

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.)

Prepared By: Government Efficiency Appropriations Committee

BILL: CS/SB 2432

SPONSOR: Committee on Regulated Industries and Senator Bullard

SUBJECT: Cardrooms

DATE: April 19, 2005

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Sumner</u>	<u>Imhof</u>	<u>RI</u>	<u>Fav/CS</u>
2.	<u>Keating</u>	<u>Johansen</u>	<u>GE</u>	<u>Favorable</u>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The committee substitute amends s. 849.086(2)(a), F.S., to include dominoes in the list of authorized games permitted to be played at a cardroom.

The committee substitute amends s. 849.086(4)(a), F.S., to allow the Division of Pari-mutuel Wagering of the Department of Business and Professional Regulation (division) 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 committee substitute amends s. 849.086(7)(c), F.S., to provide that a cardroom operator must at all times employ and provide a nonplaying, nonparticipating supervisor for each table on which an authorized dominoes game is conducted at the cardroom. The providing of dominoes games does not constitute conducting a banking game by the cardroom operator.

The committee substitute amends s. 849.086(8)(a), F.S., to provide that a wager of money or any other property or thing of value may be made on the outcome of an authorized game only by the players. Any wager must be in strict compliance with the subsection.

This bill substantially amends s. 849.086, Florida Statutes.

II. Present Situation:

A cardroom may be operated only at the location specified on the cardroom license issued by the division and such location may be only where such permitholder is authorized to conduct pari-mutuel wagering activities subject to its pari-mutuel permit. Section 849.086(2)(c), F.S., defines "cardroom" to mean a facility where authorized card games are played for money or anything of value and to which the public is invited to participate in such games and charged a fee for

participation by the operator of such facility. Authorized games and cardrooms do not constitute casino gaming operations.

Section 849.086(2)(a), F.S., defines “authorized game” at a cardroom as a game or series of games of poker which are played in a nonbanking manner. Authorized cardroom games or series of games of poker may not exceed a \$2 bet with a maximum of three raises in any round of betting.

A “banking game” is defined in s. 849.086(2)(b), F.S., as “a game in which the house is a participant in the game, taking on players, paying winners, and collecting from losers or in which the cardroom establishes a bank against which participants play.”

Up until 2003, an “authorized game” at a cardroom included “penny-ante games” as defined in s. 849.085, F.S., which includes a game or series of games of poker, pinochle, bridge, rummy, canasta, hearts, dominoes, or mah-jongg.¹

Dominoes, along with poker, pinochle, bridge, rummy, canasta, hearts, and mah-jongg, is still allowed to be played in an penny ante game authorized under s. 849.085, F.S., This section authorizes penny ante games to be played in residential premises and certain common areas of community associations and college dormitories and recreational rooms. For a penny ante game, the winnings of any player in a single round, hand, or game may not exceed \$10 in value.

A cardroom may operate between the hours of 12 noon and 12 midnight on any day a pari-mutuel event is conducted live as a part of its authorized meet. In addition, any permitholder who holds a valid cardroom license may operate a cardroom between the hours of 12 noon and 12 midnight on any day that live racing of the same class of permit is occurring within 35 miles of its facility, if no other holder of that same class of permit within 35 miles is operating a cardroom at such time and if all holders of the same class of permit within the 35 mile area have given written permission to the permitholder to operate the cardroom during the designated period.

Section 849.086(7)(c), F.S., provides that a cardroom operator must employ and provide a nonplaying dealer for each authorized card table at the cardroom. The dealers may not have any participatory interest or an interest in the outcome of the game. The providing of the dealers by a licensee shall not be construed as constituting the conduct of a banking game by the cardroom operator.

Section 849.086(8)(a), F.S., provides that a wagering system must be used at the cardrooms. Wagering systems require the house to convert all players’ money to tokens or chips which are then allowed be used for wagering at the specific cardroom.

Section 849.086(13), F.S., provides that each cardroom operator shall pay a tax to the state of 10 percent of the cardroom operations’ monthly gross receipts. In addition, there is an annual cardroom license fee of \$1,000 for the first table and \$500 for each additional table operated at

¹ Section 849.085, F.S., was amended by ch. 2003-295, L.O.F., to eliminate the games of pinochle, bridge, rummy, canasta, hearts, dominoes, or mah-jongg.

the cardroom. Total collections for fiscal year 2003-04 on the gross receipts of cardrooms was \$1.9 million while \$250,000 was collected in table license fees.

III. Effect of Proposed Changes:

The committee substitute amends s. 849.086(2)(a), F.S., to include dominoes in the list of authorized games permitted to be played at a cardroom.

The committee substitute amends s. 849.086(2)(c), F.S., to delete the word “card” from “authorized card game” in the definition of “cardroom”.

The committee substitute amends s. 849.086(4)(a), F.S., to allow the Division of Pari-mutuel Wagering of the Department of Business and Professional Regulation 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 committee substitute amends s. 849.086(7)(c), F.S., to provide that a cardroom operator must at all times employ and provide a nonplaying supervisor for each table on which an authorized dominoes game is conducted at the cardroom. It provides that dominoes game supervisors may not have any participatory interest in any game other than the supervision of dominoes games and that the providing of dominoes games supervisors by a licensee shall not be construed as constituting the conducting of a banking game by the cardroom operator.

The committee substitute amends s. 849.086(8)(a), F.S., to provide that no wager of money or any other property or thing of value may be made on the outcome of an authorized game other than by the persons who are playing in such a game or in a series of such games. In addition, any wager authorized by the paragraph must be in strict compliance with the subsection.

The bill shall take effect July 1, 2005.

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:**

The Revenue Estimating Impact Conference estimated on March 11, 2005, that the fiscal impact from the addition of dominoes to the definition of “authorized games” at a cardroom is indeterminate, but is likely to result in an insignificant increase in revenues.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The department states that cardroom operators typically assess a participation fee such as an hourly rate for use of a seat at a table or a flat fee that is independent of the pot size. The participation fees make up the gross receipts from which the state collects a 10 percent tax. The department states that though the addition of dominoes may increase attendance and participation fees for a few specific cardroom locations whose patrons have a preference for dominoes, the impact on net state revenue of the addition of dominoes is anticipated to increase minimally.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.

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