

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 7069 PCB JEC 07-05 Slot Machine Regulation - Funding/ Pari-Mutuel Wagering
TF

SPONSOR(S): Jobs & Entrepreneurship Council

TIED BILLS: _____ **IDEN./SIM. BILLS:** _____

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.: Jobs & Entrepreneurship Council	14 Y, 0 N	Smith	Thorn
1) Policy & Budget Council	_____	_____	_____
2) _____	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

The Department of Business and Professional Regulation (DBPR) is required under Section 550.135(2), Florida Statutes, to transfer any unappropriated funds in the Pari-Mutuel Wagering Trust Fund (PMWTF) in excess of \$1.5 million to the General Revenue Fund (GR) at the beginning of each fiscal year. The remaining \$1.5 million has typically been sufficient to fund the Division of Pari-Mutuel Wagering's operations at the beginning of the fiscal year.

With the addition of slot machine gaming, the \$1.5 million balance in the PMWTF is insufficient for funding the Division's Pari-Mutuel Wagering activities and the activities related to slot machine regulation, including the statutorily required transfer to the Florida Department of Law Enforcement (FDLE) for their respective slot-related activities.

The bill amends Section 550.135, Florida Statutes, to allow the department to retain slot machine license fees, slot machine occupational license fees, and compulsive gambling prevention fees in order to fund slot operations within DBPR and FDLE. The department would be required to transfer any of the unappropriated funds in excess of slot machine regulation costs to the Chief Financial Officer for deposit in the General Revenue Fund.

The bill is effective upon becoming law.

The bill will create a one-time reduction to the General Revenue Fund in the amount of approximately \$8 million. However, in future years, the bill will result in up to approximately \$3 million to \$4 million being remitted to the General Revenue Fund.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

B. EFFECT OF PROPOSED CHANGES:

Present Situation

The Legislature passed House Bill 1B during a December 2005 Special Session, providing for implementation of slot machine gaming in Broward County. Among other things, the language in the bill established that all slot machine license fees, slot machine occupational license fees, and compulsive gambling prevention fees must be paid to the Division of Pari-Mutuel Wagering of the Department of Business and Professional Regulation (DBPR) for deposit into the Pari-Mutuel Wagering Trust Fund. The bill also provided for a transfer of funds to the Florida Department of Law Enforcement (FDLE) for law enforcement activities related to the operation of slot machine regulation.

The DBPR is required under Section 550.135(2), Florida Statutes, to transfer any unappropriated funds in the Pari-Mutuel Wagering Trust Fund (PMWTF) in excess of \$1.5 million to the General Revenue Fund (GR). This transfer takes place after July 1st of the new fiscal year.

The transfer to GR did not cause any conflicts when the PMWTF was only supporting the activities of the Division of Pari-Mutuel Wagering. However, with the addition of slots regulation, the transfer of funds to GR is problematic for a couple of reasons:

- The four facilities authorized to offer slot machine gaming must deposit their fees into the PMWTF, meaning those fees are transferred to GR after July 1st and will not be available to cover the program's operational costs.
- The department will lack the funds for slot operations and for the statutorily required transfer to FDLE for their slot-related activity costs.

The \$1.5 million that the DBPR retains in the PMWTF is insufficient for covering the costs of the Division of Pari-Mutuel Wagering activities, DBPR's slot regulation activities, and the transfer to FDLE.

Effect of Proposed Changes

The bill amends s. 550.135, F.S., to allow the Department of Business and Professional Regulation to retain the slot machine license fees, slot machine occupational license fees, and the compulsive gambling prevention fees in order to fund the Slot Machine Regulation program and the related enforcement activities at the Florida Department of Law Enforcement. The department will be required to transfer any unappropriated funds in excess of the division's slot operations costs.

The bill amends s. 550.135(2), Florida Statutes, by adding collected pursuant to Chapter 550 and adds subsection (3)

The slot machine license fee, slot machine occupational license fee, and the compulsive or addictive gambling prevention program fee collected pursuant to ss.551.106,551.107(2)(a)1., and 551.118 shall be used to fund the direct and indirect operating expenses of the division's slot machine regulation operations and to provide funding for relevant enforcement activities of the Florida Department of Law Enforcement in accordance with authorized appropriations. Funds deposited into the Pari-Mutuel Wagering Trust Fund pursuant to ss.551.106,551.107(2)(a)1., and 551.118 shall be reserved in the trust fund for the direct and indirect operating expenses of slot machine regulation operations for the subsequent fiscal year.

Any unappropriated funds in excess of the division's slot machine regulation appropriations for the subsequent fiscal year shall be deposited with the Chief Financial Officer to the credit of the General Revenue Fund.

C. SECTION DIRECTORY:

Section 1. Amends s. 550.135 to provide for the exemption of certain fees from the PMW TF transfer to GR at the end of the Fiscal Year.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The General Revenue Fund will initially be negatively impacted by \$8 million. However, the state will receive in future years up to approximately \$3 million to \$4 million annually in General Revenue Fund deposits (funds collected above appropriations).

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

D. STATEMENT OF THE SPONSOR

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES