

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1013
SPONSOR(S): Machek
TIED BILLS:

Pari-mutuel Wagering Permitholders
IDEN./SIM. BILLS: SB 2378

Table with 4 columns: REFERENCE, ACTION, ANALYST, STAFF DIRECTOR. Row 1: Jobs & Entrepreneurship Council, Marra/Topp, Thorn.

SUMMARY ANALYSIS

Currently, persons seeking to conduct pari-mutuel wagering, including horseraces, harness horse races, dog races, jai alai or quarter horse racing, must obtain permits and licenses from the Division of Pari-Mutuel Wagering (division), within the Department of Business and Professional Regulation (DBPR).

While the application procedure for each of the forms of pari-mutuel wagering are substantially the same for all the permissible activities but quarter horse racing, the issued permits are specific to the type of pari-mutuel wagering sanctioned and may not be used to conduct different pari-mutuel activities. There are limited circumstances when a permitholder could apply to conduct alternative pari-mutuel activities on a limited basis; however, there is no procedure outlined in law for converting a permit permanently. Two jai alai permits were previously converted to greyhound permits by statute, and there now exists a mechanism for these greyhound permitholders to convert back to jai alai permits.

The bill provides jai alai permitholders meeting certain criteria an additional avenue to convert their permits to greyhound racing permits.

The bill requires a jai alai permitholder to meet the following criteria in order to be eligible for conversion:

- The jai alai permit must not have been converted from another type of permit;
The permitholder must not have conducted jai alai games for a period of 10 years before application.

The bill directs the division, upon receiving an application meeting the above requirements, to convert a jai alai permit to a permit to conduct greyhound racing and to issue a license to conduct greyhound racing to the permitholder. The license is issued by DBPR to describe the time, number and places of races to be held.

Currently, new pari-mutuel facilities offering greyhound racing will not be issued a permit if they are within 100 miles of an existing pari-mutuel facility. Because new jai alai frontons are allowed to be as close as 50 miles to the nearest existing pari-mutuel facilities, the bill could result in converted greyhound racing facilities to be located within 100 miles of existing pari-mutuels.

The department anticipates a loss of potential revenue of approximately \$720,000 in FY 2008-09, \$1 million in FY 2009-10, and \$1.1 million in FY 2010-11 through the use of additional greyhound tax credits related to the converted greyhound permits being used as secondary permits that would not be available under the currently dormant jai alai permits. The converted jai alai permits will allow existing greyhound facilities to be leased by the converted permitholder, thereby allowing the use of tax credits by both permitholders.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

**Provide limited government:** The bill provides a new application procedure for the conversion of pari-mutuel wagering permits to be performed by the division.

#### B. EFFECT OF PROPOSED CHANGES:

##### Present situation

Chapter 550, F.S., provides limited forms of pari-mutuel wagering that may be conducted under the supervision of the Division of Pari-Mutuel Wagering (division) within the Department of Business and Professional Regulation (DBPR). Section 550.054, F.S., provides permit and "licensure" procedures to conduct horseraces, harness horse races, dog races, and jai alai. Quarter horse racing permit and "licensure" procedures are outlined in s. 550.334, F.S. A permit allows a group to conduct pari-mutuel wagering; a "license" describes the time, number and places of approved performances.

Currently, pari-mutuel permits are specific to the type of pari-mutuel wagering sanctioned and "licenses" will only be issued for the specific type of game or race authorized by the permit. There are limited circumstances when a permitholder could apply to conduct alternative pari-mutuel activities:

1. Permitholders meeting certain criteria may apply to convert their permit to conduct a summer jai alai fronton during the summer season only;
2. Quarter horse permitholders may substitute races of other breeds of horses under certain restrictions;
3. Harness track permitholders may apply for licensure to conduct quarter horse races during the summer season under certain restrictions.

Aside from these three instances, there is no procedure outlined in the chapter for converting a permit permanently. However, two jai alai permits, held by Golden Crown Corporation (Big Bend Jai Alai) and Sports Palace (Melbourne Kennel Club), have been converted to greyhound permits in the past through legislative means.<sup>1</sup> Section 550.01215(6), F.S., was passed in 1995 to allow these permitholders to convert back to jai alai permits. The section provides that:

Any permit which was converted from a jai alai permit to a greyhound permit may be converted to a jai alai permit at any time if the permitholder never conducted greyhound racing or if the permitholder has not conducted greyhound racing for a period of 12 consecutive months.

While Florida remains the leader in both jai alai and greyhound racing in the United States, greyhound racing is more widespread, with 18 permitholders conducting 4,896 performances at 15 tracks throughout the state last year.<sup>2</sup> The state is now alone in conducting jai alai in the United States with 8 permitholders conducting 1,363 performances at 6 frontons in the state last year.<sup>3</sup> Attendance increased by 14% at both types of establishments last year.<sup>4</sup> According to the division, there are currently a half dozen inactive jai alai permits.

##### Effect of proposed changes

The bill provides jai alai permitholders meeting certain criteria an avenue to convert their permit to a greyhound racing permit.

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<sup>1</sup> See Ch. 91-197, § 2, Laws of Fla. Before being repealed in 1992, s. 550.0121, F.S., outlined the specific dates certain operators could conduct performances. The statutory schedule has been replaced by s. 550.01215, F.S., outlining licensing procedures that require permitholders to list their requested schedule on the license application.

<sup>2</sup> 76<sup>th</sup> Annual Report, Division of Pari-mutuel Wagering. Fiscal Year 2006-2007.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

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Currently, new pari-mutuel facilities offering greyhound racing will not be issued a permit if they are within 100 miles of an existing pari-mutuel facility. Because new jai alai frontons are allowed to be as close as 50 miles to the nearest existing pari-mutuel facilities, the bill could result in converted greyhound racing facilities to be located within 100 miles of existing pari-mutuels.

#### C. SECTION DIRECTORY:

Section 1. Amends subsection (14) of s. 550.054, F.S., to permit a jai alai permitholder meeting certain criteria to apply for a conversion to a greyhound racing permit.

Section 2. Provides an effective date - July 1, 2008.

### II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

The department anticipates losing \$720,000 in FY 2008-09, \$1 million in FY 2009-10, and approximately \$1.1 million in FY 2010-11 in revenue due to the maximization of greyhound tax credits made possible by this legislation.

##### 2. Expenditures:

None.

#### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

##### 1. Revenues:

Indeterminate.

##### 2. Expenditures:

Indeterminate.

#### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Indeterminate.

#### D. FISCAL COMMENTS:

The department anticipates a loss of potential revenue of approximately \$720,000 in FY 2008-09, \$1 million in FY 2009-10, and \$1.1 million in FY 2010-11 through the use of additional greyhound tax credits related to the converted greyhound permits being used as secondary permits that would not be available under the currently dormant jai alai permits. The converted jai alai permits will allow existing greyhound facilities to be leased by the converted permitholder, thereby allowing the use of tax credits by both permitholders.

### III. COMMENTS

#### A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, does not appear to reduce the authority that counties or municipalities have to raise revenue in the aggregate, and does not appear to reduce the percentage of state tax shared with counties or municipalities.

2. Other:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

**IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES**

No statement submitted.