

**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 Regulated Industries Committee

**BILL:** PCS/SB 640 (503384)  
**INTRODUCER:** Regulated Industries Committee  
**SUBJECT:** Pari-mutuel Wagering  
**DATE:** April 9, 2010

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

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Harrington	Imhof	RI	<b>Pre-meeting</b>
2.	_____	_____	FT	_____
3.	_____	_____	GA	_____
4.	_____	_____	RC	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**I. Summary:**

The proposed committee substitute (PCS) reduces the number of live games required to constitute a full schedule of live racing or games for specified jai alai frontons. The PCS also provides that the Division of Pari-Mutuel Wagering must adopt rules establishing the minimum standards to be followed by a slot machine licensee who employs or contracts for security personnel.

The PCS provides an effective date of July 1, 2010.

This PCS amends the following sections of the Florida Statutes: 550.002 and 551.103.

**II. Present Situation:**

**Pari-mutuel Wagering** – Pari-mutuel wagering is a:

system of betting on races or games in which the winners divide the total amount bet, after deducting management expenses and taxes, in proportion to the sums they have wagered individually and with regard to the odds assigned to particular outcomes.<sup>1</sup>

The regulation of the pari-mutuel industry is governed by ch. 550, F.S., and is administered by the Division of Pari-Mutuel Wagering (division) within the Department of Business and Professional Regulation (department).

<sup>1</sup> Section 550.002(22), F.S.

**Types of Pari-mutuels** - The pari-mutuel industry in Florida is made up of greyhound racing, different types of horseracing, and jai alai.<sup>2</sup> There are twenty-seven pari-mutuel facilities currently in operation. The industry consists of sixteen greyhound tracks, six jai alai frontons, three thoroughbred tracks, one harness track, and one quarter horse track. Twenty-three of the facilities have cardrooms<sup>3</sup> and five facilities have slot machines.<sup>4</sup>

**Jai Alai** - Jai alai is a game originating from the Basque region in Spain,<sup>5</sup> that is played in a fronton,<sup>6</sup> and in which a ball is hurled through a three-walled court and points are assessed based on legal throws and catches. The ball is caught and thrown with a “cesta,” a long, curved wicker scoop strapped to one arm. “Jai-alai came to Cuba from Spain in 1898, and was successfully introduced as a professional game at the Miami Fronton in 1926<sup>7</sup>.” Jai alai was first permitted in Florida in 1935 and it is the only state where the game is currently played. Though the birthplace of jai alai is the Basque Country of Spain, there are more jai-alai frontons in Florida than any place in the world.<sup>8</sup>

**Full Schedule of Live Racing** - Section 550.002(11), F.S., defines what constitutes a full schedule of live racing. Depending upon the permit type, there may be a different requirement for a full schedule of live racing. Typically, a full schedule of live racing or games requires the conduct of a combination of evening or matinee “performances,” which is defined to mean “a series of events, races, or games performed consecutively under a single admission charge.”<sup>9</sup> A live performance must consist of no fewer than eight races or games conducted live for each of a minimum of three performances each week at the permitholder’s facility.<sup>10</sup>

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<sup>2</sup> “Jai alai” or “pelota” means a ball game of Spanish origin played on a court with three walls. *See*, s. 550.002(18), F.S.

<sup>3</sup> *See* <http://www.myflorida.com/dbpr/pmw/track.html> (Last visited March 5, 2010).

<sup>4</sup> Gulfstream Park, Mardi Gras Racetrack and Gaming Center, Flagler Dog Track and Magic City Casino, Calder/Tropical, and The Isle Casino and Racing at Pompano Park have slot machine gaming. *See* <http://www.myflorida.com/dbpr/pmw/track.html> (Last visited March 5, 2010).

<sup>5</sup> “The game is called “pelota vasca” in Spain but the Western Hemisphere name of jai alai, which is Basque for “merry festival”, was given when it was introduced in Cuba. This was due to the fact that this game was played at festivals or fiestas in Spain's Pyrenees Mountains for hundreds of years. The game was then played in the open air with the walls of churches being used to bounce the ball on.” *See*, <http://www.jai-alai.info/> and <http://www.fla-gaming.com/history.htm> (Last visited March 8, 2010).

<sup>6</sup> “A building or enclosure that contains a playing court with three walls designed and constructed for playing the sport of jai alai or pelota.” *See*, s.550.002(10), F.S.

<sup>7</sup> *See* <http://www.fla-gaming.com/history.htm> (Last visited March 8, 2010).

<sup>8</sup> *Id.*

<sup>9</sup> Section 550.002(25), F.S.

<sup>10</sup> Section 550.002(11), F.S.

FULL SCHEDULE OF LIVE RACING OR GAMES	
Type of Facility	Full Schedule Means:
Greyhound Racing	100 live evening or matinee performances
Jai Alai	100 live evening or matinee performances
Harness Racing	100 live regular wagering performances
Thoroughbred Racing	40 live regular wagering performances
Quarter horse Racing	40 live regular wagering performances

Generally a jai alai fronton must conduct 100 performances to constitute a full schedule of games. However, two exceptions exist: (1) For a jai alai permitholder who does not operate slot machines in its pari-mutuel facility, who has conducted at least 100 performances per year for at least 10 years after December 31, 1992, and whose handle on live jai alai games conducted at its facility has been less than \$4 million per state fiscal year for at least 2 consecutive years after June 30, 1992, the conduct of at least 40 live evening or matinee performances constitutes a full schedule of live games; and (2) If the fronton operates slot machines in its facility, then the conduct of at least 150 performances constitutes a full schedule. Hamilton Jai Alai and Poker and Orlando (Florida) Jai Alai do not qualify for the reduced racing schedule of 40 performances.

**Slot Machines** - During the 2004 General Election, the electors approved Amendment 4 to the State Constitution, codified as s. 23, Art. X, Florida Constitution, which authorized slot machines at existing pari-mutuel facilities in Miami-Dade and Broward Counties upon an affirmative vote of the electors in those counties. Both Miami-Dade and Broward Counties held referenda elections on March 8, 2005. The electors approved slot machines at the pari-mutuel facilities in Broward County, but the measure was defeated in Miami-Dade County. Under the provisions of the amendment, four pari-mutuel facilities are eligible to conduct slot machine gaming in Broward County:

- Gulfstream Park Racing Association, a thoroughbred permitholder;
- The Isle Casino and Racing at Pompano Park, a harness racing permitholder;
- Dania Jai Alai, a jai alai permitholder; and,
- Mardi Gras Race Track and Gaming Center, a greyhound permitholder.

Legislation was passed during the 2005 Special Session B, HB 1B, ch. 2005-362, L.O.F., that implemented Amendment 4. The division is charged with regulating the operation of slot machines in the affected counties. Of the four eligible in Broward County, all are operating slot machines except Dania Jai Alai.

On January 29, 2008, another referendum was held in which slot machines in Miami-Dade County were approved. Under the provisions of Amendment 4, three pari-mutuel facilities are now eligible to conduct slot machine gaming in Miami-Dade County:

- Miami Jai-Alai, a jai-alai permitholder;
- Flagler Greyhound Track, a greyhound permitholder; and,

- Calder Race Course, a thoroughbred permitholder.

Of the three eligible in Miami-Dade County, Calder and Flagler are operating slot machines.

The division is charged with rule making authority to implement the provisions in ch. 551, F.S. Section 551.103 requires the division to adopt rules necessary to implement, administer, and regulate slot machine gaming. Such rules must include procedures for slot machine licensure and renewal, procedures to test and evaluate slot machines, procedures related to revenue and audits, procedures related to bonds, procedures related to data retention, requirements for payout percentages, minimum security standards including floor plans and security cameras, and procedures requiring drug testing programs for all slot machine licensees.

When ch. 2005-362, L.O.F., was enacted, the Florida Department of Law Enforcement (department) was appropriated funds and positions to provide on-site staff at the pari-mutuel facilities operating slot machines. By July 1, 2009, the department no longer had agents stationed at the pari-mutuel facilities operating slot machines. The personnel of the slot machine facilities' security department are prohibited from carrying firearms.<sup>11</sup>

### **III. Effect of Proposed Changes:**

The PCS amends the definition of full schedule of live racing or games for jai alai frontons who have conducted at least 100 performances per year and who have a handle less than \$4 million per year. Instead of requiring 100 performances for 10 years after December 31, 1992, the PCS reduces that requirement to 100 performances for 3 consecutive years plus the handle requirements in order for a jai alai fronton to qualify for the reduced schedule of 40 performances instead of 100 performances.

According to the division, Orlando (Florida) Jai Alai would qualify for the reduced schedule, but it is not clear that Hamilton Jai Alai and Poker would qualify. Hamilton has to conduct 90 percent of its games based upon the 100 live performance standard to conduct its cardroom under s. 849.086(5)(b), F.S.

The PCS also provides that the division shall adopt rules to establish the minimum standards to be followed by a slot machine licensee who employs or contracts for armed or unarmed security personnel consistent with general law.

The PCS shall take effect on July 1, 2010.

### **IV. Constitutional Issues:**

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

None.

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<sup>11</sup> Chapter 61D-14.051(9), F.A.C.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

**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.)

None.

B. Amendments:

None.