

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 Pari-mutuel Wagering, Department of Business and Professional Regulation, 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:

Dominoes

Dominoes are believed to have originated in China in the 12th century although other origins, notably Egypt and India, are also suggested and 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. Games of dominoes are popular among different segments of society and have a large constituency in the Hispanic communities of South Florida.

Cardrooms

Section 849.086, F.S., authorizes the operation of cardrooms at licensed pari-mutuel facilities in the state. The Department of Business and Professional Regulation's Division of Pari-mutuel Wagering is responsible for licensing and regulating cardroom activities and the operation of a cardroom is conditioned upon the operation of live pari-mutuel events.

As originally enacted in 1996, the cardroom statute defined authorized games to be those games set out in s. 849.085(2)(a), F.S., the penny-ante games statute.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.

The cardroom statute requires games of poker to be played in a non-banking manner; that is, the House 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.

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.

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. Such 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 2004-2005 the cardroom gross receipts tax generated approximately \$3.8 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 and 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 of Pari-mutuel Wagering 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 and would take effect on July 1, 2006.

C. SECTION DIRECTORY:

Section 1. Amends subsections (2), (4), (6), (7) and (8) of s. 849.086, Florida Statutes, to authorize the play of dominoes in the cardrooms of pari-mutuel facilities. The amendments require nonplaying game supervisors for each dominoes table, restricts wagering to game participants, authorizes the Division to adopt rules for the review and approval of poker and dominoes games, 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, 2006.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

According to the Division of Pari-mutuel Wagering in the Department of Business and Professional Regulation, authorization for the play of dominoes at cardroom facilities in the state could be expected to have a positive, but insignificant, fiscal impact on state revenue collections.

2. Expenditures:

According to the Division of Pari-mutuel Wagering in the Department of Business and Professional Regulation, authorization for the play of dominoes at cardroom facilities in the state is not expected to increase agency expenditures.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

One-quarter of revenues received from the gross receipts tax collected from cardroom operations are disbursed to the local governments where cardrooms are located. This bill could be expected to have a positive, but insignificant, fiscal impact on disbursements to those local governments.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Some pari-mutuel facilities expect the addition of dominoes at their cardroom facilities to have a positive economic benefit for the pari-mutuel facility, not only due to the play of dominoes, but also in increased wagering on pari-mutuel events and increased spending on other entertainment options available at the pari-mutuel facility.

D. FISCAL COMMENTS:

None.

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 of Pari-mutuel Wagering 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:

Since there are many variations of the game of dominoes, the Division suggested that the bill should provide more specifics with regard to which particular dominoes games would be allowed to be conducted and how wagering would be conducted on those games. HB 579 with CS does not list specific dominoes games but does authorize the Division to adopt rules for the review and approval of the play and wagering on dominoes games.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

The Committee on Business Regulation adopted one strike-all amendment on January 26, 2006 and voted, 15 Yeas and 0 Nays, to report the bill favorably with CS. The amendment added three new provisions:

1. Grants rulemaking authority to the Division of Pari-mutuel Wagering for the review and approval of the play and wagering in a game or series of games of poker or a game of dominoes;
2. Requires the cardroom operator to provide a nonplaying supervisor for each dominoes table; and
3. Limits all wagering to actual game participants, e.g., no side-bets by observers.