FLORIDA HOUSE OF REPRESENTATIVES BILL ANALYSIS

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BILL #: <u>CS/HB 709</u> COMPANION BILL: <u>SB 622</u> (Rodriguez)

TITLE: Jai Alai Permitholders

SPONSOR(S): Esposito

LINKED BILLS: None
RELATED BILLS: None

Committee References

Industries & Professional Activities

12 Y, 0 N, As CS

SUMMARY

Effect of the Bill:

The bill allows holders of a valid pari-mutuel permit to lease their facilities to any jai alai permitholder when located within a 35-mile radius, removes the authority for such permitholders to be entitled to certain permits, prohibits the lessee from operating a cardroom or slot machine license at the leased facility, and requires such permitholders to conduct at least 59 live performances.

Fiscal or Economic Impact:

The bill may have a positive economic impact on the private sector by opening up more opportunities for permitholders to lease their facilities.

IUMP TO SUMMARY ANALYSIS RELEVANT INFORMATION BILL HISTORY

ANALYSIS

EFFECT OF THE BILL:

The bill revises the restriction that holders of valid <u>pari-mutuel permits</u> are only entitled to <u>lease their facilities</u> to holders of the same class permit, to also:

- Allow holders of a valid pari-mutuel permit to lease their facilities, located at the address listed on the permit on January 1, 2021, to any <u>jai alai</u> permitholder when located within a 35-mile radius.
- Remove the authority for such permitholders to be entitled to obtain an additional permit.
- Prohibit the lessee from operating a cardroom or slot machine license at the leased facility.
- Require such jai alai permitholders to conduct at least 59 live performances. (Section 1)

The effective date of the bill is July 1, 2025. (Section $\underline{2}$)

FISCAL OR ECONOMIC IMPACT:

PRIVATE SECTOR:

Indeterminate. The bill may have a positive economic impact on businesses by opening up more opportunities for lessors and lessees of pari-mutuel wagering facilities. Professional jai alai players and others involved in the sport of jai alai may also benefit from an increase in games. The amount of additional revenues that may be generated is unknown.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Pari-mutuel Wagering

STORAGE NAME: h0709.IPA

DATE: 3/27/2025

1

Since approximately 1931, pari-mutuel wagering activities (PMW) have been authorized in Florida for jai alai, greyhound racing, and horseracing. These activities are overseen and regulated 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. The Commission issues permits and operating licenses for PMW activities. Only PMW permitholders under certain conditions are authorized to conduct other gaming activities like operating a cardroom or operating slot machines at their PMW facilities.

Lease of Pari-mutuel Facilities

Holders of valid pari-mutuel permits for the conduct of any pari-mutuel wagering in this state are entitled to lease any and all of their facilities, as follows:³

- The lease may only be to another holder of a same class valid pari-mutuel permit;
- The permitholders must be located within a 35-mile radius of each other; and
- The lessee is entitled to a permit and license to conduct <u>intertrack wagering</u>⁴ and operate its race meet⁵ or <u>jai alai</u>⁶ games at the leased premises.

Pari-mutuel Wagering Permitting and Licensure

The Florida Pari-mutuel Wagering Act (Act)⁷ provides specific permitting and licensing requirements for the conduct of the pari-mutuel industry.⁸ Pari-mutuel wagering activities are limited to operators who have received a permit from the Division, which is then subject to ratification by county referendum.⁹ Permitholders apply for an operating license annually to conduct pari-mutuel wagering activities.¹⁰ Certain permitholders are also authorized to operate cardrooms¹¹ and slot machines at their facility.¹²

The Act generally requires that any transfer or assignment of a permit receive prior approval¹³ by the Commission, which must determine the eligibility¹⁴ of persons and entities to hold a permit. Similarly, if a permit is held by a corporation or business entity other than an individual, the transfer of ten percent or more of the stock or other evidence of ownership or equity in the permitholder may not be made without the prior approval of the transferee by the Commission.¹⁵

The Act restricts pari-mutuel permitholders **from being issued an operating license** to conduct pari-mutuel wagering, slot machine gaming, or the operation of a cardroom if the permitholder did not hold an operating license for the conduct of pari-mutuel wagering for Fiscal Year 2020-2021.¹⁶

The Act restricts pari-mutuel permitholders **from holding a permit** to conduct pari-mutuel wagering and associated cardroom or slot machine licenses¹⁷ unless the permitholder, other than a limited thoroughbred permitholder, held an operating license for the conduct of pari-mutuel wagering for Fiscal year 2020-2021.¹⁸

JUMP TO SUMMARY ANALYSIS RELEVANT INFORMATION BILL HISTORY

¹ 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 DBPR.

² See ss. 16.71-16.716, F.S.

³ S. <u>550.475, F.S.</u>

⁴ S. <u>550.002(16)</u>, <u>F.S.</u>, defines "intertrack wager" or "intertrack wagering" as a particular form of pari-mutuel wagering in which wagers are accepted at a permitted, in-state track, fronton, or pari-mutuel facility on a race or game transmitted from and performed live at, or simulcast signal rebroadcast from, another in-state pari-mutuel facility.

⁵ S. <u>550.002(19)</u>, F.S., defines "meet" or "meeting" as the conduct of live racing or jai alai, or wagering on intertrack or simulcast events, for any stake, purse, prize, or premium.

⁶ S. 550.002(17), F.S., defines "jai alai" or "pelota" as a ball game of Spanish origin played on a court with three walls.

⁷ Ch. 550, F.S.

⁸ S. 550.054(1), F.S.

⁹ S. 550.054(2), F.S.

¹⁰ S. 550.0115, F.S.

¹¹ S. 849.086, F.S.

¹² S. 551.104, F.S.

¹³ There is one exception to the prior-approval requirement in s. <u>550.054(11)(a)</u>, <u>F.S.</u>, which is that the holder of a permit converted to a jai alai permit "may lease or build anywhere within the county in which its permit is located." As of 2021, such conversions are prohibited. *See* s. <u>550.054(15)(d)</u>, <u>F.S.</u>

¹⁴ See s. 550.1815, F.S.

¹⁵ S. 550.054(11)(b), F.S.

¹⁶ S. 550.01215(1)(d), F.S.

The Act specifies that permits held on January 1, 2021 are deemed valid, 19 but new permits for pari-mutuel wagering may not be approved or issued.²⁰

The Commission is required to revoke the permit of any permitholder, other than a limited thoroughbred permitholder, who did not hold an operating license for the conduct of pari-mutuel wagering for fiscal year 2020-2021. A permit revoked under this provision is void and may not be reissued.²¹

Live Racing Requirements

Currently, only thoroughbred permitholders are required to conduct live racing in order to operate other PMW activities. For example, in order to hold a cardroom license, thoroughbred permitholders are required to run a certain number of live races each year.

The Act defines "full schedule of live racing or games" as follows: 22

- **Jai alai permitholders**: the conduct of a combination of at least 100 live evening or matinee performances during the preceding year;
- **Converted permitholders**: the conduct of a combination of at least 100 live evening and matinee wagering performances during either of the 2 preceding years;
- **Iai alai permitholder who does not operate slot machines**: who has conducted at least 100 live performances per year for at least 10 years after December 31, 1992, and whose handle on live jai alai games conducted at its pari-mutuel facility has been less than \$4 million per state fiscal year for at least 2 consecutive years after June 30, 1992, the conduct of a combination of at least 40 live evening or matinee performances during the preceding year;
- **Jai alai permitholder who operates slot machines**: the conduct of a combination of at least 150 performances during the preceding year;
- **Harness permitholder**: the conduct of at least 100 live regular wagering performances during the preceding year;
- Quarter horse permitholder at its facility: unless an alternative schedule of at least 20 live regular wagering performances is agreed upon by the permitholder and either the Florida Quarter Horse Racing Association or the horsemen's association representing the majority of the quarter horse owners and trainers at the facility and filed with the commission along with its annual date application, in the 2010-2011 fiscal year, the conduct of at least 20 regular wagering performances, in the 2011-2012 and 2012-2013 fiscal years, the conduct of at least 30 live regular wagering performances, and for every fiscal year after the 2012-2013 fiscal year, the conduct of at least 40 live regular wagering performances;
- **Quarter horse permitholder leasing another licensed racetrack**: the conduct of 160 events at the leased facility; and for a thoroughbred permitholder, the conduct of at least 40 live regular wagering performances during the preceding year.

Greyhound permitholders are prohibited from conducting live racing.

Jai alai permitholders, harness horse racing permitholders, and quarter horse racing permitholders have the option to conduct live racing or games but are not required to do so.23

A greyhound permitholder, jai alai permitholder, harness horse racing permitholder, or quarter horse racing permitholder that does not conduct live racing or games:24

Retains its permit:

ANALYSIS SUMMARY RELEVANT INFORMATION BILL HISTORY

¹⁷ Under s. 551.114(4), F.S., designated slot machine gaming areas must be located at the address specified in the licensed permitholder's slot machine license issued for Fiscal Year 2020-2021.

¹⁸ S. 550.054(15)(a), F.S.

¹⁹ S. <u>550.054(15)(b), F.S.</u>

²⁰ S. 550.054(15)(c), F.S.

²¹ S. 550.054(9)(c), F.S.

²² S. 550.002(10), F.S.

²³ S. 550.01215, F.S.(1)(b)1., F.S.

²⁴ Id.

- Is a pari-mutuel facility as defined in s. <u>550.002(23)</u>, 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; and
- If previously issued a slot machine license, remains eligible for such license.

BILL HISTORY				
COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
<u>Industries & Professional Activities</u> <u>Subcommittee</u>	12 Y, 0 N, As CS	3/26/2025	Anstead	Thompson
THE CHANGES ADOPTED BY THE COMMITTEE:	 Specified the leased facility must be at the address on the permit. Removed the authority for such permitholders to obtain an additional permit. Prohibited the lessee from operating a cardroom or slot machine license at the leased facility. Required jai alai permitholders that lease such facilities to conduct at least 59 live performances. 			

THIS BILL ANALYSIS HAS BEEN UPDATED TO INCORPORATE ALL OF THE CHANGES DESCRIBED ABOVE.

JUMP TO <u>SUMMARY</u> <u>ANALYSIS</u> <u>RELEVANT INFORMATION</u> <u>BILL HISTORY</u>