

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 73 Jai Alai
SPONSOR(S): Cretul
TIED BILLS:

IDEN./SIM. BILLS: SB 632

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Business Regulation</u>	_____	<u>Gallen</u>	<u>Liepshutz</u>
2) <u>Appropriations</u>	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

Licensed pari-mutuel facilities in Florida are authorized to conduct intertrack wagering. Intertrack wagering is the receiving of broadcasts and accepting wagers on live horse races, dog races, or jai alai games conducted elsewhere in Florida or out of state. Current law requires a jai alai facility to operate a "full schedule" of live jai alai performances in order to participate in intertrack wagering. A full schedule of live jai alai performances requires each jai alai permitholder to conduct at least 100 live performances per year.

The bill modifies the definition of "full schedule of live racing or games " by reducing the requirement of 100 live performances down to 40 live performances. In order to qualify for the reduction in required performances, the permitholder must have conducted at least 100 or more live performances during fiscal year 2002-2003.

Active permitholders that choose to conduct fewer then 100 live performances will be required to pay the state the same amount of tax as if they were conducting the full 100 live performances.

According to the Department of Business and Professional Regulation's Division on Pari-Mutuel Wagering, the bill is not expected to have a fiscal impact.

The bill provides an effective date of July 1, 2004.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|---|-----------------------------|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | 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. EFFECT OF PROPOSED CHANGES:

Present Situation

Currently there are seven active jai alai permitholders operating five frontons throughout central and south Florida. A fronton is a building containing a playing court that is constructed for playing the sport of jai alai. Wagering at jai alai frontons include wagers for live games occurring at the facility, wagers on simulcast games occurring out of state, and intertrack wagers on pari-mutuel events occurring at facilities throughout the state. Jai alai permitholders pay taxes on handle¹, admissions, and daily fees in accordance with the number of live performances and intertrack wagering conducted during the fiscal year.

Simulcasting² is the interstate broadcasting of pari-mutuel events. Florida pari-mutuel permitholders are authorized to broadcast the races or games they conduct to facilities outside the state and to receive broadcasts of pari-mutuel events conducted outside of the state. Simulcasting may only be conducted between facilities with the same class of pari-mutuel wagering permits, for instance, a jai alai permitholder may only accept jai alai simulcasts.

The term “intertrack wagering” (ITW) means wagering on events broadcast between pari-mutuel facilities located within the state, including the rebroadcast of a simulcast signal. ITW is defined as “a particular form of pari-mutuel wagering in which wagers are accepted at a permitted, in-state track, fronton, or pari-mutuel facility on a race or game transmitted from and performed live at, or simulcast signal rebroadcast from, another in-state pari-mutuel facility.” Any licensed pari-mutuel permitholder that conducted a “full schedule of live racing or games” the previous year is qualified to receive broadcasts of any class of pari-mutuel race or games conducted by any class of licensed permitholders

In order for a licensed jai alai permitholder to qualify for a full schedule of live racing or games, the permitholder must conduct a combination of at least 100 live evening or matinee performances during the preceding year.

¹ “Handle” means the aggregate contributions to pari-mutuel pools. s. 550.002 (13) F.S.

² “Simulcasting” means broadcasting events occurring live at an in-state location to an out-of-state location, or receiving at an in-state location events occurring live at an out-of-state location, by the transmittal, retransmittal, reception, and rebroadcast of television or radio signals by wire, cable, satellite, microwave, or other electrical or electronic means for receiving or rebroadcasting the events. s. 550.002 (32), F.S.

Effect of Proposed Changes

The bill modifies what constitutes a full schedule of live racing or games for jai alai permitholders. Presently, in order for a licensed jai alai permitholder to qualify for a full schedule of live racing or games, the permitholder must conduct a combination of at least 100 live evening or matinee performances during the preceding year. The bill changes the performance requirement from 100 live performances to 40 live performances if the permitholder conducted at least 100 or more live performances in FY 2002 – 2003.

Accordingly, a jai alai permitholder that conducted 100 or more live performances during fiscal year 2002-2003 would need to conduct at least 40 live performances during the preceding year in order to maintain a full schedule of live racing or games. Therefore, a permitholder may reduce its total live performances by 60 and be considered as conducting a full schedule of live racing or games.

The reduction in live performances required to constitute a full schedule of live racing or games allows jai alai permitholders to qualify for intertrack wagering with less required live performances.

The bill does not provide a provision for inactive permitholders or post FY 2002-2003 permitholders. Since the reduction in live performances only applies to permitholders who conducted 100 or more live performances in FY 2002 – 2003, those permitholders that were inactive or those that become active subsequent to FY 2002 - 2003 will not qualify for a reduction. The inactive or post 2002 – 2003 permitholder will be required to conduct 100 or more live performances in order to participate in intertrack wagering.

The bill would require jai alai permitholders that conduct fewer than 100 live performances to pay an aggregate amount of live tax on handle, admission tax, and daily license fees as paid in the most recent prior fiscal year in which the permitholder conducted at least 100 live performances.

The bill is not expected to have a fiscal impact.

C. SECTION DIRECTORY:

- Section 1: Amends Section 550.002(11); Definitions - Full schedule of live racing or games.
- Section 2: Amends Section 550.0951; Jai alai taxes - Creating subsection (4).
- Section 3: Provides effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

According to the Department of Business and Professional Regulation's (DBPR) Division on Pari-Mutuel Wagering, the bill is not expected to have a fiscal impact on revenue.

2. Expenditures:

According to DBPR's Division on Pari-Mutuel Wagering, the bill is not expected to have a fiscal impact on expenditures.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Jai Alai permitholders will have greater freedom to operate as an intertrack wagering facility while live performance requirements will decrease.

D. FISCAL COMMENTS:

None

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because the bill does not require the counties or cities to spend funds or take an action requiring the expenditure of funds.

2. Other:

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES