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DATE: April 25, 2001

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
FISCAL POLICY AND RESOURCES
ANALYSIS**

BILL #: CS/HB 1363

RELATING TO: Pari-Mutuel Wagering

SPONSOR(S): Committee on Fiscal Policy & Resources and Representative Fasano

TIED BILL(S): None.

ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:

- (1) BUSINESS REGULATION YEAS 7 NAYS 0
 - (2) FISCAL POLICY AND RESOURCES YEAS 13 NAYS 0
 - (3)
 - (4)
 - (5)
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I. SUMMARY:

The CS/HB 1363 requires dog racing permitholders to provide a greyhound adoption booth at each dog racing facility in the state. The bill also requires information concerning the adoption be made available to the public at the facility. It requires the permitholder to provide adoption information in racing programs and to identify greyhounds that will become available for adoption. The bill authorizes the permitholder to hold an additional charity day that is designated as "Greyhound Adopt-A-Pet Day" and that profits derived from the event be used to fund activities advocating the adoption of greyhounds. The committee substitute authorizes the Division of Pari-mutual Wagering to adopt rules and penalties. Amends language with respects to the term "bona fide organization that promotes or encourages the adoption of greyhounds." The committee substitute revises the requirements for the operation of cardrooms and application for license renewal. Provides requirements for licensure of certain permitholders and licensing fees. Revises conditions for cardroom operations; limits the amount of a bet to a two dollar bet, and reduces the amount of gross receipts subject to taxation.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|---|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Background

Chapter 550, F.S., contains Florida's laws governing the regulation and taxation of pari-mutuel wagering activities in the state. The Division of Pari-mutuel Wagering [Division] of the Department of Business and Professional Regulation is the state agency with general regulatory authority over these activities. The pari-mutuel industry has historically been a highly regulated industry and the state has traditionally enforced a wide range of regulatory controls over the daily operations of pari-mutuel permitholders. This complicated set of laws and regulations has been primarily designed to protect the integrity and health of the pari-mutuel industry and, subsequently, the state revenues generated by wagering activities.

Over the past decade, numerous amendments to the pari-mutuel statutes have been adopted in efforts to mitigate the impact of this decline. Likewise, over the last decade there has been a steady decline in attendance, wagering handle, and tax collections. Total state revenue collections from all pari-mutuel operations decreased from \$105,074,018 in FY 1990-91 to an estimated \$34,138,558 million for FY 2000-01 and decreasing to \$33,599,491 for FY 2001-02.

Simulcast Restrictions

Section 550.3551(3), F.S., provides that in-state thoroughbred tracks may receive and take wagers on simulcasts of thoroughbred races conducted at out-of-state thoroughbred tracks during the Florida horse tracks scheduled race meet.

Subsection (5) prohibits a Florida permitholder [thoroughbred, greyhound or jai alai] from receiving broadcasts on races or games from an out-of-state permitholder unless the out-of-state permitholder holds the same type or class of permit, e.g., a thoroughbred track can receive thoroughbred races, a jai alai fronton can receive jai alai games, etc.

Sections 550.615 and 550.6305, F.S., authorize permitholders to transmit, receive, and wager on signals from any other class of permitholder within Florida. Therefore, the only means for a permitholder of one class, greyhound for example, to receive a signal of an out-of-state thoroughbred race, is by receiving it from an in-state thoroughbred permitholder via intertrack signal. This scenario has to be applied for all permitholders wishing to receive and accept wagers

on simulcast signals of a different class. In order to receive intertrack signals, s. 550.615, Florida Statutes, requires a permitholder to complete a full schedule of live racing in the preceding year. Additionally, s. 550.615, F.S., provides for restrictions on intertrack signals depending on the locations of the guest and host tracks, market areas of various tracks, as well as whether they are conducting their race meet. Market area is defined as an area within 25 miles of a permitholder's track or fronton. Depending on the restrictions, there are different factors to be considered for consent between the various permitholders.

Section 550.6305(9)(g), F.S., establishes statutory provisions for simulcasting by thoroughbred permitholders in the state and provides that a permitholder that accepts wagers on a simulcast signal must make the signal available to any other permitholder eligible to conduct intertrack wagering [under s. 550.615 – 550.6345, F.S.]

If a thoroughbred permitholder accepts wagers on simulcasts received after 6:00 pm, the permitholder must make the signal available to any other permitholder eligible to conduct intertrack wagering including any qualifying quarter horse permitholder.

No thoroughbred permitholder is required to continue to rebroadcast a simulcast signal to an in-state permitholder if the average per performance gross receipts returned to the host permitholder over the preceding 30-day period were less than \$100. Receipt of rebroadcasts of thoroughbred simulcast signals are subject to the provisions of s. 550.615(4), F.S., which prohibits a permitholder from accepting intertrack wagers on the same class of race or game as is being conducted by a permitholder of the same type within a market area without written permission. As a further condition of accepting such signal, a guest track must accept intertrack wagers on all live races being conducted by all thoroughbred permitholders at that time.

There are no requirements for thoroughbred permitholders to place additional monies in purse accounts during simulcast performances outside of the meet period, because as previously stated, simulcast can only be conducted by thoroughbred permitholders during their racing meet.

C. EFFECT OF PROPOSED CHANGES:

Section 1. Dog racing permitholders that operate dog racing facilities in this state must provide a greyhound adoption booth. Language defines operations and procedures. In addition to the charity days, proceeds derived from the event must be placed into a fund used to support activities at the racing facility which promote the adoption of greyhounds. Provides language for penalties.

Section 2. amends s. 550.0201(10), F.S., by defining the term "bona fide organization that promotes or encourages the adoption of greyhounds," as any organization that provides evidence of compliance with chapter 496 and possesses a valid exemption from federal taxation issued by the IRS. Such organizations must also provide sterilization of greyhounds before adoption.

Section 3. amends s. 550.5251, F.S., allows thoroughbred racing permitholders to engage in both operating a cardroom while at the same time receive or rebroadcast live races.

Section 4. Amends several paragraphs in s. 849.086, F.S., that redefine authorized games, renewal requests, application for a harness permitholder cardroom, hours of operations, and prize giveaways. This section also addresses the amount wagered in any game or series of games. Defines a maximum bet as two dollars and deletes the maximum pot in any one round. Reduces the amount of gross receipts subject to taxation. Reduces the amount of gross receipts that can be used to supplement greyhound purses or jai alai prize money.

D. SECTION-BY-SECTION ANALYSIS:

See section C. above

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The Revenue Estimating Conference adopted as a cash/recurring, negative, fiscal impact of (\$100,000).

2. Expenditures:

If an operating South Florida thoroughbred track gives permission to the other two thoroughbred tracks in its market area to receive the simulcast signal, there will be a need for Division presence at the simulcast tracks. However, these requirements can be satisfied with existing OPS personnel.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

A determination of the potential increase in wagering activity and its ultimate affect on the private sector and on taxes to the state is difficult to ascertain. However, the Division feels that with the language presented within this bill, the state should see an increase in cardroom activity.

D. FISCAL COMMENTS:

Thoroughbred permitholders would become eligible to receive interstate simulcast broadcasts outside its meet period. Such thoroughbred permitholders would then be required to, and have the exclusive right to, rebroadcast simulcast signals to other permitholders within the market area of the host. While this provides additional simulcast opportunities for many permitholders, it would also restrict intertrack opportunities for certain permitholders under existing law. Therefore, while it is likely that handle and associated state tax revenue would likely increase, the Division is unable to ascertain the magnitude of such increase.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take any action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

Currently, according to the Department of Business and Professional Regulation, the Division of Pari-mutuel Wagering and the Office of the General Counsel devote an enormous amount of time and resources in attempting to fairly and accurately interpret and apply the laws governing pari-mutuel wagering. The committee substitute will create market restrictions for jai alai and greyhound permitholders that wish to receive broadcasts of thoroughbred racing and may create a further conflict among all pari-mutuel permitholders.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

VII. SIGNATURES:

COMMITTEE ON BUSINESS REGULATION:

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