

**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.)

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Prepared By: The Professional Staff of the Regulated Industries Committee

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BILL: SB 1166

INTRODUCER: Senator Ring

SUBJECT: Florida Gaming Trust Fund

DATE: March 19, 2008

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Aubuchon</u>	<u>Imhof</u>	<u>RI</u>	<u>Pre-meeting</u>
2.	_____	_____	<u>CJ</u>	_____
3.	_____	_____	<u>GO</u>	_____
4.	_____	_____	<u>FT</u>	_____
5.	_____	_____	<u>GA</u>	_____
6.	_____	_____	_____	_____

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**I. Summary:**

This bill creates the Florida Gaming Trust Fund within the Department of Gaming Control for the purpose of providing funding for the regulation of skill-based machine gaming and slot machine gaming. It is tied to SB 1126 which creates the Department of Gaming Control.

The trust fund must be terminated by July 1, 2012, in accordance with s. 19(f), Article III, of the Florida Constitution. Before scheduled termination, it must be reviewed as provided in s. 215.3206, F.S.

This bill creates an unnumbered section of the Florida Statutes.

**II. Present Situation:**

**Creation and Operation of Trust Funds**

A trust fund consists of moneys received by the state, which under law or under trust agreement, are segregated for a purpose authorized by law.<sup>1</sup> Section 19(f), Art. III, of the Florida Constitution, governs the creation of trust funds. This constitutional provision prohibits the creation by law of a trust fund of the state or other public body without a three-fifths vote of the membership of each house of the Legislature. This provision further specifies that a trust fund must be created in a separate bill for that purpose only.

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<sup>1</sup> Section 215.32(2)(b)1., F.S.

In addition, the Legislature has established criteria governing the establishment of trust funds. Under these criteria, a law creating a trust fund must, at a minimum, specify:

- The name of the trust fund;
- The agency or branch of state government responsible for administering the trust fund;
- The requirements or purposes that the trust fund is established to meet; and
- The sources of moneys to be credited to the trust fund or specific sources of receipts to be deposited in the trust fund.<sup>2</sup>

The Chief Financial Officer is directed to invest all the trust funds and all agency funds of each state agency.<sup>3</sup> Under current law, any balance of an appropriation for any given fiscal year that is remaining after lawful expenditures have been charged against it reverts to the fund from which the Legislature appropriated it and shall be available for re-appropriation.<sup>4</sup> Any reversion of appropriations provided from the General Revenue Fund must be transferred to the General Revenue Fund within 15 days after the reversion, unless otherwise provided by federal or state law, including the General Appropriations Act.<sup>5</sup>

State trust funds terminate no more than 4 years after the effective date of the act that created them, unless they are re-created by the Legislature with a three-fifths vote of the House and the Senate.

### **Gaming Control**

The regulation of the pari-mutuel industry and authorized gambling in the State of Florida is overseen by the Division of Pari-Mutuel Wagering within the Department of Business and Professional Regulation. It oversees and licenses all forms of pari-mutuel betting and the associated cardrooms and slot machines authorized by law. Pari-mutuel wagering is a system of betting on races or games with the winners dividing the total amount bet in proportion to the sums they have wagered individually. The forms of pari-mutuel wagering authorized in the state include thoroughbred racing, harness racing, quarter horse racing, greyhound racing, and jai alai games.

The pari-mutuel facilities are allowed to operate cardrooms and the pari-mutuel facilities in Broward and Miami-Dade Counties are authorized to operate slot machines.<sup>6</sup>

The Department of the Lottery is authorized by Art. X, s. 15, Florida Constitution, and oversees the operation of the Florida Lottery. Section 24.104, F.S., requires the Department of the Lottery to operate the state lottery “so as to maximize revenues in a manner consonant with the dignity of the state and the welfare of its citizens.”

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<sup>2</sup> Section 215.3207, F.S.

<sup>3</sup> Section 17.61, F.S.

<sup>4</sup> Section 216.301(1)(b), F.S.

<sup>5</sup> Section 216.301(1)(c), F.S.

<sup>6</sup> Section 551, F.S.

### III. Effect of Proposed Changes:

The bill creates the Florida Gaming Trust Fund within the Department of Gaming Control to provide funding for the regulation of skill-based machine gaming and slot machine gaming. The balance of the trust fund at the end of any fiscal year is to remain in the trust fund for use in subsequent years.

The tied bill to SB 1166 is SB 1126 which reorganizes and reassigns government control and regulation of the Division of Pari-Mutuel Wagering and the Department of the Lottery to the proposed Department of Gaming Control. The Department of Gaming Control will regulate all forms of gambling in the state, including pari-mutuel wagering, state-authorized lotteries, skill-based machine gaming and slot machine gaming in the State of Florida.

The trust fund must be terminated on July 1, 2012, unless terminated sooner, in accordance with the Florida Constitution.<sup>7</sup> State trust funds shall terminate within four years after the effective date of the act authorizing the trust fund unless a shorter time period is set by the legislature.

The bill provides for an effective date of July 1, 2008 provided that SB \_\_\_\_ or similar legislation creating the Florida Gaming Commission and the Department of Gaming Control is adopted in the same legislative session or an extension thereof and becomes law.

### IV. Constitutional Issues:

#### A. Municipality/County Mandates Restrictions:

None.

#### B. Public Records/Open Meetings Issues:

None.

#### C. Trust Funds Restrictions:

The bill creates the Florida Gaming Trust Fund and seems to comply with s. 19(f), Art. III, Florida Constitution, relating to the creation and termination of trust funds. The bill must have a three-fifths vote of the membership of each house of the legislature to become law.

### V. Fiscal Impact Statement:

#### A. Tax/Fee Issues:

None.

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<sup>7</sup> Section 19(f)(2), Art. III, Florida Constitution.

**B. Private Sector Impact:**

The taxes to the private sector at licensed pari-mutual and gaming facilities will provide the funds for the Florida Gaming Trust Fund.

**C. Government Sector Impact:**

It is possible that a reduction in operating expenses will occur by merging several different departments that currently regulate the lottery, gaming, and pari-mutuel wagering within the State of Florida.

**VI. Technical Deficiencies:**

An amendment needs to be adopted to identify the tied bill, SB 1126 in the contingent effective date.

**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.)

None.

**B. Amendments:**

None.