

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 707

Cardrooms

SPONSOR(S): Bullard

TIED BILLS:

IDEN./SIM. BILLS:

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Business Regulation Committee</u>	<u>16 Y, 2 N</u>	<u>Shoemaker</u>	<u>Liepshutz</u>
2) <u>Finance & Tax Committee</u>	<u></u>	<u></u>	<u></u>
3) <u>Governmental Operations Committee</u>	<u></u>	<u></u>	<u></u>
4) <u>Commerce Council</u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

This bill authorizes dominoes, flat rectangular blocks divided into two equal parts with zero to six dots in each part, to be played in a nonbanking manner in cardrooms under Fla. Stat. § 849.086. Additionally, cardroom distributors will be allowed to distribute dominoes and dominoes tables. Finally, a person employed or otherwise working in a cardroom conducting games of dominoes would have to hold a valid cardroom employee occupational license issued by the Division of Pari-mutuel Wagering of the Department of Business and Professional Regulation.

This bill has an effective date of July 1, 2005.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide limited government – This bill would require the Division of Pari-mutuel Wagering of the Department of Business and Professional Regulation to regulate the game of dominoes in addition to their present cardroom oversight responsibilities.

Safeguard individual liberty – This bill provides an individual with an additional entertainment choice.

B. EFFECT OF PROPOSED CHANGES:

In 1996, the legislature enacted Fla. Stat. § 849.086 to authorize cardrooms and in doing so, implemented several regulatory guidelines within the legislation.

First, a cardroom may only be operated at a location specified on a cardroom license issued by the Division of Pari-mutuel Wagering of the Department of Business and Professional Regulation (the division) and this location only may be where such permitholder is authorized to conduct pari-mutuel wagering activities subject to a pari-mutuel permit. Additionally, the division may only issue a cardroom license upon proof that a majority of the county commissioners in the county where the applicant desires to conduct cardroom gaming has voted to approve such activity within the county.

Second, a cardroom may only 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. However, any permitholder who holds a valid cardroom license may also 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.

Third, games permitted to be conducted in a cardroom and limitations on wagering in such games are regulated. As originally enacted in 1996, Fla. Stat. § 849.086 allowed a game or series of games delineated in Fla. Stat. § 849.085, the penny-ante statute, to be played in a cardroom with the winnings of any player in a single round, hand, or game not to exceed \$10. The games provided for under the cardroom and penny-ante statutes were poker, pinochle, bridge, rummy, canasta, hearts, dominoes, and mah-jongg. However, in 2003, the cardroom statute was amended to allow a maximum bet of \$2 with no more than three raises in any round of betting in place of the \$10 round, game, or hand limit. At this time, the statute was also amended to authorize only the game of poker in cardroom facilities, which complied with the new betting structure. Consequently, as of 2003, poker is the only game that can be conducted in cardrooms; the other games that were provided for in the original cardroom statute are now only provided for in the penny-ante statute, which states that the winnings of any player in a single round, hand, or game cannot exceed \$10.

This bill amends Fla. Stat. § 849.086(2)(a) to include the game of dominoes as an authorized game conducted in a nonbanking manner in a cardroom in addition to poker. The bill defines dominoes as flat rectangular blocks divided into two equal parts with zero to six dots in each part, and all of the rules and regulations provided in the cardroom statute, Fla. Stat. § 849.086, that currently apply to games of poker would apply to games of dominoes. Consequently, cardroom distributors would be able to distribute dominoes and dominoes tables and a person employed or otherwise working in a cardroom conducting games of dominoes would be required to hold a valid cardroom employee occupational license issued by the division.

C. SECTION DIRECTORY:

Section 1 revises Fla. Stat. § 849.086 to include dominoes as an authorized game conducted in a nonbanking manner in a cardroom.

Section 2 provides an effective date of July 1, 2005.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

According to the Department of Business and Professional Regulation, 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 amount wagered in a game or series of games. These participation fees are incorporated into a cardroom's gross receipts and each cardroom operator is required to pay a 10% tax of the cardroom operation's monthly gross receipts to the State.

Further, cardrooms may charge an admission fee for entrance into a licensed cardroom facility, and a tax of 15% of this fee, or 10 cents, whichever is greater, is imposed by the State. However, if an admission fee is charged which authorizes entry to both or either a cardroom facility or the pari-mutuel facility, the admission tax is only payable once.

Based on these State taxes, additional State revenue may be accrued from visitors to and residents of the State who frequent pari-mutuel facilities as a result of the addition of the game of dominoes.

2. Expenditures:

The Division of Pari-mutuel Wagering of the Department of Business and Professional Regulation would be required to issue valid cardroom employee occupational licenses to persons employed or otherwise working in conjunction with the game of dominoes and to ensure that cardroom facilities were complying with the provisions of Fla. Stat. § 849.086 and rules adopted pursuant thereto. However, this division regulation would likely be offset by the annual cardroom license fee which requires that each facility pay \$1,000 for the first table and \$500 for each additional table operated at the cardroom. Further, according to the Department of Business and Professional Regulation, no additional personnel would be needed to regulate dominoes.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

One-half of the payment of the gross receipts and admission fee taxes outlined under the State Government Section is credited to the Pari-mutuel Wagering Trust Fund. One-quarter of the monies deposited in this fund are distributed to the counties or municipalities in which cardrooms are operated pursuant to Fla. Stat. § 849.086(13)(h). Consequently, local governments where cardrooms are located may receive additional funds if additional gross receipts and admission fee taxes are collected by the State.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Cardroom operators may benefit from increased revenue based upon the collection of participation fees from visitors to and residents of the State who frequent pari-mutuel facilities as a result of the addition of the game of dominoes or any rakes that are incurred by dominoes tables.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Traditionally, a game of dominoes has no rounds of betting and no dealer to control the betting. Therefore, adding dominoes to the cardroom statute may be inconsistent with the current cardroom wagering structure.