

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Finance and Tax Committee

BILL: CS/CS/SB 1006

INTRODUCER: Finance and Tax Committee, Regulated Industries Committee and Senator Geller

SUBJECT: High-stakes Poker Tournament

DATE: April 10, 2008 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Aubuchon</u>	<u>Imhof</u>	<u>RI</u>	Fav/CS
2.	<u>ODonnell</u>	<u>Johansen</u>	<u>FT</u>	Fav/CS
3.	_____	_____	<u>GA</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

The bill authorizes cardroom operators to host high-stakes poker tournaments. The bill defines high stakes poker as any game or series of games without limits in the amounts wagered and the rounds of betting. The bill would allow high-stakes tournaments in cardrooms located at authorized pari-mutuel facilities twice a year. These tournaments would only be permitted to occur once in a six-month period. The bill also provides for rulemaking authority to the Division of Pari-Mutuel Wagering (division) for the operation of the high-stakes poker tournaments.

The bill authorizes celebrity/charity poker tournaments six times each year for eight consecutive calendar days at a pari-mutuel facility authorized to operate cardrooms. A minimum of 70 percent of the net proceeds of the tournaments must be donated to an authorized charitable organization under section 501(c)(3) of the Internal Revenue Code.

The bill allows a cardroom operator to operate a cardroom daily throughout the year which may be open 18 hours per day Monday through Friday and 24 hours per day on Saturday, Sunday, and holidays permitted under s. 110.117(1), F.S.

This bill substantially amends section 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 an “authorized game” at a cardroom as a game or series of games of poker or dominoes which are played in a non-banking manner. Authorized cardroom games or series of games of poker may not exceed a \$5 bet with a maximum of three raises in any round of betting. A cardroom operator may conduct games of Texas Hold-em without a betting limit if the player buy-in for the game is \$100 or less.¹

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.²

Dominoes, poker, pinochle, bridge, rummy, canasta, hearts, and mah-jongg, are still allowed to be played in a 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. The winnings of a “penny-ante game” may never exceed more than \$10 for a single round, hand or game.

A “cardroom operator” is defined as:

a licensed pari-mutuel permitholder which holds a valid permit and license issued by the division pursuant to chapter 550 and which also holds a valid cardroom license issued by the division pursuant to this section which authorizes such person to operate a cardroom and to conduct authorized games in such cardroom.

Section 849.086(7), F.S., provides that any horserace, greyhound race, or jai alai permitholder licensed under this section may operate a cardroom at the pari-mutuel facility on any day for a cumulative amount of 12 hours if the permitholder meets the requirements to renew the cardroom license. After the initial license, the application for the annual cardroom license is made in conjunction with the applicant’s annual pari-mutuel license. In order for the cardroom license to be renewed, the applicant must have conducted:

¹ Section 849.086(8)(b), F.S.

² 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.

at least 90 percent of the total number of live performances conducted by such permitholder during either the state fiscal year in which its initial cardroom license was issued or the state fiscal year immediately prior thereto. If the application is for a harness permitholder cardroom, the applicant must have requested authorization to conduct a minimum of 140 live performances during the state fiscal year immediately prior thereto. If more than one permitholder is operating at a facility, each permitholder must have applied for a license to conduct a full schedule of live racing.³

Two major national poker tournaments operate in the United States: the World Series of Poker and the World Poker Tour. Each hosts satellite games at licensed casinos and gambling establishments throughout the United States.

III. Effect of Proposed Changes:

The bill defines “high-stakes poker” as a “game of poker which is played without limits on the amount wagered in any game or series of games or without limits on the rounds of betting established.”

The bill extends powers of rulemaking to the division for the operation of high-stakes poker tournaments, including, but not limited to, maximum buy-in amounts, number of players, amount of betting units, and payout scales.

The bill permits the tournaments in which an authorized cardroom operator may host a televised high-stakes poker tournament for one week twice each year at the cardroom during the hours that the pari-mutuel facility is open to conduct business.⁴ The tournament is allowed only once in any six month period.

The bill provides that the high-stakes poker tournament consists of a series of games played at multiple tables. Only tournament chips, provided in exchange for an entry fee or any subsequent rebuys, are allowed to be used. All players receive an equal amount of chips for their entry fee. The chips represent points and there is no limitation of the number of chips that can be used for a bet except as determined by the cardroom operator. The chips can never be exchanged for cash or anything of value. The entry fee is determined by the cardroom operator as well as the total number of players that may enter the tournament. The distribution of prizes and cash awards is determined by the cardroom operator before the entry fees are accepted. Gross receipts, for purposes of the tournament, means the total amount received by the cardroom operator for all entry fees, player rebuys, and fees for participation in tournaments, less the total amount paid to the winners or other as prizes.

The bill authorizes celebrity/charity poker tournaments six times each year for eight consecutive calendar days at a pari-mutuel facility authorized to operate cardrooms. The tournaments may only be conducted once in a two-month period. A minimum of 70 percent of the net proceeds of the tournaments must be donated to an authorized charitable organization under section 501(c)(3)

³ Section 849.086(5)(b), F.S.

⁴ It is unclear if this language limits the high-stake poker tournaments to operate when the facility is authorized to accept wagers on pari-mutuel events during its authorized meets.

of the Internal Revenue Code. Payments made to charitable organizations shall not be calculated as gross receipts for taxation purposes to the state.

The bill allows a cardroom operator to operate a cardroom daily throughout the year which may be open 18 hours per day Monday through Friday and 24 hours per day on Saturday, Sunday, and holidays permitted under s. 110.117(1), F.S.

The bill provides an effective date of July 1, 2008.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

INCREASED OPERATING HOURS, HIGH STAKES TOURNAMENTS

	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash
General Revenue	\$1.3m	\$1.3m	\$1.3m
State Trust	0	0	0
Total State Impact	1.3	1.3	1.3
Total Local Impact	.2	.2	.2
Total Impact	1.5	1.5	1.5
	FY 2010-11 Cash	FY 2011-12 Cash	
General Revenue	\$1.3m	\$1.3m	
State Trust	0	0	
Total State Impact	1.3	1.3	
Total Local Impact	.2	.2	
Total Impact	1.5	1.5	

CELEBRITY TOURNAMENTS

	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash
General Revenue			
State Trust			
Total State Impact			
Total Local Impact			
Total Impact	Indeterminate	Indeterminate	Indeterminate
	FY 2010-11 Cash	FY 2011-12 Cash	
General Revenue			
State Trust			
Total State Impact			
Total Local Impact			
Total Impact	Indeterminate	Indeterminate	

B. Private Sector Impact:

The pari-mutuel facilities that have authorized cardrooms should benefit from increased cardroom revenues and an increase in cardroom participation from the tournaments. Residual industries would stand to benefit from the increased tourism associated with the circuit events from the major poker tours.

C. Government Sector Impact:

Additional cardroom activity would likely increase inspections and complaints, but the division believes that the additional workload could be handled by existing staff.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:
 (Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Finance and Tax on April 10, 2008:

The CS makes several technical changes that provide for consistent use of terminology.

CS by Regulated Industries on April 1, 2008:

The CS allows for celebrity/charity poker tournaments to be conducted by licensed cardrooms and extends the operating hours of a cardroom to 18 hours during the week and 24 hours during the weekends and authorized holidays.

B. Amendments:

None.