

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

Prepared By: Regulated Industries Committee

BILL: SB 1342

SPONSOR: Senator Geller

SUBJECT: Tax on revenues from slot machines

DATE: April 2, 2005

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Sumner	Imhof	RI	Pre-meeting
2.			ED	
3.			GA	
4.				
5.				
6.				

I. Summary:

The bill creates s. 849.16(3), F.S., to provide that a licensed pari-mutuel facility that conducts slot machine gaming in Broward County or Miami-Dade County, as authorized by s. 23, Art. X of the State Constitution, shall pay to the state a tax of 30 percent of slot-machine revenues for the purpose of supplementing public education funding.

The bill defines “slot machine revenues” as the total of all cash and property received by the licensed pari-mutuel facility from slot machine gaming minus the amount of cash, cash equivalents, credits and prizes paid to winners.

The bill provides that the pari-mutuel facility shall remit the tax proceeds at the end of each month to the Department of Revenue in a form or fashion set forth by the department. It provides that the department shall adopt rules for the collection and auditing of the tax proceeds remitted under this paragraph.

The bill provides that the funds collected by the department shall be deposited in the State School Trust Fund for the purpose of supplementing public education funding.

The monies deposited into the State School Trust Fund shall be distributed to the counties annually through the General Appropriations Acts as follows:

- To offset the impact of slot machines in their respective areas with Broward and Miami-Dade Counties receiving \$75 per full-time student;
- Remaining revenues shall be distributed in accordance with the Florida Education Finance Program as determined by the General Appropriations Act to all counties including Miami-Dade and Broward counties; Failure to timely pay

the tax on slot-machine revenues shall subject the licensed premitholder to enforcement proceedings by the Division of Pari-Mutuel Wagering; and

The bill provides that the division shall adopt rules governing licensure and regulation of the suppliers of slot machines to the authorized pari-mutuel facilities and of the operators of those slot machines.

The bill provides that, except for the provisions of the bill, s. 849.16, F.S., is not applicable to the slot machines facilities in Miami-Dade and Broward Counties if the voters in the respective counties have approved slot machines by referendum and the pari-mutuel facility complies with the payment of taxes under the subsection.

This bill substantially amends section 849.16, Florida Statutes.

II. Present Situation:

Amendment 4 codified at s. 23, Art. X, of the Florida Constitution authorizes Miami-Dade and Broward counties to hold referenda to determine whether slot machines should be allowed in existing, licensed pari-mutuel facilities. The referenda held March 8, 2005, passed in Broward County but failed in Miami-Dade County.

In addition to holding a referendum, the amendment provides that the legislature:

- shall adopt legislation implementing this section and having an effective date no later than July 1 of the year following voter approval of the amendment. The legislation shall authorize agency rules for implementation, and may include provision for the licensure and regulation of slot machines;
- may tax slot machine revenues, and any such taxes must supplement public education funding statewide.

III. Effect of Proposed Changes:

The bill creates s. 849.16(3), F.S., to provide that a licensed pari-mutuel facility that conducts slot machine gaming in Broward County or Miami-Dade County, as authorized by s. 23, Art. X of the State Constitution, shall pay to the state a tax of 30 percent of slot-machine revenues for the purpose of supplementing public education funding.

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- To offset the impact of slot machines in their respective areas with Broward and Miami-Dade Counties receiving \$75 per full-time student;
- Remaining revenues shall be distributed in accordance with the Florida Education Finance Program as determined by the General Appropriations Act to all counties including Miami-Dade and Broward counties;

Failure to timely pay the tax on slot-machine revenues shall subject the licensed premitholder to enforcement proceedings by the Division of Pari-Mutuel Wagering; and

The bill provides that the division shall adopt rules governing licensure and regulation of the suppliers of slot machines to the authorized pari-mutuel facilities and of the operators of those slot machines.

The bill provides that except for the provisions of the bill, s. 849.16, F.S., is not applicable to the slot machines facilities in Miami-Dade and Broward Counties if the voters in the respective counties have approved slot machines by referendum and the pari-mutuel facility complies with the payment of taxes under the subsection.

The bill provides an effective date of July 1, 2005, but states that the authorized tax under s. 23, Art. X of the State Constitution may be levied only upon approval by majority vote of the voters of Broward County or Miami-Dade County in a countywide referendum held in their respective counties.

The Department of Revenue (department) states that the language of the bill makes it difficult to understand whether the permitholder or the operator is the party responsible for remitting the tax to the department.

The department states administrative difficulties are presented by the language in the bill that requires that the department collect the tax but requires the Division of Pari-mutuel Wagering (division) to initiate enforcement proceedings against a licensee who fails to remit the tax.

Finally, the department points out that sharing taxpayer information with the division violates the confidentiality provision of s. 213.053(2), F.S., and s. 2113.053(7), F.S. would need to be amended to allow the department to cooperate with the divisor in the administration of the tax.

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:**

According to the Department of Revenue, the bill presents additional tax consequences. The department states that the slot machines proposed in the bill could meet the definition of a “coin operated amusement machine” as defined in s. 212.02(24), F.S., and therefore is subject to a four percent sales tax under s. 212.05(1)(h)1. , F.S.

The department suggests that the term “coin operated amusement machine” in s. 212.02(24), F.S., could be amended to exclude slot machines as well as s. 849.16, F.S., which could provide that slot machines not be treated as coin-operated amusement machines for sales tax purposes.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The department recommends that the third- party operators remit the taxes to the department and that the 30 percent tax be taken from the total slot-machine revenues, before any percentage of revenues is paid to the third-party operator for its services to the pari-mutuel facility in operating the slot machines.

The department states that the bill will require the department to create a new form for pari-mutuel facilities to use in remitting taxes generated by slot machines. The department states that emergency rulemaking is necessary in order to implement rules governing the remittance of taxes and consequently will result in administrative costs to the department.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.

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