

**STORAGE NAME:** h1139.br.doc  
**DATE:** March 14, 2001

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
BUSINESS REGULATION  
ANALYSIS**

**BILL #:** HB 1139  
**RELATING TO:** Pari-Mutuel Wagering  
**SPONSOR(S):** Representative(s) Garcia  
**TIED BILL(S):** None

**ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:**

- (1) BUSINESS REGULATION
  - (2) FISCAL POLICY & RESOURCES
  - (3) COUNCIL FOR SMARTER GOVERNMENT
  - (4)
  - (5)
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I. SUMMARY:

This bill redefines the term "full schedule of live racing" to require quarter horse permitholders and thoroughbred permitholders to have conducted at least 100 live regular wagering performances during the preceding year, rather than 40 as required by existing law, to meet the definition.

In order to conduct intertrack wagering, s. 550.615, Florida Statutes, requires a horserace permitholder to have conducted a full schedule of live racing in the previous year. By increasing the number from 40 to 100 live regular wagering performances, several permitholders will not meet the criteria for conducting wagering on intertrack broadcasts.

The Division of Pari-mutuel Wagering, Department of Business and Professional Regulation, estimates a reduction in intertrack handle of approximately \$200 million and consequent reduction in pari-mutuel tax collections of \$2.2 million for FY 2002-2003 due to those permitholders not conducting a full schedule of live racing during the preceding year. However, assuming all horserace permitholders apply for at least 100 live performances for FY 2002-2003, a positive impact of \$3.4 million is expected for FY 2003-3004

The bill will take effect upon becoming a law.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- |                                   |                              |                             |   |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u>         | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u>             | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u>      | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u>      | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Chapter 550, Florida Statutes, contains Florida's laws governing the regulation and taxation of pari-mutuel wagering activities in the state. The Division of Pari-mutuel Wagering [division] of the Department of Business and Professional Regulation, is the state agency with general regulatory authority over these activities. The pari-mutuel industry has historically been a highly regulated industry and the state has traditionally enforced a wide range of regulatory controls over the daily operations of pari-mutuel permitholders. This complicated set of laws and regulations has been primarily designed to protect the integrity and health of the pari-mutuel industry and, subsequently, the state revenues generated by wagering activities.

Over the past decade, numerous amendments to the pari-mutuel statutes have been adopted in efforts to mitigate the impact of this decline. Likewise, over the last decade there has been a steady decline in attendance, wagering handle, and tax collections. Total state revenue collections from all pari-mutuel operations decreased from \$105,074,018 in FY 1990-91 to an estimated \$34,138,558 million for FY 2000-01 and decreasing to \$33,599,491 for FY 2001-02.

Section 550.002(11), Florida Statutes, defines what constitutes a "full schedule of live racing or games" for all types of pari-mutuel permitholders and provides that quarter horse and thoroughbred permitholders must have conducted "at least 40 live regular wagering performances during the preceding year." Section 550.002(38), Florida Statutes, defines "year," for purposes of determining a full schedule of live racing, to mean a calendar year.

In order to conduct intertrack wagering, s. 550.615, Florida Statutes, requires a horserace permitholder to have conducted a full schedule of live racing in the previous year.

C. EFFECT OF PROPOSED CHANGES:

This bill amends s. 550.002(11), Florida Statutes, to redefine what constitutes a "full schedule of live racing" and provides that quarter horse and thoroughbred permitholders must have conducted at least 100 live regular wagering performances in the preceding year. Existing law requires quarter horse and thoroughbred permitholders to have conducted at least 40 live regular wagering performances in the preceding year to meet the definition.

This provision, when read in concert with s. 550.615, Florida Statutes, will prohibit permitholders who have not conducted at least 100 live regular wagering performances in the previous year, from conducting intertrack wagering.

According to statistics published in the 69<sup>th</sup> Annual Report, Division of Pari-mutuel Wagering, for FY ending June 30, 2000, only one thoroughbred track, Calder Race Course, Inc., would be eligible to conduct intertrack wagering after this bill takes effect; all other tracks conducted fewer than 100 live regular wagering performances in the preceding years.

The Division estimates a reduction in intertrack handle of approximately \$200 million and consequent reduction in pari-mutuel tax collections of \$2.2 million for FY 2002-2003 due to those permitholders not conducting a full schedule of live racing during the preceding year. However, assuming permitholders apply for at least 100 live performances for FY 2002-2003, a positive impact of \$3.4 million is expected for FY 2003-3004

**D. SECTION-BY-SECTION ANALYSIS:**

Section 1. Amends s. 550.002(11), Florida Statutes, to redefine the term "full schedule of live racing" with regard to quarter horse permitholders and thoroughbred permitholders and requires both permitholders to have conducted 100, rather than 40, live regular wagering performances during the preceding year.

Section 2. Provides that the act will take effect upon becoming a law.

**III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:**

**A. FISCAL IMPACT ON STATE GOVERNMENT:**

1. Revenues:

The provisions of this legislation will decrease pari-mutuel wagering revenue received from intertrack wagering.

According to the Division of Pari-mutuel Wagering, Department of Business and Professional Regulation, four of the five thoroughbred permitholders that have applied for racing dates for FY 2001-2002 have proposed to conduct fewer than 100 live performances. The Division estimates a reduction in intertrack handle of approximately \$200 million and consequent reduction in pari-mutuel tax collections of \$2.2 million for FY 2002-2003 due to those permitholders not conducting a full schedule of live racing during the preceding year. However, assuming all horserace permitholders apply for at least 100 live performances for FY 2002-2003, a positive impact of \$3.4 million is expected for FY 2003-3004.

2. Expenditures:

None.

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Only one thoroughbred track, Calder Race Course, Inc., would be eligible to conduct intertrack wagering after this bill takes effect; all other tracks conducted fewer than 100 live regular wagering performances in the preceding years. The bill is, therefore, expected to reduce intertrack handle by approximately \$200 million at those facilities.

D. FISCAL COMMENTS:

N/A

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take any action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None noted.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

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VII. SIGNATURES:

COMMITTEE ON BUSINESS REGULATION:

Prepared by:

Staff Director:

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Janet Clark Morris

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M. Paul Liepshutz