

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 223 Cardrooms
SPONSOR(S): Bullard and others
TIED BILLS: **IDEN./SIM. BILLS:** SB 134

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Business Regulation</u>	_____	<u>Livingston</u>	<u>Liepshutz</u>
2) <u>Jobs & Entrepreneurship Council</u>	_____	_____	_____
3) <u>Policy & Budget Council</u>	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

Wagering on games of poker is currently authorized at cardrooms operated by pari-mutuel facilities in the state. The Division of Pari-mutuel Wagering (division) of the Department of Business and Professional Regulation (DBPR) is responsible for licensing and regulating cardroom activities and the operation of a cardroom is conditioned upon the operation of live pari-mutuel events.

“Cardroom” is defined to mean a facility where authorized card games are played for money or anything of value and to which the public is invited to participate in such games and charged a fee for participation by the operator of such facility. There is a \$2 bet limit and a maximum of three raises in any round of betting.

This bill authorizes cardrooms to also offer wagering on games of dominoes.

Fiscal

According to the Department of Business and Professional Regulation, any increase in revenues as a result of this legislation is expected to be minimal. While increased participation will result in increased participation fees, the department does not expect the increase to be significant. Any expenditures related to the passage of this legislation are also expected to be minimal and will be absorbed by current resources.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Safeguard individual liberty—The bill provides individuals with an additional gaming option by authorizing dominoes, in addition to poker, at licensed pari-mutuel facility cardrooms.

Provide limited government—The bill authorizes the division of the DBPR to adopt rules for the review and approval of the play and wagering in poker and dominoes games at licensed pari-mutuel facility cardrooms.

B. EFFECT OF PROPOSED CHANGES:

Present situation

Dominoes

Dominoes are believed to have originated in China in the 12th century although other origins, notably Egypt and India, are also suggested. The game appeared in Europe in the early 18th century. An early set of dominoes was found in King Tut's tomb. An internet search reveals that there are numerous versions of the game of dominoes.¹ Dominoes games range in skill and complexity from Blind Hughie, a pure game of chance, to basic strategy games of Block or Draw Dominoes to Chickenfoot, Sniff, Tug of War, and Mexican Train Dominoes, etc. Dominoes may be played between individuals or with partners. Typically, wagering on games of dominoes is not conducted in wagering rounds in the manner that wagering on poker is conducted.

Cardrooms

Section 849.086, F.S., authorizes the operation of cardrooms at licensed pari-mutuel facilities in the state. The division is responsible for licensing and regulating cardroom activities and the operation of a cardroom is conditioned upon the operation of live pari-mutuel events.

“Cardroom” is defined to mean a facility where authorized card games are played for money or anything of value and to which the public is invited to participate in such games and charged a fee for participation by the operator of such facility. Authorized games and cardrooms do not constitute casino gaming operations.

As originally enacted in 1996, the cardroom statute defined “authorized games” to be those games set out in s. 849.085(2)(a), F.S., the penny-ante games statute. The cardroom statute also provided that the winnings of any player in a single round, hand, or game could not exceed \$10. Section 849.085(2) (a), F.S. defined penny-ante games as “poker, pinochle, bridge, rummy, canasta, hearts, **dominoes**, or mah-jongg.” [emphasis added]

The cardroom statute was amended in 2003 to delete the reference to the penny-ante game statute and instead authorize only the game of poker in cardroom facilities. At that time the statute was also amended to replace the \$10 pot limit with a maximum bet of \$2 and no more than three raises in any round of betting. Consequently, as of 2003, poker is the only game that can be conducted in cardrooms.

¹ For more information and examples see http://www.xs4all.nl/~spaanszt/Domino_Plaza.html; <http://www.domino-games.com/> last visited January 13, 2006.

The cardroom statute requires games of poker to be played in a non-banking manner; that is, the house [licensee] is prohibited from being a participant in the game. As such, the statute requires the cardroom operator to provide a nonplaying dealer for each authorized card table at the cardroom. The dealer may not have any participatory interest in the game and provision of a dealer does not make it a banking game.

Players are not allowed to make wagers with cash. Section 849.086(8), F.S., requires a wagering system to be used at cardrooms whereby the house converts a players' money to tokens or chips which are used for wagering purposes.

Cardroom operators are allowed to charge a fee for the right to participate in games conducted at the cardroom. The fee may be either a flat fee or hourly rate for the use of a seat at the table or a rake subject to the posted maximum amount but may not be based on the amount won by players. These participation fees comprise the gross receipts from cardroom operations from which the state collects a 10 percent tax. For FY 2005-2006 the cardroom gross receipts tax generated approximately \$4.5 million.

Effect of Proposed Changes

The bill amends s. 849.086, F.S., to allow wagering on games of dominoes at licensed cardrooms in pari-mutuel facilities.

This bill defines dominoes to mean:

“...a game of dominoes typically played with a set of 28 flat rectangular blocks, called bones, marked on one side, which is divided into two equal parts, with from zero to six dots, called pips, in each part. There are larger sets of blocks that contain a correspondingly higher number of pips. The term “dominoes” also refers to the set of blocks used to play the game.”

Existing law requires the pari-mutuel facility to provide nonplaying dealers for each table where a poker game which traditionally utilizes a dealer is played. Since the play of a game of dominoes does not require the services of a dealer, the bill requires the pari-mutuel facility to provide a nonplaying “supervisor” for each table at which a game of dominoes is played. Dominoes game supervisors may not have any participatory interest in any game other than the supervision of play. The bill states that the provision of a game supervisor by the licensee does not make it a banking game.

The bill creates an additional wagering prohibition by amending s. 849.086(8)(a), F.S., to specify that no wager of money or any other property or thing of value may be made on the outcome of any poker or dominoes game other than by the persons who are actually playing in the game, e.g. no side-bets by observers. The bill further specifies that all wagering must be in strict compliance with the statutory provisions.

The bill amends s. 849.086(4), F.S., to allow the division to adopt rules for the review and approval of the play and wagering in a game or series of games of poker or a game of dominoes. The bill also makes technical conforming changes in the definition for “cardroom” and “cardroom distributor” and when requiring cardroom employee occupational licenses.

The bill is expected to have a positive, but insignificant, impact on cardroom revenue collections.

C. SECTION DIRECTORY:

Section 1. Amends subsections (2), (4), (6), (7) and (8) of s. 849.086, F.S., to authorize the play of dominoes in the cardrooms of pari-mutuel facilities and makes technical conforming changes to accommodate the addition of dominoes as an authorized game at cardrooms.

Section 2. Provides that the bill will take effect July 1, 2007.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The revenues from the participation fees likely will increase as participation increases, however it is not expected to be significant.

2. Expenditures:

The department may be required to investigate complaints or carry out inspections related to the playing of dominoes but is expecting to use existing resources.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

According to the department, any increase in revenues generated by the addition of dominoes in cardrooms is expected to be minimal and any increase in inspections or investigations will be handled within existing resources.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to: require the counties or cities to spend funds or take an action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None noted.

B. RULE-MAKING AUTHORITY:

The bill grants the division with rule-making authority for the review and approval of the play and wagering in a game or series of games of poker or a game of dominoes.

C. DRAFTING ISSUES OR OTHER COMMENTS:

NA

D. STATEMENT OF THE SPONSOR

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES