

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 Committee on Regulated Industries

BILL: SB 408

INTRODUCER: Senator Burgess

SUBJECT: Thoroughbred Permitholders

DATE: March 31, 2025

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Baird	Imhof	RI	Pre-meeting
2.			AEG	
3.			RC	

I. Summary:

SB 408 removes live racing requirements for thoroughbred permitholders.

The bill allows a thoroughbred permitholder that does not conduct live racing to retain the ability to apply for a slot machine and cardroom license.

The bill also exempts thoroughbred permitholders with a slot machine license from the thoroughbred horse racing purses and awards agreement requirements.

II. Present Situation:

Background

In general, gambling is illegal in Florida.¹ Chapter 849, F.S., prohibits keeping a gambling house,² running a lottery,³ or the manufacture, sale, lease, play, or possession of slot machines.⁴ However, the following gaming activities are authorized by law and regulated by the state:

- Pari-mutuel⁵ wagering at licensed greyhound and horse tracks and jai alai frontons;⁶
- Slot machine gaming at certain licensed pari-mutuel locations in Miami-Dade County and Broward County;⁷

¹ See s. 849.08, F.S.

² See s. 849.01, F.S.

³ See s. 849.09, F.S.

⁴ See s. 849.16, F.S.

⁵ Section 550.002(22), F.S., defines “pari-mutuel” as “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.

⁶ See ch. 550, F.S., relating to the regulation of pari-mutuel activities.

⁷ See FLA. CONST., art. X, s. 23, and ch. 551, F.S.

- Cardrooms⁸ at certain pari-mutuel facilities;⁹
- The state lottery authorized by section 15 of Article X of the State Constitution and established under ch. 24, F.S.;¹⁰
- Skill-based amusement games and machines at specified locations as authorized by s. 546.10, F.S, the Family Amusement Games Act;¹¹ and
- The following activities, if conducted as authorized under ch. 849, F.S., relating to Gambling, under specific and limited conditions:
 - Penny-ante games;¹²
 - Bingo;¹³
 - Charitable drawings;¹⁴
 - Game promotions (sweepstakes);¹⁵ and
 - Bowling tournaments.¹⁶

A license to offer pari-mutuel wagering, slot machine gambling, or a cardroom at a pari-mutuel facility is a privilege granted by the state.¹⁷

The 1968 State Constitution states that “[l]otteries, other than the types of pari-mutuel pools authorized by law as of the effective date of this constitution . . .” are prohibited.¹⁸ A constitutional amendment approved by the voters in 1986 authorized state-operated lotteries. Net proceeds of the lottery are deposited to the Educational Enhancement Trust Fund (EETF) and appropriated by the Legislature. Lottery operations are self-supporting and function as an entrepreneurial business enterprise.¹⁹

⁸ 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.”

⁹ See Florida Gaming Control Commission, *Annual Report Fiscal Year 2022-2023* (Annual Report), at p. 15, at <https://flgaming.gov/pmw/annual-reports/docs/2022-2023%20FGCC%20Annual%20Report.pdf> (last visited March 31, 2025), which states that of 29 licensed permitholders, 26 operated at a pari-mutuel facility.

¹⁰ Chapter 24, F.S., was enacted by ch. 87-65, Laws of Fla., to establish the state lottery; s. 24.102, F.S., states the legislative purpose and intent for the operations of the state lottery.

¹¹ See s. 546.10, F.S.

¹² See s. 849.085, F.S.

¹³ See s. 849.0931, F.S.

¹⁴ See s. 849.0935, F.S.

¹⁵ Section 849.094, F.S., authorizes game promotions in connection with the sale of consumer products or services.

¹⁶ See s. 849.141, F.S.

¹⁷ Section 550.1625(1), F.S., “...legalized pari-mutuel betting at dog tracks is a privilege and is an operation that requires strict supervision and regulation in the best interests of the state.” See also, *Solimena v. State*, 402 So.2d 1240, 1247 (Fla. 3d DCA 1981), review denied, 412 So.2d 470, which states “Florida courts have consistently emphasized the special nature of legalized racing, describing it as a privilege rather than as a vested right,” citing *State ex rel. Mason v. Rose*, 122 Fla. 413, 165 So. 347 (1936).

¹⁸ The pari-mutuel pools that were authorized by law on the effective date of the State Constitution, as revised in 1968, include horseracing, greyhound racing, and jai alai games. The revision was ratified by the electorate on November 5, 1968.

¹⁹ The Department of the Lottery is authorized by s. 15, Art. X of the State Constitution. Chapter 24, F.S., was enacted by ch. 87-65, Laws of Fla., to establish the state lottery. Section 24.102, F.S., states the legislative purpose and intent for the operations of the state lottery.

Pari-mutuel Wagering

Since approximately 1931, pari-mutuel wagering has been authorized in Florida for jai alai, greyhound racing, and horseracing. These activities are overseen and regulated²⁰ by the Division of Pari-Mutuel Wagering (division) at the Florida Gaming Control Commission (commission), which is housed within the Department of Legal Affairs, Office of the Attorney General.²¹

Live Racing Requirements

Currently, only thoroughbred permitholders are required to conduct live racing in order to operate other pari-mutuel gaming activities. Greyhound permitholders are prohibited from conducting live racing, and jai alai permitholders, harness horse racing permitholders, and quarter horse racing permitholders have the option to conduct live racing or games.²²

A greyhound permitholder, jai alai permitholder, harness horse racing permitholder, or quarter horse racing permitholder that does not conduct live racing or games:²³

- Retains its permit.
- Is a pari-mutuel facility as defined in s. 550.002(23), F.S.
- Is eligible, but not required, to be a guest track, and if the permitholder is a harness horse racing permitholder, is eligible to be a host track for purposes of intertrack wagering and simulcasting pursuant to ss. 550.3551, 550.615, 550.625, and 550.6305, F.S.
- Remains eligible for a cardroom license.

Pari-mutuel Wagering Permitting and Licensure

The Florida Pari-mutuel Wagering Act (act)²⁴ provides specific permitting and licensing requirements for the pari-mutuel industry.²⁵ Permitholders apply for an operating license annually to conduct pari-mutuel wagering activities.²⁶ Certain permitholders are also authorized to operate cardrooms²⁷ and slot machines at their facility.²⁸

Currently, there are three pari-mutuel operating licenses that were issued for fiscal year 2024-2025 to conduct live thoroughbred racing performances. These licenses and their locations include:²⁹

- Gulfstream Park Racing Association Inc., which operates at Gulfstream Park in Broward County.

²⁰ From 1932 to 1969, Florida's pari-mutuel industry was regulated by the State Racing Commission. In 1970, the commission became a division within the Department of Business Regulation, which, in 1993, became the Department of Business and Professional Regulation (DBPR).

²¹ See ss. 16.71-16.716, F.S.

²² Section 550.01215, F.S.(1)(b)1., F.S.

²³ *Id.*

²⁴ See ch. 550, F.S.

²⁵ Section 550.054(1), F.S.

²⁶ Section 550.0115, F.S.

²⁷ Section 849.086, F.S.

²⁸ Section 551.104, F.S.

²⁹ Florida Gaming Control Commission, *Permit Holder Operating Licenses 2024-2025*, available at <https://flgaming.gov/pmwt/tracks-frontons/permitholder-operating-licenses-2024-2025/> (last visited March 31, 2025).

- Gulfstream Park Thoroughbred After Racing Program, Inc., which operates at Gulfstream Park in Broward County.
- Tampa Bay Downs, Inc., which operates at Tampa Bay Downs in Hillsborough County.

Slot Machine Licensing

An application for a license to conduct slot machine gaming may be approved by the commission only after the voters of the county where the applicant's facility is located have authorized by referendum slot machines within pari-mutuel facilities in that county as specified in s. 23, Art. X of the State Constitution.³⁰ Currently, slot machines are only authorized in eight licensed pari-mutuel facilities located in Miami-Dade and Broward counties and on tribal property.³¹

Slot machine licenses are only allowed to be issued to licensed pari-mutuel permitholders, and slot machine gaming may be conducted only at the eligible facility at which the permitholder is authorized under its valid pari-mutuel wagering permit to conduct pari-mutuel wagering activities.³²

As a condition of licensure and to maintain continued authority for the conduct of slot machine gaming, slot machine licensees that hold a thoroughbred permit, may conduct no fewer than a full schedule of live racing or games as defined in s. 550.002(10), F.S. A permitholder's responsibility to conduct live races or games shall be reduced by the number of races or games that could not be conducted due to the direct result of fire, strike, war, hurricane, pandemic, or other disaster or event beyond the control of the permitholder.³³

Cardroom Licensing

An application for a license to conduct cardroom gaming may be approved by the commission upon proof that the local government where the applicant for such license desires to conduct cardroom gaming has voted to approve such activity by a majority vote of the governing body of the municipality or the governing body of the county if the facility is not located in a municipality.³⁴

Municipalities are authorized to prohibit the establishment of a cardroom on or after July 1, 2021, within their jurisdiction. This does not apply to a licensed pari-mutuel permitholder who held an operating license for the conduct of pari-mutuel wagering for fiscal year 2020-2021 in the municipality's jurisdiction or to a cardroom that was previously approved by the municipality.³⁵

Only those persons holding a valid cardroom license issued by the commission may operate a cardroom. A cardroom license may only be issued to a licensed pari-mutuel permitholder, and an

³⁰ Section 551.104(2), F.S.

³¹ Section 551.101, F.S.

³² Section 551.104(3), F.S.

³³ Section 551.104(4)(c), F.S.

³⁴ Section 849.086(16)(a), F.S.

³⁵ Section 849.086(16)(b), F.S.

authorized cardroom may only be operated at the same facility at which the permit holder is authorized under its valid pari-mutuel wagering permit to conduct pari-mutuel wagering activities.³⁶

A pari-mutuel permit holder, other than a converted quarter horse to thoroughbred permit holder or a purchaser, transferee, or assignee holding a valid permit for the conduct of pari-mutuel wagering, may not be issued a license for the operation of a cardroom if the permit holder did not hold an operating license for the conduct of pari-mutuel wagering for fiscal year 2020-2021.³⁷

In order for an initial cardroom license to be issued to a converted quarter horse to thoroughbred permit holder, the applicant must have requested, as part of its pari-mutuel annual license application, to conduct at least a full schedule of live racing.³⁸

In order for a cardroom license to be renewed by a thoroughbred permit holder, the applicant must have requested, as part of its pari-mutuel annual license application, to conduct at least 90 percent of the total number of live performances conducted by such permit holder during either the state fiscal year in which its initial cardroom license was issued or the state fiscal year immediately prior thereto if the permit holder ran at least a full schedule of live racing or games in the prior year.³⁹

Thoroughbred Purses and Awards

A slot machine license may not be issued, or renewed, to an applicant holding a permit to conduct pari-mutuel wagering meets of thoroughbred racing unless the applicant has on file with the commission a binding written agreement between the applicant and the:⁴⁰

- Florida Horsemen's Benevolent and Protective Association, Inc., governing the payment of purses on live thoroughbred races conducted at the licensee's pari-mutuel facility.
- Florida Thoroughbred Breeders' Association, Inc., governing the payment of breeders', stallion, and special racing awards on live thoroughbred races conducted at the licensee's pari-mutuel facility.

The agreements may direct the payment of such purses and awards from revenues generated by any wagering or gaming the applicant is authorized to conduct under Florida law. All purses and awards are subject to the terms of ch. 550, F.S. All sums for breeders', stallion, and special racing awards are remitted monthly to the Florida Thoroughbred Breeders' Association, Inc., for the payment of awards subject to the administrative fee authorized in s. 550.2625(3), F.S.⁴¹

“Purse” means the cash portion of the prize for which a race or game is contested.⁴² “Breeders’ and stallions awards” means financial incentives paid to encourage the agricultural industry of

³⁶ Section 849.086(5)(a), F.S.

³⁷ Section 849.086(5)(c), F.S.

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ Section 551.104(10)(a)1., F.S.

⁴¹ *Id.*

⁴² Section 550.002(28), F.S.

breeding racehorses in this state.⁴³ Current law provides that “the purse structure and the availability of breeder awards are important factors in attracting the entry of well-bred horses in racing meets in this state which in turn helps to produce maximum racing revenues for the state and the counties.”⁴⁴ Each permitholder conducting a horserace meet is required to pay from the takeout withheld on pari-mutuel pools a sum for purses in accordance with the type of race performed.⁴⁵ Each horseracing permitholder conducting any thoroughbred race is required to pay a sum on all pari-mutuel pools conducted during any such race for the payment of breeders’, stallion, or special racing awards.⁴⁶

Slot Machine Gaming Locations and Operations

Section 32 of Art. X of the State Constitution, adopted pursuant to a 2004 initiative petition, authorized slot machines in licensed pari-mutuel facilities in Broward and Miami-Dade counties, if approved by county referendum. The voters in Broward and Miami-Dade counties approved slot machine gaming. Slot machine gaming in the state, by authorized slot machine gaming licensees at specified pari-mutuel facility locations, is limited to Broward and Miami-Dade counties, and as authorized by federal law and the 2021 Gaming Compact, in the tribal gaming facilities of the Seminole Tribe located in Broward County, Collier County, Glades County, Hendry County, and Hillsborough County.

III. Effect of Proposed Changes:

Section 1 of the bill adds thoroughbred permitholders to the list of types of pari-mutuel wagering permit holders that may elect not to conduct live racing or games. The bill removes the requirements that thoroughbred permitholders must conduct live racing. This section of the bill provides that if such permitholder has been issued a slot machine license, that choosing to not conduct live racing will allow the facility where such permit is located to remain an eligible facility to have a slot machine license and is exempt from ss. 551.104(10), F.S.⁴⁷

Section 2 of the bill removes the requirement for thoroughbred permitholders that apply for a slot machine license to have on file with the commission a binding written agreement between the applicant and the:

- Florida Horsemen’s Benevolent and Protective Association, Inc., governing the payment of purses on live thoroughbred races conducted at the licensee’s pari-mutuel facility.
- Florida Thoroughbred Breeders’ Association, Inc., governing the payment of breeders’, stallion, and special racing awards on live thoroughbred races conducted at the licensee’s pari-mutuel facility.

Section 3 of the bill provides an effective date of July 1, 2025.

⁴³ Section 550.002(2), F.S.

⁴⁴ Section 550.2625(1), F.S.

⁴⁵ See s. 550.2625(2)(a), F.S.

⁴⁶ See s. 550.2625(3), F.S.

⁴⁷ See s. 551.104(10), F.S., regarding purses, the requirement that a thoroughbred permitholder have a binding written agreement between the Florida Horsemen’s Benevolent and Protective Association, Inc., and the Florida Thoroughbred Breeders’ Association, Inc., respectively.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Decoupling may displace families, eliminate jobs, and jeopardize 110,000 acres of horse farms. This could further degrade the horse breeding industry and thoroughbred racing in Florida.⁴⁸

C. Government Sector Impact:

In Fiscal Year 2023-24 the commission expended approximately \$640,000 in OPS dollars associated with occupational licensing and post-race specimen collection for the detection of impermissible substances in thoroughbred racing animals. The amount the commission would realize in the reduction of OPS expenditures would be dependent on the number of live racing performances reduced or eliminated by Florida Thoroughbred licensees.⁴⁹

VI. Technical Deficiencies:

None.

⁴⁸ Florida Gaming Control Commission, *2025 Agency Analysis Legislative Bill Analysis* (February 6, 2025), available at <https://abar.laspbs.state.fl.us/ABAR/Attachment.aspx?ID=36208> (last visited March 31, 2025).

⁴⁹ *Id.*

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends sections 550.01215 and 551.104 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
