

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 2246

SPONSOR: Committee on Regulated Industries and Senators Sullivan & Casas

SUBJECT: Hialeah Park

DATE: April 20, 1999 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Wimsett</u>	<u>Guthrie</u>	<u>RI</u>	<u>Favorable/CS</u>
2.	_____	_____	<u>FR</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

The bill sets out legislative findings regarding state acquisition of Hialeah Park and repeals obsolete Hialeah Park study provisions.

II. Present Situation:

Chapter 550, Florida Statutes, contain Florida's laws governing the taxation and regulation of pari-mutuel wagering on horse racing, dog racing, and jai alai. These chapters, which initially were enforced by the former Florida Pari-Mutuel Commission, now are enforced by the Division of Pari-Mutuel Wagering of the Department of Business and Professional Regulation (division).

Pursuant to Chapter 91-197, Laws of Florida, portions of Chapters 550 and 551, Florida Statutes, were set to repeal on July 1, 1992. The Legislature intended to set up an orderly and timely review of pari-mutuel laws, eliminate duplication, and provide greater uniformity. Instead, what occurred was the repeal of virtually all pari-mutuel laws.

The division adopted emergency rules to provide temporary regulation of the industry until December 1992, when ch. 92-348, L.O.F., was enacted. Chapter 92-348, L.O.F., provides much of today's regulatory scheme. The law reestablished the division's enforcement authority and condensed, clarified and modernized Florida's pari-mutuel wagering laws.

During the regular session in 1993, the legislature reduced tax rates for thoroughbred permitholders conducting thoroughbred meets within specified periods (ch. 93-123, L.O.F.). The 1993 act provided that the tax on live handle for permitholders conducting performances in more than one period is the sum of the tax rates for all such periods. It also provided that the operative section, s. 550.09515, F.S., would be repealed in July 1, 1998, unless reenacted by the legislature prior to that date.

Since 1987, attendance and amounts wagered at pari-mutuel facilities have declined. To boost the industry, the 1996 legislature enacted ch. 96-364, L.O.F. ("act"). The act provided increased opportunities for full-card simulcasting and intertrack wagering. It also provided tax credits and exemptions, established minimum purse requirements to benefit greyhound and horse breeders, and authorized card rooms at pari-mutuel facilities.

The act enabled like-kind facilities in the South Florida market area to trade signals without unanimous consent for all permitholders in the area; reduced the live, intertrack, and simulcast tax rates for thoroughbred permitholders; and provided additional purses for thoroughbred breeders.

In 1998, the legislature retained the provisions in the law regarding thoroughbred dates and purses, and it further reduced thoroughbred taxes. For the thoroughbred permitholder conducting performances beginning January 3 and ending March 16 (typically Gulfstream Park) the tax rate on live handle was reduced from 2.25 to 2.0 percent. For the thoroughbred permitholder conducting performances beginning March 17 and ending May 22 (typically Hialeah Park) the tax rate on live and simulcast handle was reduced from 0.7 to 0.2 percent. For this permitholder, the tax rates on intertrack wagering and rebroadcast of simulcast races also were reduced, from 3.3 and 2.4 percent, respectively, to 0.2 percent. For the thoroughbred permitholder conducting performances beginning May 23 and ending January 2 (typically Calder/Tropical Park) the tax rate on live and simulcast handle was reduced from 2.5 to 1.25 percent. However, all of these taxes will return to pre-1998 levels, effective July 1, 2001.

The legislature also specifically considered the continued viability of Hialeah Park. The Department of State, in conjunction with the office of the mayor of the City of Hialeah, was directed by the legislature, pursuant to s. 550.72, F.S., to undertake a comprehensive study of the feasibility of state or municipal ownership of Hialeah Park and the operation of a limited race meet.

The study concluded that the City of Hialeah and/or the State of Florida purchase a portion of the property known as Hialeah Park and the pari-mutuel permit of Hialeah Park. The recommendation was based on the importance of Hialeah Park both in a historical context and to the citizens of the City of Hialeah as the last remaining substantial open area of the city.

The projected capital cost to acquire and renovate the property is \$41 million (which includes the pari-mutuel permit valued at \$2 million). The report concluded that Hialeah Park should operate a limited racing meet (21 days) in order to defray some of the costs of the debt service on the capital cost.

The report also recommended that the state and City of Hialeah explore the possibility of establishing an independent government authority to be entrusted with oversight of the development and operation of the facility as a combined revenue-producing urban amenity for the citizens of Hialeah, Miami Dade County and the state of Florida.

III. Effect of Proposed Changes:

Section 1 finds that it is in the best interest of the public that Hialeah Park, located in Hialeah, Florida, be owned by the state or a municipality in order to conserve the acreage of the park and preserve its historical significance.

Section 2 repeals s. 550.72, F.S., which directed the Department of State, in conjunction with the office of the mayor of the City of Hialeah, to undertake a comprehensive study of the feasibility of state or municipal ownership of Hialeah Park.

Section 3 provides that the act shall take effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
