role in growing Florida aerospace economy: Space Florida's board of directors commissioned an independent third party to evaluate the organization's return on investment. The report, completed in July 2022, partly measured Space Florida's economic impact through quantifying its annual operating expenses, direct financial investment, and capital expenditures by clients. The report estimated Space Florida's total economic impact at nearly $6 billion, with most impact estimated between 2017 and 2021. OPPAGA did not independently verify these results.

to their respective entity. However, survey respondents indicated that Space Florida could improve timelines for site readiness, permitting, and project completion.

OPPAGA identified similar patterns in 2021 follow-up interviews with several space industry partners.[77] As with survey respondents, industry representatives OPPAGA interviewed reported that working with Space Florida can include lengthy grant application processes and project approval timelines. In addition, other responses noted a lack of transparency from Space Florida. For example, they described difficulties in understanding project scoring criteria for spaceport improvement projects.

OPPAGA asked Space Florida about steps it took to address feedback on efficiency and transparency during the review period. In response to the question about efficiency improvements, Space Florida provided OPPAGA with copies of its current three-phase, formal process for project approval. This process was in place when stakeholders noted concerns about efficiency, suggesting it may be insufficient. In response to OPPAGA's inquiry about transparency improvement, Space Florida reported that it conducts all board of director's meetings and committee meetings in a public forum and that stakeholders are encouraged to attend and comment. Space Florida did not address issues of clearly communicating fees or sharing project plans with partners. Given the persistence of this transparency concern among stakeholders that provided feedback, Space Florida may wish to consult its stakeholders about what steps it could take to enhance the openness of its operations.

Space Florida has taken some steps to address previous audit findings

In November 2021, the Auditor General released an operational audit evaluating Space Florida's administrative activities. OPPAGA reviewed Space Florida's responses to two findings related to travel expenses and information technology (IT) service organization controls. Although the Legislature updated requirements related to travel expenditures and organizational service controls through Ch. 2023-200, *Laws of Florida*, OPPAGA reviewed steps Space Florida took prior to the passage of that legislation.

Space Florida added software to manage travel costs during the review period. The Auditor General found that Space Florida's entertainment and travel expenses had exceeded limitations defined in state law. The audit findings noted that Space Florida had failed to define internal parameters for entertainment expenses and hospitality-induced costs, in addition to not properly documenting select travel accommodations in potential violation of state law or filing proper travel authorization and reimbursement voucher forms timely.

While these activities occurred between January 2017 and December 2018, which is outside of OPPAGA's review period, Space Florida worked on addressing these findings during the period. OPPAGA requested that Space Florida provide updated internal documentation, and travel and finance policies developed in response to the audit recommendations. Space Florida reported that starting in October 2020, the organization began using a travel software to ensure compliance with established controls, statutes, policies, and procedures. Space Florida reported that once entered into the system, the travel information undergoes three reviews by accounting personnel, the traveler's supervisor,

[77] The survey conducted by Space Florida did not require that respondents provide identifiable information, so OPPAGA is unable to connect survey respondents with interview respondents.

and the controller. In addition, starting in August 2022, Space Florida reported that staff began using a travel reservation system in the new travel software to assist in booking travel. This process includes review by a supervisor.

Space Florida obtained an IT vulnerability assessment during the review period. The Auditor General also found that the contractor responsible for Space Florida's IT-related services had not conducted service auditor reports to provide information on the effectiveness of service organization controls (i.e., the control an outsourced organization has over tools related to security, processing integrity, privacy, or confidentiality). IT-related services included on-site and off-site technology support for Space Florida's local network, desktop users, and telephone systems. Space Florida reported being in the process of establishing independent assessments on at least an annual basis.

OPPAGA requested that Space Florida describe the steps it has taken to ensure that independent assessments of the effectiveness of service organization controls. Space Florida did not disclose whether it took additional steps to improve controls; but it did contract for an independent security assessment. Space Florida provided OPPAGA with this independent third party's external and internal vulnerability assessment and a penetration test from October and September 2022. Space Florida received a low vulnerability score, meaning, at that time and under that assessment tool, Space Florida's IT infrastructure was at low vulnerability for cyberattacks.

APPENDIX A

Selected Space and Defense Industry Analyses

Location Quotient Analysis

OPPAGA calculated location quotients to compare statewide to national employment in the aerospace and defense industry. A location quotient is computed as the statewide share of employees in an industry divided by the national share of employees in the same industry. A location quotient exceeding 1.0 indicates that state levels of industry employment were higher than the national level. A positive percentage change in location quotient indicates that the state's industry is growing faster than the national average.

Florida's location quotients for the aerospace and defense industry in 2020 were slightly less than 1.0 in both industry analyses, suggesting that the state's industry employment was lower than the national levels. (See Exhibit A-1.) However, Florida's positive change in location quotient from 2011 to 2020 indicates that the aerospace and defense industry grew up to 22% faster in Florida relative to industry growth nationwide. Florida's growth also outpaced most other comparison states within the sector. Virginia was the only state with a larger percentage change in location quotient than Florida in aerospace products and parts manufacturing.

Exhibit A-1
Florida's Aerospace Products and Parts Manufacturing and Aerospace and Defense Industry Employment Had Positive Growth Relative to All Comparison States

	State	Location Quotient (2020)	Change in Location Quotient (2011 to 2020)
Aerospace Products and Parts Manufacturing	Virginia	0.15	26%
	Florida	**0.85**	**22%**
	California	1.26	-2%
	Alabama	1.91	-6%
	Texas	1.12	-11%
Aerospace and Defense Industry	**Florida**	**0.90**	**13%**
	California	1.45	-9%
	Texas	1.05	-14%

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

Shift Share

To assess whether the employment changes were attributable to the national economy, state competitiveness, or the industry itself, OPPAGA conducted a shift-share analysis. The shift-share represents how much of the employment growth or decline in a state's industry was due to the national economy, the employment trend within the particular industry, and the state's competitive advantage in this industry or lack thereof. Shift-share is composed of three components, with the change in employment between two years (e.g., from 2011 to 2020) equal to the sum of the components.

- National growth share is the change in regional employment attributable to the growth of the overall national economy. If the national economy is growing, then one may expect to see a positive change in each industry in the state.

- Industry mix share is the change in employment in the state's industry, in relation to the industry's national growth (or decline).
- Competitive share represents the performance of the regional industry compared to the industry national average and to the national economy. A state's competitive share can be generated by factors such as geography, legislation, regulation, population characteristics, or natural resources. A positive competitive share indicates the state industry is growing beyond the expected national rate and industry trends. This gain suggests the state industry is more competitive in acquiring jobs than the national average. A negative share may indicate that the state industry does not have a competitive advantage.

Results of the shift share analysis show that Florida's aerospace and defense industry grew from 2011 to 2020. (See Exhibit A-2.) A positive competitive share indicates that Florida's aerospace and defense industries gained additional jobs over those gained due to national growth. Florida's aerospace and defense industries had a greater competitive advantage than all comparison states.

Exhibit A-2
Florida Was More Competitive Than All Comparison States in Total Industry Employment Growth From 2011 to 2020

	State	Industry Employment Change (2011 to 2020)	National Share	Industry Mix Share	Competitive Share
Aerospace Products and Parts Manufacturing	**Florida**	**7,781**	**1,728**	**-847**	**6,900**
	California	4,648	6,433	-3,152	1,367
	Texas	588	4,366	-2,139	1,639
	Virginia	430	141	-69	358
	Alabama	-482	1,189	-583	-1,088
Aerospace and Defense Industry	**Florida**	**11,728**	**4,015**	**-3,537**	**11,250**
	Texas[1]	-5,326	8,600	-7,576	-6,349
	California	-7,769	16,109	-14,192	-9,686

[1] The employment change does not equal the sum of the three components due to rounding.

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

APPENDIX B

Space Florida Responsibilities as Described in Memorandums of Understanding

Exhibit A-1
Space Florida Has Memorandums of Understanding With Several State-Level Entities

Entity	Space Florida Responsibilities
CareerSource Florida	• Coordinate with CareerSource Florida, Inc., to develop a plan to retain, train, and retrain workers, from entry-level skills training through to technician-level, and four-year degrees and higher, with the skills most relevant to aerospace employers. • Coordinate the development of a Space Industry Workforce initiative in partnership with CareerSource Florida, Inc. • Coordinate with CareerSource Florida, Inc., to convene representatives from the aerospace industry to identify the industry's priority training and education needs and to appoint a team to design programs to meet the priority needs. • Collaborate with Florida's vocational institutes, community colleges, colleges, and universities to develop a workforce development strategy to implement the workforce provisions.

Enterprise Florida, Inc. (EFI)	• Develop a plan to retain, attract, expand, attract, and create aerospace industry entities, public or private, which results in the creation of high-value-added businesses and jobs in Florida.
	• Develop, in cooperation with EFI, a plan to provide financing assistance to aerospace businesses. The plan may include the following activities.
	  ○ Assembling, publishing, and disseminating information concerning financing opportunities and techniques for aerospace projects, programs, and activities; sources of public and private aerospace financing assistance; and sources of aerospace-related financing.
	  ○ Organizing, hosting, and participating in seminars and other forums designed to disseminate information and technical assistance regarding aerospace-related financing.
	  ○ Coordinating with programs and goals of the Department of Defense, National Aeronautics and Space Administration, U.S. Export-Import Bank, U.S. International Trade Administration, U.S. Department of Commerce, Foreign Credit Insurance Association, and other private and public programs and organizations, domestic and foreign.
	  ○ Establishing a network of contacts among those domestic and foreign public and private organizations that provide information, technical assistance, and financial support to the aerospace industry.
	  ○ Financing aerospace business development projects or initiatives using funds provided by the Legislature.

Florida Department of Education (FDOE)	• Create innovative education programs in conjunction with FDOE that target K-20 in an effort to promote mathematics and science education programs. • Design elementary and secondary teacher training programs to emphasize science, technology, engineering, and math education and add space themes in their curriculum. • Design student programs to encourage students with an aptitude for science to pursue collegiate academic programs leading to careers in the aerospace industry. • Encourage college professors to teach aerospace science-related course offering opportunities for research to develop technology to improve the space program and create new business in Florida. • Offer opportunities for faculty research that provide undergraduate and graduate students to obtain practical experience demanded for employment in aerospace industry.

Entity	Space Florida Responsibilities
Florida Department of Transportation (FDOT)	• Coordinate and cooperate with FDOT to update the statewide Strategic Intermodal System. • Coordinate and include FDOT in discussions related to Spaceport Transportation Master Plan and Florida Spaceport Systems Plan. • Develop a Spaceport Transportation Master Plan and the Florida Spaceport Systems Plan for expansion and modernization of space transportation facilities within spaceport territories. • Provide the Spaceport Transportation Master Plan and the Florida Spaceport Systems Plan to FDOT for review and comment during their respective development processes.

Source: OPPAGA analysis of Space Florida documentation.

AGENCY RESPONSES

December 14, 2023

Dr. Emily Leventhal, Staff Director
Office of Program Policy and Government Accountability
111 West Madison Street
Tallahassee, Florida 32399

Dear Dr. Leventhal:

The Florida Sports Foundation continues to value the work of the Office of Program Policy Analysis and Government Accountability (OPPAGA). We appreciate the review and detailed analysis of the Foundations programs.

Pursuant to section 11.51(2), Florida Statutes, this letter serves as our response to the report; Florida Economic Development Program Evaluations – Year 11.

If you need additional information, please contact Jacqueline D. Hightower, Vice President, Operations at jhightower@playinflorida.com or 850.322.4992.

Sincerely,

Angela Suggs
President/CEO

SPACE FLORIDA

December 15, 2023

Kara Collins-Gomez – Coordinator

Office of Program Policy Analysis and Government Accountability
111 W. Madison St., Prepper Building
Tallahassee, FL 32399-1475

Dear Ms. Collins-Gomez,

I hope this letter finds you well. As the president and CEO of Space Florida, I look forward to working with the team at the Office of Program Policy Analysis and Government Accountability (OPPAGA) to provide a deeper understanding of our role, operations, and the broader implications of our work in the global aerospace economy. As an independent special district with statewide charter, we are the cornerstone of Florida's efforts to grow the state's aerospace industry, including workforce development, research, and commerce. For the overall benefit and completeness of this report, we have provided additional background on Space Florida's role as the state's aerospace finance and development authority.

Statute establishes Space Florida as a private corporation able to harness a unique financial toolkit that helps aerospace companies leverage third-party capital to reduce overall capital and operating costs. Unlike upfront capital incentives or economic development programs, companies that partner with Space Florida and leverage our toolkit to secure funding via a competitive process unlock multiple operational and financial efficiencies. This is all done to yield value for both businesses and Florida taxpayers while growing the aerospace industry across the state.

Space Florida is not an economic development agency and we do not provide companies with discretionary incentive funding. Such terminology and categorization do not reflect our operational model and objectives. Rather, our financial toolkit creates economic benefits for the aerospace industry.

Space Florida's return on investment (ROI) to the state is a testament to our critical role in the development of the aerospace economy. An independent economic impact report[i] conducted in the Spring of 2022 found that Space Florida's total economic impact since 2007 was $5.9 billion. Our economic impact has steadily increased each year. From 2007 to 2011 Space Florida's economic impact was $172 million annually, $487 million from 2012 to 2016, and $520 million from 2017 to 2022. The report projected that over the next five years we will have an annual economic impact of $1.1 billion—historic growth across a short period.

Our innovative financing and development strategies and statewide perspective derived from our authorities as an independent special district have consistently yielded significant economic returns, magnifying the state's investment. These returns manifest not only in monetary terms but

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also in technological advancements, workforce development, and the strengthening of Florida's position in the global aerospace economy.

I would be remiss if I did not address some of the assessments of areas in which we can improve. We not only agree with some of the feedback you have received but are already addressing some of the concerns internally. From implementing project management systems and streamlining and clearly communicating processes to developing robust timelines for both Space Florida and our partner companies, we are committed to improving efficiency. Doing so will further increase our contribution to the state's economic fabric and generate strong returns for taxpayers. Our growth mirrors the aerospace industry. Scaling Space Florida appropriately to support this growth requires a continued focus on strong, efficient internal processes and tools to boost productivity.

Since its inception, Space Florida has been at the forefront of catalyzing the growth of a vibrant aerospace sector within the state. Our efforts have been instrumental in attracting and retaining key players in the aerospace industry, thereby enhancing the state's economic landscape and global competitiveness. The future is bright for Florida's aerospace economy and Space Florida is committed to building the foremost interplanetary hub for aerospace commerce and solidifying the state's continued leadership in driving this industry forward.

Sincerely,

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Office of Program Policy Analysis and Government Accountability

OPPAGA provides performance and accountability information about Florida government in several ways.

- Reports deliver program evaluation and policy analysis to assist the Legislature in overseeing government operations, developing policy choices, and making Florida government more efficient and effective.
- Government Program Summaries (GPS), an online encyclopedia, provides descriptive, evaluative, and performance information on more than 200 Florida state government programs.
- PolicyNotes, an electronic newsletter, delivers brief announcements of research reports, conferences, and other resources of interest for Florida's policy research and program evaluation community.
- Visit OPPAGA's website.

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 (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475).

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