

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

The bill does not appear to implicate any of the House Principles.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

The Legislature passed House Bill 1B during a December 2005 Special Session (ch. 2005-362, Laws of Florida), providing for implementation of slot machine gaming in Broward County. Among other things, the language in the bill established that all slot machine license fees, slot machine occupational license fees, and compulsive gambling prevention fees must be paid to the Division of Pari-Mutuel Wagering of the Department of Business and Professional Regulation (DBPR) for deposit into the Pari-Mutuel Wagering Trust Fund. The bill also provided for a transfer of funds to the Florida Department of Law Enforcement (FDLE) for law enforcement activities related to the operation of slot machine regulation.

The DBPR is required under Section 550.135(2), Florida Statutes (F.S.), to transfer any unappropriated funds in the Pari-Mutuel Wagering Trust Fund (PMWTF) in excess of \$1.5 million to the General Revenue Fund (GR). This transfer takes place after July 1st of the new fiscal year.

The transfer to GR as required by law was not problematic when the PMWTF was only supporting the regulatory activities of the Division of Pari-Mutuel Wagering. However, with the addition of slots regulation, the transfer of funds to GR is problematic for two reasons:

- The four facilities authorized to offer slot machine gaming must deposit their fees into the PMWTF, meaning those fees are transferred to GR after July 1st and will not be available to cover the program's operational costs in DBPR, estimated to be \$4.8 million annually.
- The department will lack the additional funds needed for the statutorily required transfer to FDLE for their slot-related activity costs, estimated to be \$3.2 million annually.

The \$1.5 million that the DBPR currently retains in the PMWTF is insufficient for covering the additional \$8 million in costs of the Division of Pari-Mutuel Wagering activities, DBPR's slot regulation activities, and the transfer to FDLE.

Effect of Proposed Changes

The bill amends s. 550.135, F.S., to allow the Department of Business and Professional Regulation to retain the slot machine license fees, slot machine occupational license fees, and the compulsive gambling prevention fees in order to fund the Slot Machine Regulation program and the related enforcement activities at the Florida Department of Law Enforcement. The department will be required to transfer any unappropriated funds in excess of the division's slot operations costs.

The bill amends s. 550.135(2), Florida Statutes, by adding collected pursuant to Chapter 550 and adds subsection (3):

The slot machine license fee, slot machine occupational license fee, and the compulsive or addictive gambling prevention program fee collected pursuant to ss.551.106, 551.107(2)(a)1., and 551.118 shall be used to fund the direct and indirect operating expenses of the division's

slot machine regulation operations and to provide funding for relevant enforcement activities of the Florida Department of Law Enforcement in accordance with authorized appropriations. Funds deposited into the Pari-Mutuel Wagering Trust Fund pursuant to ss.551.106, 551.107(2)(a)1., and 551.118 shall be reserved in the trust fund for the direct and indirect operating expenses of slot machine regulation operations for the subsequent fiscal year. Any unappropriated funds in excess of the division's slot machine regulation appropriations for the subsequent fiscal year shall be deposited with the Chief Financial Officer to the credit of the General Revenue Fund.

C. SECTION DIRECTORY:

Section 1. Amends s. 550.135 to provide for the exemption of certain fees from the PMWTF transfer to GR at the end of the Fiscal Year.

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

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The bill will create a one-time reduction in receipts to the General Revenue Fund in the amount of approximately \$8 million. However, in future years, the current law projections of the fee revenue show that up to approximately \$3 million to \$4 million over the amount that DBPR will retain under this bill should still be remitted to the General Revenue Fund.

2. Expenditures:

The effect of this bill will be to provide funds in the PMWTF sufficient to support appropriations in the General Appropriations Act for Fiscal Year 2007-2008 for both DBPR and FDLE.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not: require counties or cities to spend funds or take action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

N/A

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES