

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

Date: April 6, 1998 Revised: _____

Subject: Tax on Handle and Jai Alai Taxes

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Rodriguez</u>	<u>Guthrie</u>	<u>RI</u>	<u>Favorable/CS</u>
2.	_____	_____	<u>WM</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

The bill allows a jai alai permit to be re-converted to a greyhound permit during fiscal year 1998-99. It allows a greyhound permitholder that does not fully utilize a tax credit pursuant to s. 550.09514(1), F.S., to transfer the tax credit to a host greyhound track for credits on intertrack wagering. The bill reduces the tax rate on intertrack wagering for greyhound permitholders from 7.6 to 6.0. It provides for weekly disbursement of purses and specifies purse reporting requirements for greyhound tracks. It provides that a permitholder may make capital improvements to a facility unless the county or municipality determines that it poses a hazard to its citizens. It gives a parimutuel permitholder the option of obtaining the consent of either the municipality or the county commission to establish a cardroom. The estimated fiscal impact is \$4,040,774.

This bill amends the following sections of the Florida Statutes: 550.0745, 550.0951, 550.09514, 550.155, and 849.086.

II. Present Situation:

Section 550.0745, F.S., entitles a permitholder to convert a parimutuel license into a license for the operation of a jai alai fronton during the summer season.

Section 550.0951, F.S., provides for the payment of daily license fees, an admissions tax, various tax rates on handle, and penalties for the non payment of taxes. This section provides that the tax on handle for intertrack wagering at the host track is 3.3 percent for horse tracks, 7.6 percent for greyhound tracks, and 7.1 percent for jai alai frontons. The tax on handle for intertrack wagering on rebroadcasts of simulcast horseraces is 2.4 percent of handle.

Section 550.09514, F.S., provides a tax savings per state fiscal year of \$500,000 for the three Florida panhandle greyhound permitholders that conducted a full schedule of live racing in 1995. It requires greyhound permitholders to pay as purses an amount equal to 75 percent of the daily license fees paid for the 1994-1995 fiscal year as a supplement to minimum purse payments established by law. This section also requires each greyhound permitholder to document purses paid on live racing and greyhound intertrack and simulcast broadcasts to assure that the annual purse percentage rates paid by each permitholder on the intertrack or simulcast broadcasts are not reduced below those paid during the 1993-94 state fiscal year.

Section 550.155, F.S., provides that a proposed capital improvement contiguous to or within a pari-mutuel facility existing on June 23, 1981, that requires municipal approval shall be approved by the municipality, unless the proposed capital improvement is a development of regional impact as defined in s. 380.06, F.S., or the municipality is able to show that the proposed improvement presents a justifiable and immediate hazard to the health and safety of municipal residents.

Section 849.086, F.S., authorizes a pari-mutuel permitholder to be licensed as a cardroom facility if it obtains the approval of the county commission. The division collects an annual license fee on each table that is to be operated in the cardroom (\$1,000 for the first table and \$500 for each additional table). The division also collects an admissions tax (15 percent of the admission charge or 10 cents per person admitted, whichever is greater) and a gross receipts tax (10 percent of the cardroom operation's gross receipts). The annual license fee is deposited in the Pari-mutuel Wagering Trust Fund along with 50 percent of the amounts collected from the admissions tax and gross receipts tax. The remaining 50 percent is deposited in the General Revenue Fund. Of the money deposited in the Pari-mutuel Wagering Trust Fund, 25 percent is distributed to the county in which the cardroom is located, except that if two or more pari-mutuel racetracks are located in the same incorporated municipality this local share is distributed to the municipality.

III. Effect of Proposed Changes:

Section 1 amends s. 550.0745, F.S., to allow a parimutuel permit that was previously converted to a summer jai alai permit to be re-converted to a greyhound permit during fiscal year 1998-99. Such a conversion also would affect tax rates and tax credits at the facility.

Section 2 amends s. 550.0951, F.S., to provide that the three specified panhandle permitholders may transfer, upon approval of the division, the unused portions of their \$500,000 tax credit to a host greyhound track for credits on intertrack wagering. The host track is to reimburse the specified pemitholder the exact monetary value of the tax credit.

Section 550.0951, F.S., is also amended to provide a tax credit of 1.6 percent of the intertrack wagering handle on greyhound races outside the market area, which effectively reduces the tax rate on intertrack wagering for greyhound permitholders from 7.6 to 6.0 percent.

Section 3 amends s. 550.09514, F.S., to provide that the "purse supplement" (equal to 75% of the daily license fees paid in FY 1994-95) be prorated and disbursed weekly. It also amends

subparagraph 1 of paragraph (c) of subsection (2) of s. 550.09514, F.S. The provisions relating to minimum purses for greyhound intertrack and simulcast broadcasts are amended and placed in new subparagraph (2), leaving as subparagraph (1) provisions requiring each greyhound track to provide sufficient documentation of purses paid on its live races to assure that the annual purse percentage rates paid on live races are not below those paid during the 1993-94 state fiscal year.

The new subparagraph 2 specifies minimum purse requirements for host tracks in connection with greyhound intertrack and simulcast broadcasts. It requires that least 25% of the host track's "net proceeds" from simulcast and at least 0.75% of the guest track's handle on intertrack wagering be paid as purses at the host track. It also requires a greyhound permitholder during its race meet to provide the division and kennel operators a weekly report showing purses paid, together with handle or commission calculations, on live races and greyhound intertrack and simulcast broadcasts.

Section 4 amends s. 550.155, F.S., to make the provisions regarding required local approval of certain capital improvements apply to county as well as municipal approval.

Section 5 amends s. 849.086, F.S., to provide that a cardroom can operate with the approval of the municipality as an alternative to the approval of the county commission. In such cases the municipality is entitled to the 25 percent local share of cardroom proceeds deposited in the Parimutuel Wagering Trust Fund. If the county subsequently approves the facility, the local share of cardroom proceeds would be divided evenly between the municipality and the county.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

See sections 4 and 5 of the effect of proposed changes above.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

The bill enacts certain provisions that will lower tax rates on intertrack wagering, allow for a transfer of a tax credit, and provide for the conversion of a permit from a jai alai facility to a

greyhound facility. A description of the fiscal impact on state revenues is provided in the section below on Government Sector Impact.

B. Private Sector Impact:

The bill enacts certain provisions that will lower tax rates on intertrack wagering and strengthen the economic viability of certain pari-mutuel facilities.

C. Government Sector Impact:

According to the Division of Pari-Mutuel Wagering, the 1.6% credit on greyhound intertrack wagering handle (effectively reducing the rate from 7.6% to 6.0%) would result in a recurring negative fiscal impact to state revenues of \$3,000,600 per year. The recurring negative fiscal impact of transferring unused daily license fee tax credits from the three greyhound permitholders to any host greyhound intertrack permitholder will be \$524,254. The conversion of a jai alai permit to a greyhound permit could result in an additional recurring negative fiscal impact of \$515,920. The combined negative fiscal impact of this bill, as projected by the division, is \$4,040,774.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The bill provides adequate and appropriate standards and guidelines to direct the agency's implementation of the proposed legislation.

VIII. Amendments:

None.