

By Representatives Westbrook, King, Jones, Tobin and  
Fasano

1                                   A bill to be entitled  
2           An act relating to pari-mutuel wagering;  
3           amending s. 550.09511, F.S.; revising language  
4           with respect to jai alai taxes; providing that  
5           jai alai permitholders should pay their fair  
6           share of taxes but should not be subjected to  
7           taxes in an amount greater than their operating  
8           earnings; defining the term "operating  
9           earnings"; amending s. 550.01215, F.S.;  
10          providing a time period for jai alai  
11          permitholders to apply for certain permits or  
12          amendments to permits; providing a time period  
13          for the Division of Pari-mutuel Wagering to  
14          issue such permits; providing an effective  
15          date.

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17 Be It Enacted by the Legislature of the State of Florida:

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19           Section 1. Subsection (1) of section 550.09511,  
20 Florida Statutes, is amended to read:

21           550.09511 Jai alai taxes; abandoned interest in a  
22 permit for nonpayment of taxes.--

23           (1)(a) Pari-mutuel wagering at jai alai frontons in  
24 this state is an important business enterprise, and taxes  
25 derived therefrom constitute a part of the tax structure which  
26 funds operations of the state. Jai alai permitholders should  
27 pay their fair share of these taxes to the state. As further  
28 prescribed in paragraph (b),this business interest should not  
29 be taxed to such an extent as to cause any fronton which is  
30 operated under sound business principles to be forced out of  
31 business. Due to the need to protect the public health,

1 safety, and welfare, the gaming laws of the state provide for  
2 the jai alai industry to be highly regulated and taxed. The  
3 state recognizes that there exist identifiable differences  
4 between jai alai permitholders based upon their ability to  
5 operate under such regulation and tax system.

6 (b) Under the taxation system in this section, which  
7 is based upon revenues instead of profits, a jai alai  
8 permitholder should pay its fair share of taxes to the state,  
9 but it should not be subjected to taxes which might cause it  
10 to operate at a loss, impair its ability to service debt or to  
11 maintain its fixed assets, or otherwise jeopardize its  
12 existence and the jobs of its employees. Any jai alai  
13 permitholder which has incurred state taxes on handle and  
14 admissions in an amount which is in excess of its operating  
15 earnings in a fiscal year ending during or after the state  
16 fiscal year which ends June 30, 1998, will be entitled to  
17 credit the amount of such excess taxes against state  
18 pari-mutuel taxes due and payable on and after July 1, 1998,  
19 during its next ensuing meets. Operating earnings are hereby  
20 defined as total revenues from pari-mutuel operations net of  
21 state taxes and fees less total expenses, but excluding  
22 deductions for interest, depreciation, and amortization,  
23 payments to affiliated entities other than for reimbursement  
24 of expenses related to pari-mutuel operations, and any  
25 increase in an officer's or director's annual compensation  
26 above the amount paid during the year ended December 31, 1997.

27 Section 2. Subsection (10) is added to section  
28 550.01215, Florida Statutes, to read:

29 550.01215 License application; periods of operation;  
30 bond, conversion of permit.--

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1           (10) Notwithstanding any other provision in this  
2 section, any jai alai permitholder may apply for a license or  
3 amend its license to conduct performances for fiscal year  
4 1998-1999, within 10 days after the effective date of this  
5 act. The division shall issue such license within 15 days  
6 after receipt of such application.

7           Section 3. This act shall take effect July 1 of the  
8 year in which enacted.

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11                                   HOUSE SUMMARY

12           Revises a provision of law relating to taxes with respect  
13 to jai alai permitholders to provide that such  
14 permitholders should pay their fair share of taxes but  
15 should not be subjected to taxes in an amount greater  
16 than their operating earnings. Defines the term  
17 "operating earnings" to mean total revenues from  
18 pari-mutuel operations net of state taxes and fees less  
19 total expenses, but excluding deductions for interest,  
20 depreciation, and amortization, payments to affiliated  
21 entities other than for reimbursement of expenses related  
22 to pari-mutuel operation, and any increase in an  
23 officer's or director's annual compensation above the  
24 amount paid during the year ended December 31, 1997.

25           Provides that any jai alai permitholder may apply for a  
26 license or amend its license to conduct performances for  
27 fiscal year 1998-1999, within 10 days after the effective  
28 date of the act and directs the Division of Pari-mutuel  
29 Wagering to issue such license within 15 days of receipt  
30 of such application.  
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