

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: SB 632

SPONSOR: Senator Argenziano

SUBJECT: Jai Alai

DATE: March 10, 2004

REVISED: 3/11/04

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Sumner</u>	<u>Imhof</u>	<u>RI</u>	<u>Favorable</u>
2.	<u>Keating</u>	<u>Johansen</u>	<u>FT</u>	<u>Fav/1 amendment</u>
3.	<u>                    </u>	<u>                    </u>	<u>AGG</u>	<u>                    </u>
4.	<u>                    </u>	<u>                    </u>	<u>AP</u>	<u>                    </u>
5.	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
6.	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

## I. Summary:

This bill redefines the term “full schedule of live racing or games” in ch. 550, F.S., for jai alai permitholders by reducing the amount of live evening or matinee performances from 100 to 40 as long as the permitholder conducted at least 100 live evening or matinee performances during the 2002-2003 state fiscal year.

Section 550.09511, F.S., is amended to provide that if a jai alai permitholder chooses to conduct fewer than 100 live jai alai performances, the permitholder will have to pay to the state the same amount of tax as if they were conducting the full 100 live performances.

This bill substantially amends the following sections of the Florida Statutes: 550.002 and 550.09511.

## II. Present Situation:

Currently there are seven active jai alai permitholders operating five frontons throughout central and south Florida. Wagering at jai alai frontons include wagers for live games occurring at the facility, wagers on simulcast games occurring out of state, and intertrack wagers on pari-mutuel events occurring at facilities throughout the state. Jai alai permitholders pay taxes on handle<sup>1</sup>, admissions, and daily fees in accordance with the number of live performances and intertrack wagering conducted during the fiscal year. In fiscal year 2002-2003, the seven jai alai permitholders remitted a total of \$613,257 in state tax revenues to the Pari-mutuel Wagering

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<sup>1</sup> “Handle” means the aggregate contributions to pari-mutuel pools. s. 550.002 (13) F.S.

Trust Fund, which included \$603,440 in daily license fees, \$7,882 in admission tax and \$1,935 in tax on handle<sup>2</sup>

Simulcasting<sup>3</sup> is the interstate broadcasting of pari-mutuel events. Florida pari-mutuel permitholders are authorized to broadcast the races or games they conduct to facilities outside the state and to receive broadcasts of pari-mutuel events conducted outside of the state.

Simulcasting may only be conducted between facilities with the same class of pari-mutuel wagering permits, for instance, a jai alai permitholder may only accept jai alai simulcasts.

The term “intertrack wagering” (ITW) means wagering on events broadcast between pari-mutuel facilities located within the state, including the rebroadcast of a simulcast signal. ITW is defined as “a particular form of pari-mutuel wagering in which wagers are accepted at a permitted, in-state track, fronton, or pari-mutuel facility on a race or game transmitted from and performed live at, or simulcast signal rebroadcast from, another in-state pari-mutuel facility.” Any licensed pari-mutuel permitholder that conducted a “full schedule of live racing or games” the previous year is qualified to receive broadcasts of any class of pari-mutuel race or games conducted by any class of licensed permitholders.

The definition of “full schedule of live racing or games” in ch. 550, F.S., for jai alai permitholders means that the permitholder conduct 100 live evening or matinee performances during the preceding year. Chapter 550, F.S., requires that in order to participate in intertrack wagering, permitholders conduct a “full schedule of live racing or games.” The permitholder must conduct a full schedule of live racing or games to maintain a pari-mutuel permit. All seven jai alai permitholders conducted 100 or more live performances in 2002-03.<sup>4</sup>

### **III. Effect of Proposed Changes:**

This bill amends the definition of “full schedule of live racing or games” in s. 550.002(11), F.S., for jai alai permitholders by reducing the amount of live evening or matinee performances from 100 to 40 as long as the permitholder conducted at least 100 live evening or matinee performances during the 2002-2003 state fiscal year.

The bill also amends s. 550.09511, F.S., to require that if a jai alai permitholder chooses to conduct fewer than 100 live jai alai performances, the permitholder will have to pay to the state the same amount of fees and taxes that were paid to the state in the most recent prior state fiscal year in which the permitholder conducted at least 100 live performances as if they were conducting the full 100 live performances. This provision will “hold harmless” state jai alai tax revenues.

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<sup>2</sup> Division of Pari-mutuel Wagering, 72<sup>nd</sup> Annual Report, July 1, 2002 – June 30, 2003, Florida Department of Business and Professional Regulation, pp. 7 & 30.

<sup>3</sup> “Simulcasting” means broadcasting events occurring live at an in-state location to an out-of-state location, or receiving at an in-state location events occurring live at an out-of-state location, by the transmittal, retransmittal, reception, and rebroadcast of television or radio signals by wire, cable, satellite, microwave, or other electrical or electronic means for receiving or rebroadcasting the events. s. 550.002 (32), F.S.

<sup>4</sup> Division of Pari-mutuel Wagering, 72<sup>nd</sup> Annual Report, pp. 31-34.

**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:**

As a result of the “hold harmless” provision in the bill, the Revenue Estimating Conference estimated the fiscal impact on the state to be insignificant.

**B. Private Sector Impact:**

Jai alai permtholders will have greater freedom to operate as an intertrack wagering facility while live performance requirements will decrease, thus allowing permitholders to reduced costs, while maximizing revenues.

**C. Government Sector Impact:**

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

#1 by Finance and Taxation:

The amendment requires that if an individual jai alai fronton has been approved for video lottery games, that jai alai fronton must conduct at least 150 live performances during the year after the video lottery games have been approved. (WITH TITLE AMENDMENT)

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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