

The Florida Senate
PROFESSIONAL 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: General Government Appropriations Committee

BILL: PCS/CS/CS/SB's 752 & 1192

INTRODUCER: General Government Appropriations Committee, Finance and Tax Committee, Regulated Industries Committee, and Senators Geller and Fasano

SUBJECT: Cardrooms

DATE: April 21, 2007

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Sumner</u>	<u>Imhof</u>	<u>RI</u>	<u>Fav/CS</u>
2.	<u>Keating</u>	<u>Johansen</u>	<u>FT</u>	<u>Fav/CS</u>
3.	<u>Frederick</u>	<u>DeLoach</u>	<u>GA</u>	<u>Pre-meeting</u>
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The bill amends the cardroom hours of operation in section 849.086(7)(b), Florida Statutes, by allowing for operation of the cardroom between the hours of 10 a.m. and 2 a.m. only on days when the facility is authorized to accept wagers on pari-mutuel events, except or unless extended by local government. It changes the maximum bet from \$2 to \$10, authorizes a cardroom operator to award giveaways, jackpots, and prizes to players. It authorizes Texas Hold'em games without betting limits under certain circumstances. It provides for poker tournaments under certain conditions.

Implementation of this bill will result in an increase in revenues by \$1.7 million annually. \$15,000 would be from additional occupational license fees with the remainder from gross receipt taxes.

The bill authorizes a \$279,133 appropriation from the Pari-mutuel Wagering Trust fund to the Department of Business and Professional Regulation for the purpose of carrying out the activities related to this act.

This bill substantially amends section 849.086, Florida Statutes.

II. Present Situation:

A cardroom may be operated only at the location specified on the cardroom license issued by the division and such location may be only where the permit holder is authorized to conduct pari-mutuel wagering activities subject to its pari-mutuel permit. Section 849.086(2)(c), F.S., defines

“cardroom” 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 charges a fee for participation by the operator of such facility. Authorized games and cardrooms do not constitute casino gaming operations.

Section 849.086(2)(a), F.S., defines an “authorized game” at a cardroom as a game or series of games of poker which are played in a non-banking manner. Authorized cardroom games or series of games of poker may not exceed a \$2 bet with a maximum of three raises in any round of betting.

A “banking game” is defined in s. 849.086(2)(b), F.S., as “a game in which the house is a participant in the game, taking on players, paying winners, and collecting from losers or in which the cardroom establishes a bank against which participants play.”

Up until 2003, an “authorized game” at a cardroom included “penny-ante games” as defined in s. 849.085, F.S., which include a game or series of games of poker, pinochle, bridge, rummy, canasta, hearts, dominoes, or mah-jongg.¹

A cardroom may operate between the hours of 12 noon and 12 midnight on any day a pari-mutuel event is conducted live as a part of the permit holder’s authorized meet. In addition, any permit holder who holds a valid cardroom license may operate a cardroom between the hours of 12 noon and 12 midnight on any day that live racing of the same class of permit is occurring within 35 miles of its facility, if no other holder of that same class of permit within 35 miles is operating a cardroom at such time and if all holders of the same class of permit within the 35 mile area have given written permission to the permit holder to operate the cardroom during the designated period.²

In order to renew a cardroom operator license the applicant must have requested, as part of its pari-mutuel annual license application, to conduct at least 90 percent of the total number of live performances conducted by such permit holder during either the state fiscal year in which its initial cardroom license was issued or the state fiscal year immediately prior to the application. If the application is for a harness permit holder cardroom, the applicant must have requested authorization to conduct a minimum of 140 live performances during the state fiscal year immediately prior to the application. If more than one permit holder is operating at a facility, each permit holder must have applied for a license to conduct a full schedule of live racing.³

III. Effect of Proposed Changes:

Section 1 of the bill amends s. 849.086(2) F.S., to define “tournament” to mean a series of games that have more than one betting round involving one or more tables, where the winners or others receive a prize or cash award.

¹ Section 849.085, F.S., was amended by ch. 2003-295, L.O.F., to eliminate the games of pinochle, bridge, rummy, canasta, hearts, dominoes, or mah-jongg.

² Section 849.086(7)(b), F.S.

³ Section 849.086(5)(b), F.S.

The bill amends s. 849.086(3), F.S. to provide that authorized games at a licensed cardroom does not include video poker games or any other game or machine that is not otherwise authorized under Florida law or as authorized in a licensed slot machine facility.

The bill amends s. 849.086(5), F.S., to provide a cardroom per table fee of \$1,000.

The bill amends s. 849.086(7)(b), F.S., to allow horse race, greyhound, or jai alai permit holders to operate a cardroom at any pari-mutuel facility between the hours of 10 a.m. and 2 a.m. only on days when the facility is authorized to accept wagers on pari-mutuel events, except that the hours of operation may be extended by: majority vote of the governing body of the municipality where the facility is located or the governing body of the county, if the facility is not located in a municipality.

It deletes language that authorizes cardrooms only when the pari-mutuel facility was accepting wagers on pari-mutuel events during its authorized meet. It deletes all current language referring to hours of operation. It deletes language that provided that any permit holder who holds a valid cardroom license may operate a cardroom between the hours of 12 noon and 12 midnight on any day that live racing of the same class of permit is occurring within 35 miles of its facility, if no other holder of that same class of permit within 35 miles is operating a cardroom at such time and if all holders of the same class of permit within the 35 mile area have given written permission to the permit holder to operate the cardroom during the designated period.

It creates s. 849.086(7)(d), F.S., to provide that a cardroom operator may award giveaways, jackpots and prizes to a player or players who hold certain combinations of cards specified by the cardroom operator.

The bill amends s. 849.086(8)(b), F.S., by changing the maximum bet from \$2 to \$10. It allows a cardroom operator to conduct games of Texas Hold-em without a betting limit, if the players' buy-in is no more than \$100.

The bill creates s. 849.086(8)(c), F.S., to describe tournament play. It provides that:

- It shall consists of a series of games.
- The entry fee, including re-buys, may not exceed the maximum amount that could be wagered by a participant in 10 like-kind, non-tournament games.
- Tournaments must be played only with tournament chips.
- Players must receive an equal number of tournament chips for their entry fee.
- Tournament chips have no cash value and represent tournament points only.
- There is no limitation on the number of tournament chips that may be used for a bet except as otherwise determined by the cardroom operator.
- Tournament chips may not be redeemed for cash or any other thing of value.
- The distribution of prizes and cash awards is determined by the cardroom operator before entry fees are accepted.

It creates s. 849.086(8)(d), F.S., to provide that only for tournament play does the term "gross receipts for the tournament" mean the total amount received by the cardroom operator for all

entry fees, player re-buys, and fees for participation in the tournament, less the total amount paid to the winners or others as prizes.

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:

None.

B. Private Sector Impact:

The public will have more access to cardrooms. The pari-mutuel permit holders should receive additional income from the operation of the cardrooms year-round.

C. Government Sector Impact:

The Revenue Estimating Conference estimates that implementation of the provisions of this bill will result in an increase revenues by \$1.7 million annually. Of that amount, \$15,000 would be from additional occupational license fees, and the remainder from the tax on the cardroom operator's gross receipts. One half of the payments received from cardrooms (\$850,000) is deposited into the General Revenue Fund, and one half (\$850,000) in the Pari-mutuel Wagering Trust Fund.⁴ The division must distribute one fourth of the one half deposited into the Pari-mutuel Wagering Trust Fund to the counties or municipalities where the cardrooms are located. The division anticipates an increase of \$212,500 in the amount distributed to counties or municipalities.

The division anticipates an increase in workload due to the likelihood that most, if not all, cardrooms will be open longer than the current 12 hours a day maximum, and will likely be open seven days a week, year round. This would increase the operating days across 18 facilities from 4,043 (FY 2005-06 operating days) to 6,570, a 62 percent increase. It is projected that the division's workload will increase by: approximately 300 more occupational license applications processed, 125 background investigations; 650 more cardroom inspections conducted, 75 investigative cases from complaints and alleged

⁴ Section 849.086(13(c), F.S.

violations, necessitating the promulgation of rules, and additional direct oversight of cardroom operations needed.

For Fiscal year 2007-2008, four full-time equivalent positions and a total of \$279,133 is appropriated in this bill to the Department of Business and Professional Regulation to carry out activities related to this act.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

This Senate Professional Staff Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

VIII. Summary of Amendments:

None.

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