

The Florida Senate
COMMITTEE MEETING EXPANDED AGENDA

REGULATED INDUSTRIES
Senator Jones, Chair
Senator Sachs, Vice Chair

MEETING DATE: Wednesday, December 7, 2011
TIME: 9:30 a.m.—12:30 p.m.
PLACE: *Toni Jennings Committee Room*, 110 Senate Office Building

MEMBERS: Senator Jones, Chair; Senator Sachs, Vice Chair; Senators Altman, Bogdanoff, Braynon, Dean, Diaz de la Portilla, Rich, Siplin, and Thrasher

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	Destination Resorts Workshop		Discussed

Other Related Meeting Documents



The Florida Lottery

Why the Florida Lottery?



Purpose

“ . . . to operate the state lottery . . . so as to maximize revenues [for the Educational Enhancement Trust Fund] in a manner consonant with the dignity of the state and the welfare of its citizens.”

Legislative Intent

“That the lottery games be operated by a department of state government that functions as much as possible in the manner of an entrepreneurial business enterprise.”

Requirement to Publicize Education Funding Role

24.1215 **Duty to inform public of lottery’s significance to education.**—The Department of the Lottery shall inform the public about the significance of lottery funding to the state’s overall system of public education. (Fla.Stat.)

Florida Lottery Bright Futures





Recent Lottery Accomplishments & Performance Measures



Breaking Sales Records



NOVEMBER 30 LOTTERY REVENUE ESTIMATING CONFERENCE (REC)

SALES forecasts revised upward for this fiscal year and next to new all-time record levels

FY 2011-12  \$154 million to \$4.26 billion

FY 2012-13  \$162 million to \$4.34 billion

EETF forecasts increased for both years, with expectation of a new all-time record in FY 2012-13

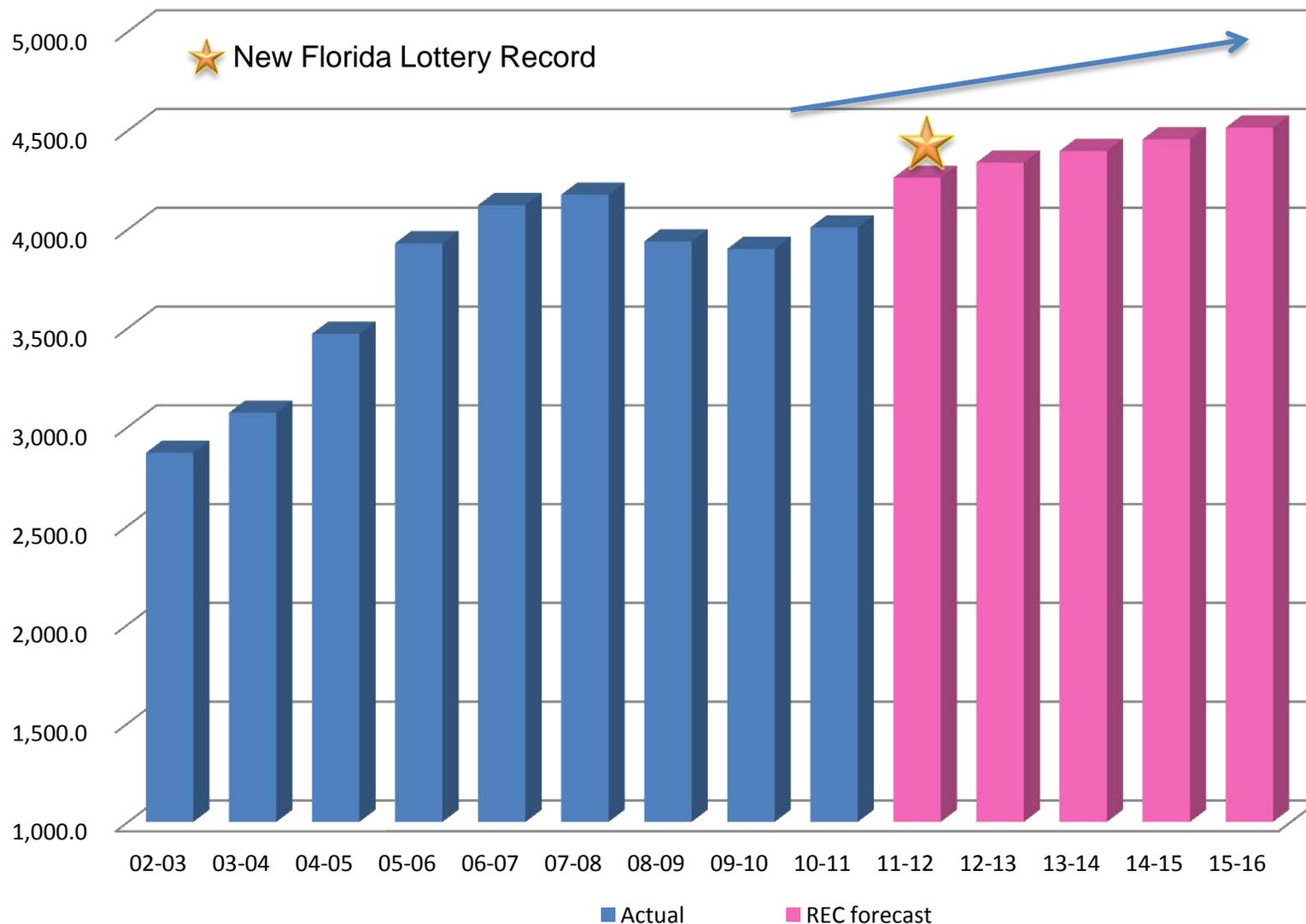
FY 2011-12  \$47 million to \$1.26 billion

FY 2012-13  \$47 million to \$1.29 billion



Sales Trend

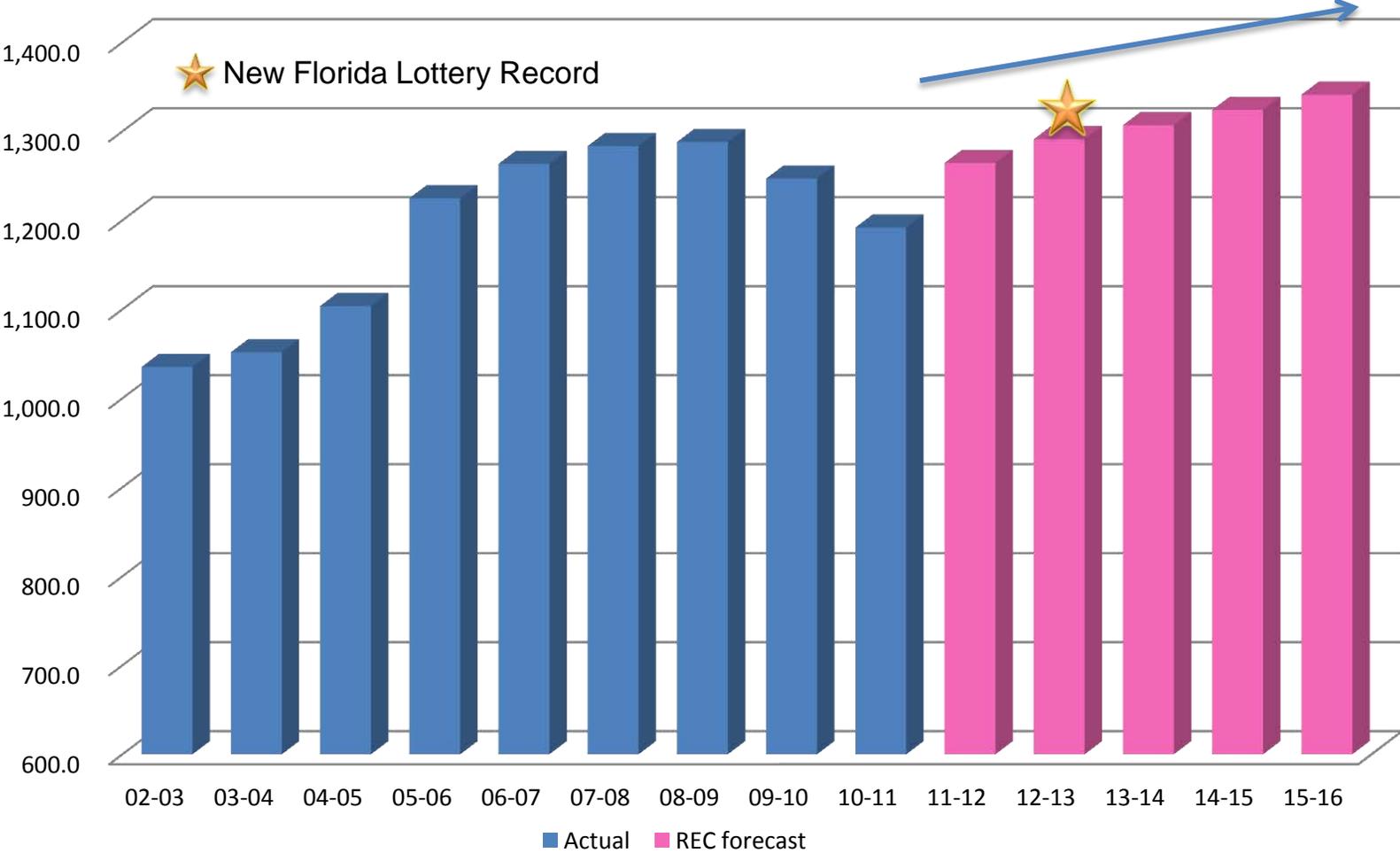
(In Millions – based on actual Nov. REC forecast)





Educational Enhancement Trust Fund (EETF)

(In Millions)



Education Funding



\$23 Billion to Education
since 1988.

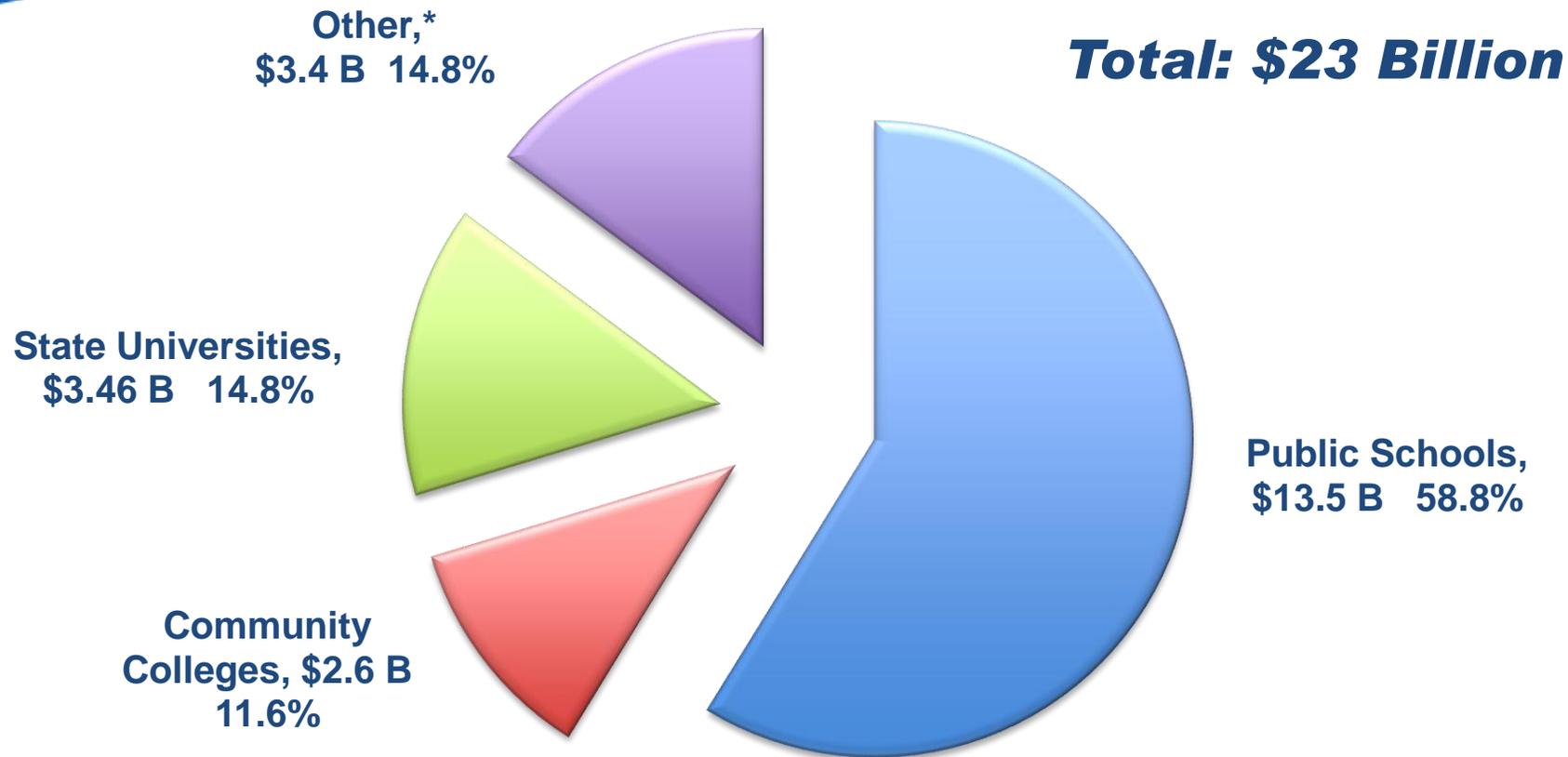


Lauderdale Manors Elementary School
Broward County (Opened in 2010)



Koa Elementary School
Osceola County (Opened in 2009)

Educational Enhancement Trust Fund (EETF) FY 1987-88 through FY 2010-11 (In Billions)



Total Cumulative Appropriations FY 1988 - FY 2011

*Other category includes Bright Futures, Student Aid, Workforce Education, etc.

Efficient Operations



1. New tenant to share office space costs--Office of Early Learning now occupies 14,800+ sq. ft. of office space. **\$251,090 annual savings/"EETF"**.
2. The Florida Lottery's operating expenses as a percentage of sales (3.3%) rank it **3rd best (lowest) among U.S. lotteries,** behind only Massachusetts and New Jersey.
3. Florida Lottery's advertising-to-sales ratio (0.9%) is the **32nd lowest among the 44 U.S. lotteries.**
4. Florida Lottery has been driving down the cost of advertising production as a percentage of sales—at 5.5%, now the **6th lowest among U.S. lotteries.**

U.S. Lotteries Ranked by FY11 Total Sales



Rank	U.S. Lotteries	Total Sales (\$ Millions)	Population (in millions)
1	New York	6,759	19.6
2	Massachusetts	4,403	6.6
3	Florida	4,009	18.7
4	Texas (est)	3,783	25.2
5	Georgia	3,598	9.9
6	California	3,439	37.3
7	Pennsylvania	3,208	12.6
8	New Jersey	2,636	8.7
9	Ohio	2,596	11.5
10	Michigan (est)	2,364	9.9

Note: Excludes Video Lottery Sales

Source: La Fleur's Magazine (Sept-Oct 2011)

Accountability



Accountability

On-going financial and performance scrutiny by several different government entities



- Weekly:** Sales continually monitored by Legislature's Economic and Demographic Research Office (EDR) and the Office of Program Policy Analysis & Government Accountability; Weekly Accomplishments & Issues Report to Governor.
- Monthly:** Financial activities reported to Governor and Legislative Leadership; Accomplishments & Issues Report to Governor.
- Quarterly:** Instant Ticket Vending Machines Performance Reports to Appropriations Chairmen; Accomplishments & Issues Report to Governor.
- Annual:** Financial Audit by Auditor General
Performance and Efficiency Analysis by OPPAGA
Official Statement Update to Revenue Bonds required by SEC
- Biennial:** Security Audit by Independent Consultant required by statute
- Intermittent:** Program audits by Auditor General; sales forecasts revised by Revenue Estimating Conference at least twice yearly; financial statements for bond issuances.

Continuous program and issue analysis by Lottery Inspector General

Corporate Partners

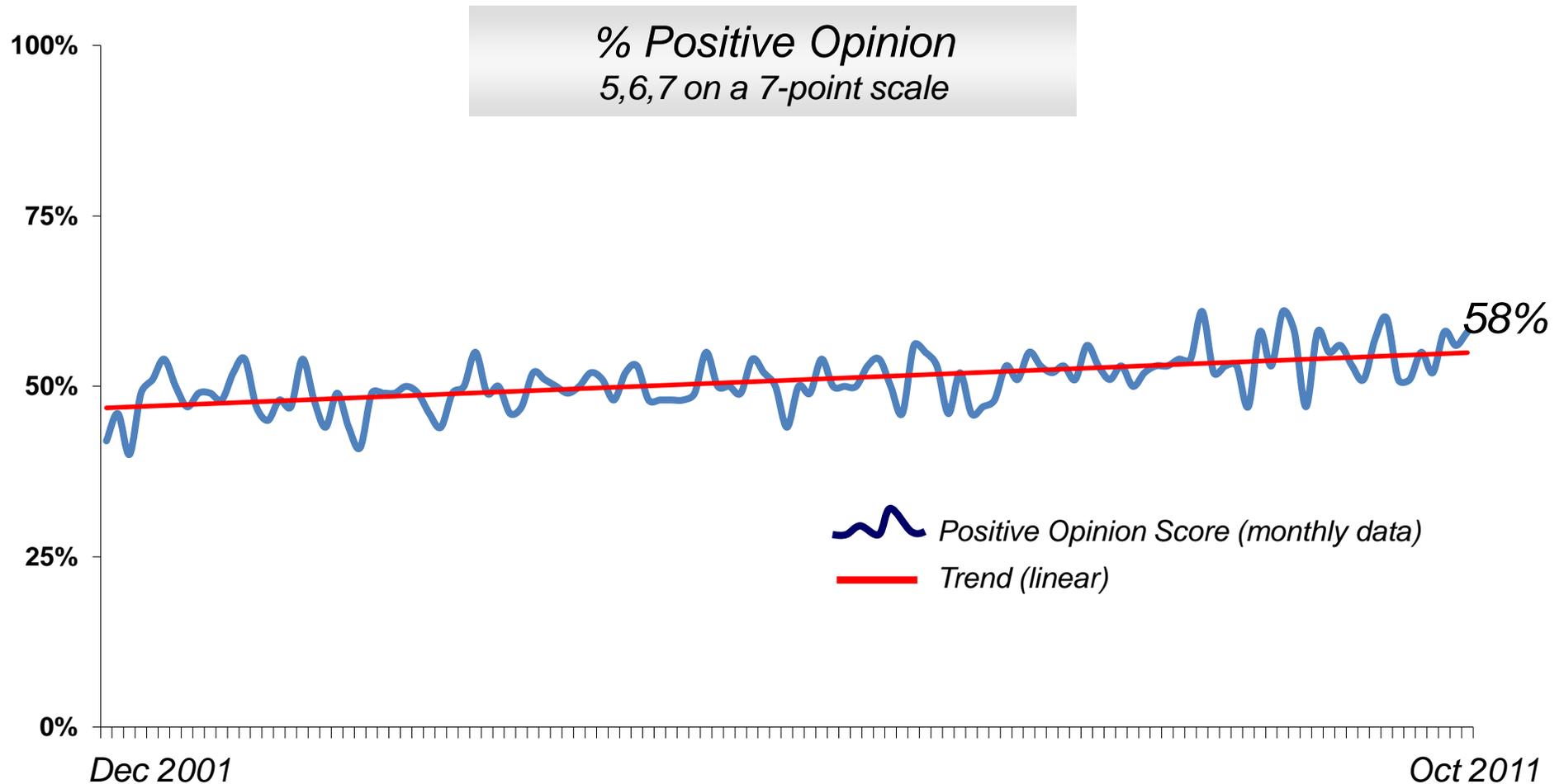


Sedano's
El gusto es nuestro





Overall Opinion of the Florida Lottery

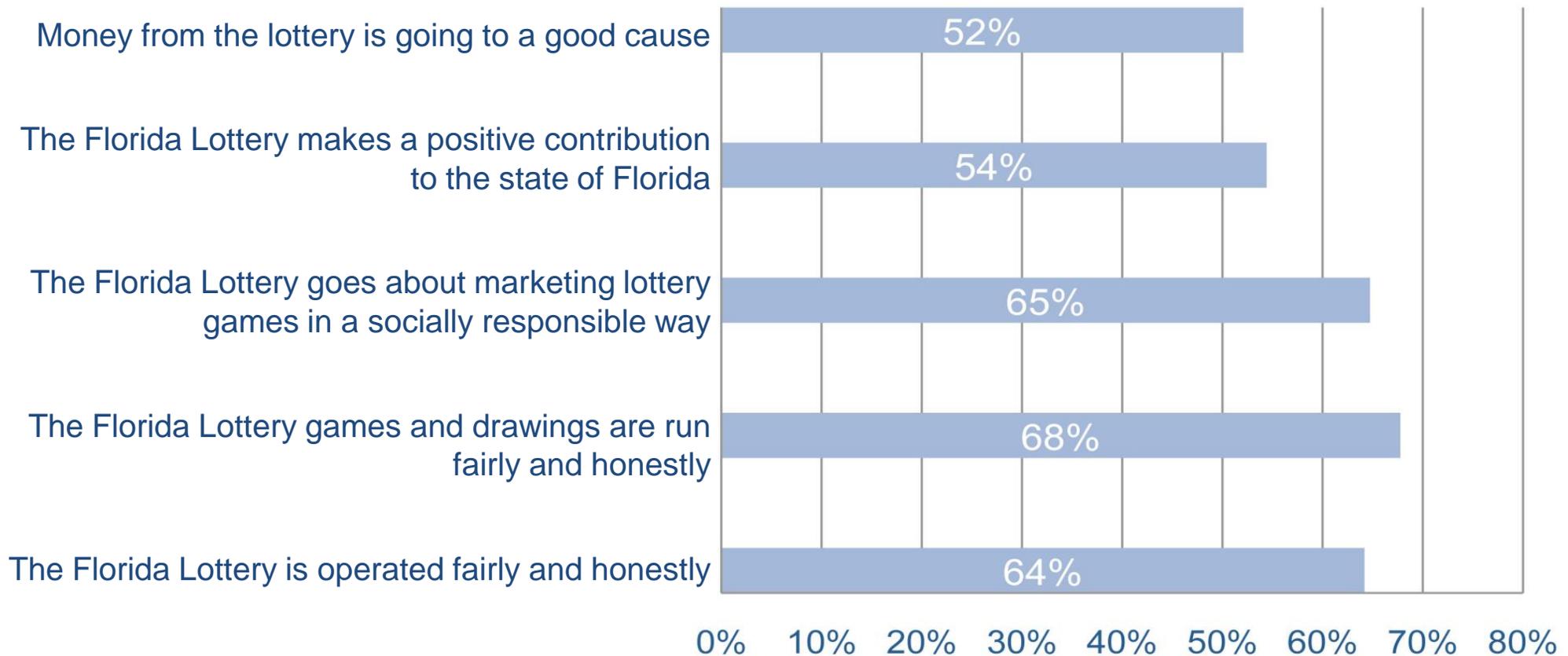


c2. "How would you describe your overall opinion of the Florida Lottery on a scale from 1 to 7, where '1' means your opinion is 'Very Negative' and '7' means your opinion is 'Very Positive?'"

Base: All respondents (n=500), monthly tracking data



Percentages of Florida Adult Survey Respondents Agreeing with Statements about the Florida Lottery: 2010



Future Success Factors And Influencers



In Summary

1. To fulfill its mission - the Lottery requires maintaining **flexibility, with accountability,**
2. The ability to **seize opportunities in a responsible way,**
3. The **entrepreneurial approach** envisioned in the original lottery legislation (Ch.24, Fla.Stat.),
4. And it must be able to **compete effectively** with alternative consumer entertainment products.

Future Success Factors And Influencers



- The Florida Lottery was established for a particular public purpose: to generate revenue for education.
- For nearly 25 years, the Lottery has demonstrated its commitment to this mission, generating over \$23 billion for education and doing so with responsibility and integrity.
- Florida has in place the governance and accountability structure for this lottery to continue to be among the best in the nation.



Regulated Industries Committee
December 2011

Impact of Casino Expansion on Seminole Indian Compact

Seminole Indian Compact

- Compact required by the Indian Gaming Regulatory Act to conduct Class III gaming.
- April 2010: Governor and Tribe executed a gaming compact that authorized specified Class III gaming at seven Tribal facilities.
- Legislature ratified Compact (ch. 2010-29, L.O.F.)
- In exchange for partial but substantial gaming exclusivity, the Tribe agreed to “Revenue Share” with the state.

Revenue Sharing Payments

- Compact effective July 2010.
- Compact provided minimum payments as follows:
 - Year One: \$150 million dollars
 - **Year Two: \$150 million dollars**
 - Year Three: \$233 million dollars
 - Year Four: \$233 million dollars
 - Year Five: \$234 million dollars
- After year five, Tribe pays on percentage scale.

Compact Highlights

- 20 year term
- After first 5 years, authorization for banked cards terminates unless reauthorized
- Provides for state oversight of Tribal gaming
 - Random inspections
 - Financial audits
 - Minimum payouts
 - Player and employee protections
 - Compulsive Gambling programs
- Department of Business and Professional Regulation serves as State Compliance Agency

Exclusivity for Revenue Sharing

- If the state violates the exclusivity provisions in the compact, the Tribe may be able to reduce or cease payments to the state.
- Revenue sharing depends on continued exclusivity.
- Any reduction or cessation of payment depends on the TYPE of game or LOCATION of game authorized.
- Expansion does not violate or terminate the compact; other compact provisions continue for remainder of the 20 year term.

If Destination Casinos are Authorized in Miami-Dade and Broward County

- If casino gaming is limited to 8 existing pari-mutuels at time of compact – POSSIBLE REDUCTION IN PAYMENTS:
 - *If there is a reduction in the Tribe's Annual Net Win from the previous 12 months after the additional games begin to be played, then the Tribe's payments to the State will be reduced by 50% of the amount of the reduction in the Net Win.*
- Any reduction would occur after new games begin to be played.

If Destination Casinos are Authorized in Miami-Dade and Broward County

- If destination casinos are authorized for non-pari-mutuel locations in those two counties
 - REDUCTION IN PAYMENTS :
 - *The Tribe's payments to the State will be reduced by excluding the payments on the Net Win of the Tribe's Broward facilities.*
- Reduction occurs when new games begin to be played.

If Destination Casinos are Authorized in Other Counties

- *The Tribe's payments to the State will cease, but payments will resume if the new casino-style gaming is no longer operated.*
- Cessation of payments occur when new games begin to be played.

Payments and Games

- Changes in the Tribe's payments to the State do not occur until the new games are offered for public or private use.
- Payments resume if the new gaming ceases.
- Any newly authorized games in the state are also authorized for the Tribe's facilities for the duration of the 20 year compact term.

Destination Resorts: Analysis of Senate Bill 710

December 7, 2011

Presented by:



The Florida Legislature
Office of Economic and
Demographic Research
850.487.1402
<http://edr.state.fl.us>

Setting the Stage: Compact

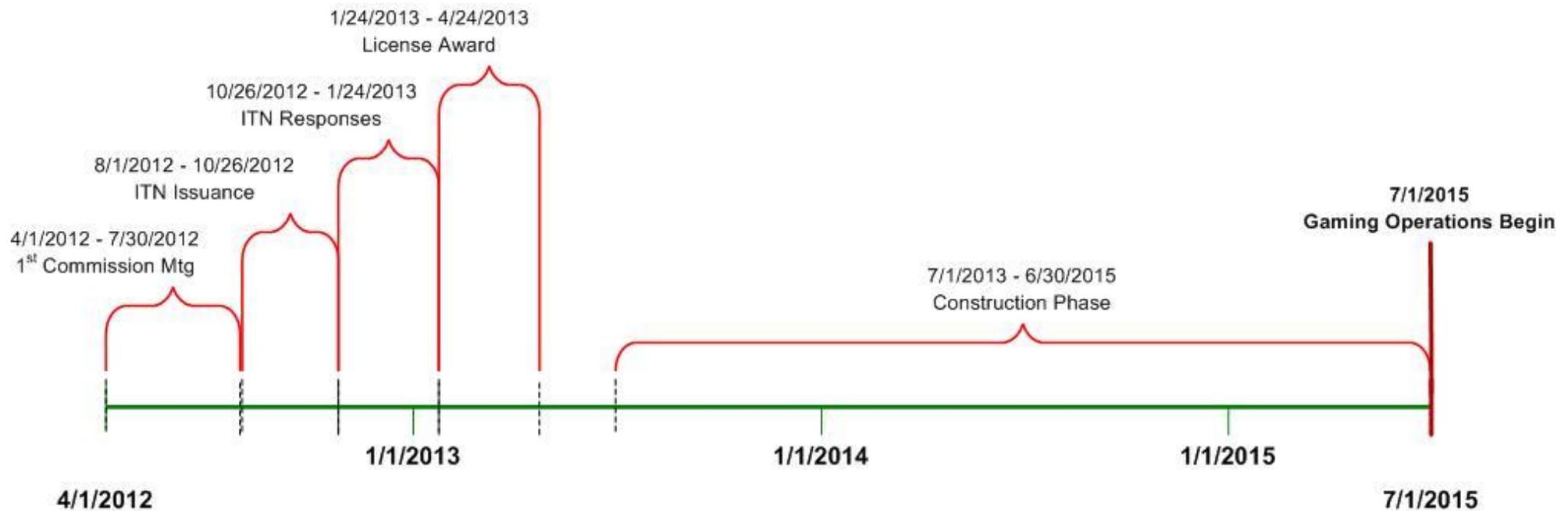
- On April 7, 2010, the Governor and the Seminole Tribe of Florida executed a Compact agreement that was subsequently ratified by the Legislature (Chapter 2010-29, Laws of Florida) and approved by the United States Secretary of the Interior.
- The Compact allows the play of covered games in seven Seminole tribal gaming facilities. The covered games include slot machines at all seven facilities and banked card games at five of the seven facilities. Expressly excluded are roulette, craps, roulette-style games and craps-style games.
- The Compact has a life of 20 years, with the exception of the authorization for banked card games which only lasts five years (until FY 2015-16). Revenues are deposited in the General Revenue Fund.

Setting the Stage: Pari-Mutuels

- Chapter 2005-362, Laws of Florida, provided for the regulation of slot machines at pari-mutuel facilities located in Broward and Miami-Dade counties.
- Today, five facilities operate slots: Gulfstream Park, Mardi Gras Gaming Center, Isle Casino at Pompano, Flagler Magic City, and Calder Casino. Each of these facilities runs a cardroom in addition to the slots facilities. Miami Jai-Alai is anticipated to begin operations on January 1, 2012, and Hialeah is expected to commence operations on January 1, 2013.
- The current tax rate on slot machine revenues is 35%. Statutorily, there is a minimum guarantee of \$104.1 million in state revenues.
- Tax collections are deposited in the Educational Enhancement Trust Fund.

Destination Resorts

- Means a freestanding, land-based structure in which limited gaming may be conducted. A destination resort is a mixed-use development consisting of a combination of various tourism amenities and facilities, including, but not limited to, hotels, villas, restaurants, limited gaming facilities, convention facilities, attractions, entertainment facilities, service centers, and shopping centers.
- Up to three successful applicants can be given licenses which allow them to operate and maintain a destination resort having a limited gaming facility.
- “Limited gaming” includes, but is not limited to, baccarat, twenty-one, poker, craps, slot machines, video gaming of chance, roulette wheels, Klondike tables, punch-board, faro layout, numbers ticket, push car, jar ticket, pull tab, or their common variants, or any other game of chance or wagering device that is authorized by the commission. [Broader than the Compact]
- The State Gaming Commission “**may** specify in its invitation to negotiate the county in which the facility would be located.”



Quarters refer to Calendar Years.

- The State Gaming Commission Nominating Committee must submit recommendations for the initial appointments to the State Gaming Commission to the Governor within 60 days after becoming law. The Governor then has 60 days to select among the nominees. [120 days or 4 months before the State Gaming Commission is in place. Assuming the bill becomes law on April 1, 2012, this would be July 29, 2012]
- The initial meeting of the commission must be held within thirty days of July 1, 2012. [First Commission meeting is assumed to be July 30, 2012.]
- The Invitation to Negotiate must be issued no later than 90 days after the date of the Commission's first meeting. [Approximately October 26, 2012]
- Proposals in response to the Invitation to Negotiate must be received within 90 days after issuance. [Assume receipt by January 24, 2013]
- The Commission shall award or deny a destination resort license within 90 days after the deadline for the submission of a reply. [Assume April 24, 2013]
- Construction Phase of 8 quarters or 2 years. [Assume begins Q3 of 2013 which is the beginning of FY 2013-14 and ends the last day of Q2 of 2015 which is the end of FY 2014-15; language directs the Commission to give preference to applicants who can begin construction no later than 12 months after the award of the resort license]
- Operations commence immediately after construction phase ends. [Assume begin Q3 of 2015, the start of FY 2015-16]

The following estimates should be considered a preliminary work product produced by the Legislative Office of Economic and Demographic Research. While the numbers have been workshopped twice and revised after each meeting, they have not been formally adopted by the Revenue Estimating Conference.

State Revenues (assuming required timeline can be met)

- **Nonrefundable Application Fee** of \$1 million to the Commission to defray costs (nonrecurring) --- [Assume Q1 of 2013 which is in FY 2012-13; benefit to State Trust; limited participation due to significant financial barriers to entry --- direct cost of the application and licensing fees buttressed by the \$2 billion requirement for new development and construction]
 - LOW: 3 x \$1 = \$3 million (3 applications)
 - MIDDLE: 4 x \$1 = \$4 million (4 applications)
 - HIGH: 5 x \$1 = \$5 million (5 applications)
- **One-Time Licensing Fee** of \$50 million (nonrecurring) --- [Assume availability in Q2 of 2013 which is in FY 2012-13; assignment unknown but assume State Trust based on renewal placement]
 - LOW: 3 x \$50 = \$150 million (MAX)
 - MIDDLE: 3 x \$50 = \$150 million (MAX)
 - HIGH: 3 x \$50 = \$150 million (MAX)
- **Annual Renewal License Fee** of \$2 million --- [Assume begins Q2 of 2014 which is in FY 2013-14; benefit to State Trust (Destination Resort Trust Fund)]
 - LOW: 3 x \$2 = \$6 million (MAX)
 - MIDDLE: 3 x \$2 = \$6 million (MAX)
 - HIGH: 3 x \$2 = \$6 million (MAX)

Gross Receipts Tax

- **Gross Receipts Tax** --- [Assume construction phase of 24 months which indicates no earlier than Q3 of 2015, placing first receipts in FY 2015-16; tax rate is 10% of the gross receipts] NOTE: First Year estimates reflect 12 months of activity.
 - LOW: Adjusted Estimate Using Tourism Detail from Analysis Worksheet = \$128.7 million
 - MIDDLE: Adjusted Estimate Using Tourism Detail from Analysis Worksheet = \$189.2 million
 - HIGH: Adjusted Estimate Using Tourism Detail from Analysis Worksheet = \$255.3 million

Limited gaming may not be conducted by a resort licensee until the resort is completed according to the proposal approved by the Commission. [Assume that the \$2 billion can be staged over the five years in the proposal, so that the resort licensee can begin at a phase prior to having all \$2 billion in construction for all ancillary facilities completed.]

Compact Loss

- **Compact Loss** --- The REC has adopted a forecast of expected revenues from the Indian Gaming Compact. The forecast contains a decrease in projected Compact payments beginning in FY 2015-16 that is related to the anticipated loss of table games. [Assume Compact payments continue until the first destination resort begins operations and then cease entirely as at least one destination resort is authorized outside of Miami-Dade or Broward counties. Timeframe will permit a referendum(s) to be held prior to application deadline.]

● FY 2011-12	\$150.0 million	---	\$145.5 GR	---	NO Impact
● FY 2012-13	\$226.1 million	---	\$221.2 GR	---	NO Impact
● FY 2013-14	\$233.0 million	---	\$226.0 GR	---	NO Impact
● FY 2014-15	\$233.9 million	---	\$226.9 GR	---	NO Impact
● FY 2015-16	\$110.6 million	---	\$104.3 GR	---	100% Loss
● FY 2016-17	\$ 99.4 million	---	\$ 96.4 GR	---	100% Loss
● FY 2017-18	\$ 99.4 million	---	\$ 96.4 GR	---	100% Loss

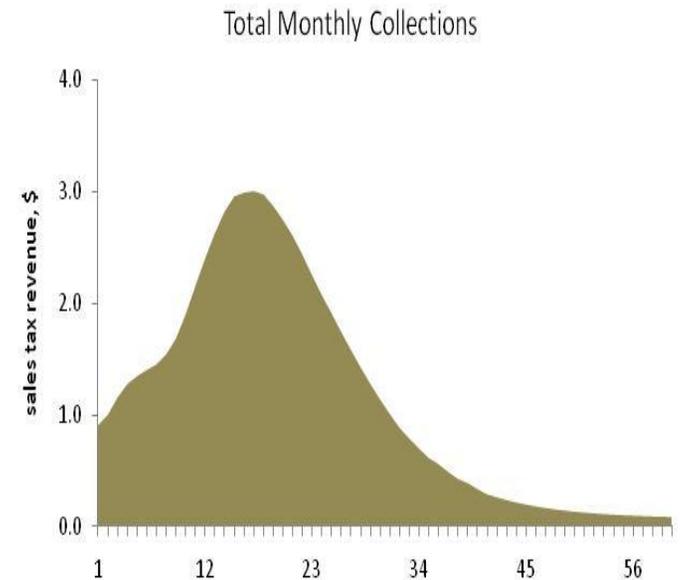
State Revenues

- **Compulsive or Addictive Gambling Prevention Regulatory Fee** (annual) --- [Assume begins Q3 of 2015, the start of FY 2015-16, with the commencement of operations; State Trust]
 - LOW: $3 \times \$250,000 = \$750,000$ (MAX)
 - MIDDLE: $3 \times \$250,000 = \$750,000$ (MAX)
 - HIGH: $3 \times \$250,000 = \$750,000$ (MAX)
- **License to Sell or Serve Alcoholic Beverages for Consumption on the Premises** (annual) --- Resort licensees must pay an annual license fee of \$50,000 for a special state alcoholic beverage license allowing them to serve alcohol 24 hours per day, every day of the year. [Assume begins Q3 of 2015, the start of FY 2015-16, with the commencement of operations; State Trust]
 - LOW: $3 \times \$50,000 = \$150,000$ (MAX)
 - MIDDLE: $3 \times \$50,000 = \$150,000$ (MAX)
 - HIGH: $3 \times \$50,000 = \$150,000$ (MAX)
- **Supplier's License** (annual) --- The Commission must establish a scale of fees based on the type of service but may not exceed \$25,000 per year; indeterminate positive number to State Trust; could begin FY 2013-14 with construction.
- **Occupational License** (4-Year) --- May not exceed \$250 per employee; indeterminate positive number to State Trust; could begin FY 2013-14 with construction.

Sales Tax Associated with Construction

- Sales Tax associated with \$2 billion Construction Requirement**
 (nonrecurring) --- [Assume—but for the bill—there will be no construction of destination resorts. Also assume that the \$2 billion requirement is a binding criteria on all applicants, and that each licensee has the full five years to comply with the dollar requirement. Based on discussions with the sponsors, also assume that the \$2 billion Construction Requirement is inclusive of furnishings and gaming equipment.]

	<i>CY Q</i>	<i>High</i>	<i>Middle</i>	<i>Low</i>
FY 2011-12		0.0	0.0	0.0
FY 2012-13		0.0	0.0	0.0
FY 2013-14	Q3	54.6	54.6	27.3
FY 2014-15		96.9	96.9	75.8
FY 2015-16		54.9	40.8	68.9
		206.4	192.3	171.9



Sales Tax Associated with Tourism

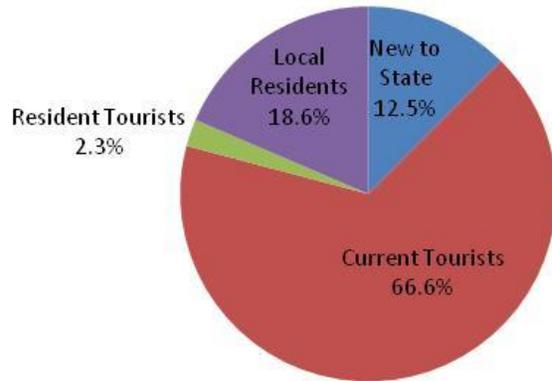
- **Sales Tax associated with Tourism** (annual) --- Previous work developed by EDR to analyze the proposed \$3 billion resort expansion originally anticipated by the Seminole Tribe as part of the Compact negotiations suggested that there would be significant churning of existing tourist and convention activity associated with any new expansion. In addition, there is significant uncertainty to any sales tax projection for tourism because the ultimate business plans and locations are currently unknown. [Assumes collections do not begin until the commencement of gaming operations in Q3 of 2015, the start of FY 2015-16.]

	<i>CY Q</i>	<i>High</i>	<i>Middle</i>	<i>Low</i>
FY 2011-12		0.0	0.0	0.0
FY 2012-13		0.0	0.0	0.0
FY 2013-14		0.0	0.0	0.0
FY 2014-15		0.0	0.0	0.0
FY 2015-16	Q3	14.8	13.8	10.9

Visitor Counts

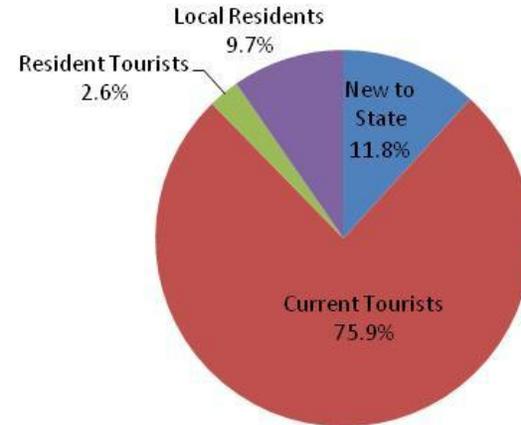
Visitors to Destination Resorts (Unduplicated)			
	<u>Low</u>	<u>Middle</u>	<u>High</u>
New to State	823,150	1,234,725	1,646,300
Current Tourists	4,391,937	7,319,894	10,613,847
Resident Tourists	153,165	255,276	370,150
Local Residents	1,223,533	1,274,514	1,350,985
	6,591,785	10,084,409	13,981,281

Visitors to Destination Resorts (Low Unduplicated)



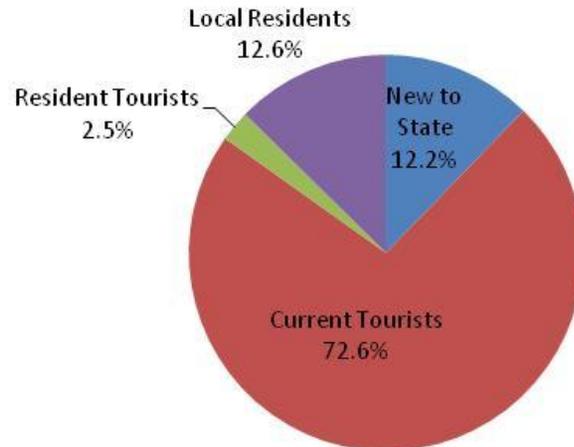
6,591,785

Visitors to Destination Resorts (High Unduplicated)



13,981,281

Visitors to Destination Resorts (Middle Unduplicated)



10,084,409

2010
All Tourists
82,315,000
Persons

2010
FL Travelers
7,420,802
Households

“But for the Existence...”

New Rooms	Occupied at .519	
12,300	7,269	Day
4,489,500	2,653,295	Year
Occupancy Implied By New Visitors Immediately Below:		
2,579,203	3,868,805	5,158,407
57.4%	86.2%	114.9%

2010 Tourist Counts and Local Visitors		2010 Current	New at +1%	New at +1.5%	New at +2%
TOTAL FOR NEW VISITORS ("But for the existence...")	BASE:	82,315,000			
Domestic / National Percentage:	0.865	71,202,475	712,025	1,068,037	1,424,050
Canadian	0.037	3,045,655	30,457	45,685	60,913
Overseas / International Percentage:	0.098	8,066,870	80,669	121,003	161,337
NOTES: No substitution of current spending			823,150	1,234,725	1,646,300
EXPENSE: One Day Taxable Expense of \$150.70 times 4.7 nights	PP: \$	708.29	583,028,914	874,543,370	1,166,057,827
SALES TAX EFFECT: new expenditures not otherwise expected	RATE: \$	0.06	34,981,735	52,472,602	69,963,470
GAMBLING EXPENDITURE: Nevada Per Trip Expenditure (on top*)	PP: \$	466.20	383,752,530	575,628,795	767,505,060
*assumes expanded budget by gambling expenditure					

New Money to the State

“Incidental...”

Current Tourists	(Percentage Implied by Visitors)		
	<u>Low</u>	<u>Middle</u>	<u>High</u>
All Ages	5.3%	8.9%	12.9%
Without Children	6.0%	10.0%	14.5%
21+	6.8%	11.4%	16.5%

				0.06	0.1	0.145		
WITHOUT CHILDREN FOR CURRENT VISITORS ("Incidental...")				2010 Current	Curr At 6%	Curr At 10%	Curr At 14.5%	
Domestic / National Percentage:				0.780	64,205,700	3,852,342	6,420,570	9,309,827
Canadian				0.720	2,192,872	131,572	219,287	317,966
Overseas / International Percentage:				0.843	6,800,371	408,022	680,037	986,054
NOTES: 100% Substitution of Entertainment & Misc for Gambling						4,391,937	7,319,894	10,613,847
EXPENSE: -\$26.60 Taxable Expenses times 4.7 nights				PP: \$	(125.02)	(549,079,911)	(915,133,186)	(1,326,943,119)
SALES TAX EFFECT: diverted from current expenditures				0.77 \$	0.06	(25,367,492)	(42,279,153)	(61,304,772)
INDIAN GAMING EFFECT (not tax adjusted)				0.23		(126,288,380)	(210,480,633)	(305,196,917)
GAMBLING EXPENDITURE: \$26.60 times 4.7 nights				PP: \$	125.02	549,079,911	915,133,186	1,326,943,119

Money Diverted from Current Expenditures

Mixed Effects for Floridians...

			2010 Current	0.06	0.1	0.145
				Curr At 6%	Curr At 10%	Curr At 14.5%
TOTAL HOUSEHOLDS FOR FL RESIDENT TRAVELERS	BASE:		7,420,802			
Percentage Taking Pleasure Trips (1 per Household)	0.172		1,276,378			
#1 In Florida (multiplied by 2 adults per household)	0.383		488,853	58,662	97,771	141,767
#2 Outside Florida (multiplied by 2 adults per household)	0.617		787,525	94,503	157,505	228,382
NOTES: 0% Substitution for Outside FL; 100% Ent & Misc for In-FL				153,165	255,276	370,150
EXPENSE #1: -\$26.60 times 4.7 nights	PP: \$		(125.02)	(7,333,965)	(12,223,274)	(17,723,748)
EXPENSE #2: One Day Taxable Expense of \$150.70 times 4.7 nights	PP: \$		708.29	66,935,546	111,559,244	161,760,903
EXPENSE TOTAL:				59,601,582	99,335,969	144,037,156
SALES TAX EFFECT: net new expenditures not otherwise expected	RATE: \$		0.06	3,576,095	5,960,158	8,642,229
GAMBLING EXPENDITURE: Blended Rate to Reflect Mix (on top*)	PP: \$		335.53	51,391,274	85,652,123	124,195,578
*assumes expanded budget by gambling expenditure						

			2010 Current	0.24	0.25	0.265
				Curr At 24%	Curr At 25%	Curr At 26.5%
FLORIDA RESIDENTS (21+) FOR LOCAL VISITS (Region 1)						
Local Residents Who Will Visit	BASE:		5,098,055	1,223,533	1,274,514	1,350,985
Number of Visits Per Year (9.9 Total Visits to Nearby Casinos)	SCALAR:		3.3	4,037,660	4,205,895	4,458,249
GAMBLING EXPENDITURE:	PP: \$		75.00	302,824,467	315,442,153	334,368,682
FULL INDIAN GAMING EFFECT (not tax-adjusted)	0.600	0.471	0.345	(181,694,680)	(148,573,254)	(115,357,195)
PARI-MUTUEL SLOTS TAX EFFECT	0.275	0.404	0.530	(29,146,855)	(44,603,520)	(62,025,391)
SALES DISPLACEMENT (not tax-adjusted)	0.125	0.125	0.125	(37,853,058)	(39,430,269)	(41,796,085)
SALES TAX EFFECT: diverted from other expenditures	RATE: \$		0.06	(2,271,184)	(2,365,816)	(2,507,765)

New Money & Money Diverted from Current Expenditures

Cannibalization...

- **Slots Tax Losses Associated with Direct Cannibalization** (annual) --- There will be slots tax losses associated with the increased gambling opportunities that cannibalize from existing activity. Fundamentally, the state loss is attributable to the lower tax rate that will be assessed at the destination resorts (10% at the destination resorts instead of 35% for existing slots activity).
 - LOW: Adjusted Estimate Using Tourism Detail from Analysis Worksheet = \$29.1 million
 - MIDDLE: Adjusted Estimate Using Tourism Detail from Analysis Worksheet = \$44.6 million
 - HIGH: Adjusted Estimate Using Tourism Detail from Analysis Worksheet = \$62.0 million
- **Secondary Effect on Slots from Indian Gaming Shift** (annual) --- There will be a secondary impact on Pari-Mutuel Slots facilities associated with a change in business strategy by the Indian Gaming Facilities as they lose part of their customer base to the new Destination Resorts. Since their competition with the Destination Resorts is largely over tourists, the Indian Gaming Facilities can turn to the local market to offset some of their losses. In this regard they would have a new tax advantage over the Pari-Mutuel Slots facilities.
 - LOW: Worksheet = \$16.2 million
 - MIDDLE: Worksheet = \$18.9 million
 - HIGH: Worksheet = \$22.1 million

Industry Effects

COMBINED NOTE FOR PARI-MUTUEL CANNIBALIZATION

For the purposes of this analysis, it is assumed that roughly 31% of the gaming activity at the new destination resorts comes at the expense of existing activity at the Indian Gaming Facilities and the Pari-Mutuel Slots facilities. Of this amount, roughly 66% is from Indian Gaming Facilities and 34% is from the Pari-Mutuel Slots facilities.

In terms of their respective industries, the effect for Indian Gaming Facilities is roughly 18.4% of their FY 2012-13 gaming activity --- and the effect for Pari-Mutuel Slots facilities is roughly 41.4% of its FY 2012-13 gaming activity.

All statistics are based on the estimates for the MIDDLE.

Cannibalization of gaming spend from Indian Gaming Facilities				(307,983,060)	(359,053,887)	(420,554,113)
Cannibalization of gaming spend from Pari-Mutuel Slots				(129,474,187)	(181,296,713)	(240,298,519)
TOTAL AMOUNT OF GAMING SPEND FROM EXISTING BUSINESS				(437,457,247)	(540,350,600)	(660,852,631)
Percentage of Gambling Expenditure at Destination Resorts				37%	31%	28%
SPLIT:						
Indian-Gaming				70.4%	66.4%	63.6%
Pari-Mutuel Slots				29.6%	33.6%	36.4%

Indeterminate

- **Property Tax Associated with \$2 billion Construction Project** (annual) ---There will be increased property taxes associated with a \$2 billion project for the host communities; indeterminate positive number to Local since sites are unknown; would probably first affect the 2016 tax roll.
- **Documentary Tax Associated with Land Purchase** (nonrecurring) --- There will likely be increased documentary stamp taxes associated with the land purchase; however, the impact is positive indeterminate since the sites and footprints are unknown; it is also known that some of the land has already been purchased by the prospective applicants.
- **Gambling Business License** (annual) --- The bill appears to require any person who allows gambling to occur on his or her property to get a gaming license from the department. The department shall fix the fee in an amount sufficient to meet the costs of carrying out its licensing, enforcement, and administrative responsibilities, but in an amount not to exceed \$5,000. The impact is positive indeterminate (unknown universe and unknown fee level) to State Trust (proceeds to the Destination Resort Trust Fund). Assume effective July 1, 2012.

Preliminary Revenue Estimate

Total Impact: (State Trust, GR and Local Trust)	FY 2012-13 Cash	FY 2013-14 Cash	FY 2014-15 Cash	FY 2015-16 Cash
High	155.0	60.6	102.9	137.2
Middle	154.0	60.6	102.9	76.6
Low	153.0	33.3	81.8	59.5

<i>Component 1 of Total State Trust Impact:</i>	<i>FY 2012-13 Cash</i>	<i>FY 2013-14 Cash</i>	<i>FY 2014-15 Cash</i>	<i>FY 2015-16 Cash</i>
<i>High</i>	<i>155.0</i>	<i>6.0</i>	<i>6.0</i>	<i>(-72.2)</i>
<i>Middle</i>	<i>154.0</i>	<i>6.0</i>	<i>6.0</i>	<i>(-51.6)</i>
<i>Low</i>	<i>153.0</i>	<i>6.0</i>	<i>6.0</i>	<i>(-33.4)</i>

<i>Component 2 of Total Local Impact:</i>	<i>FY 2012-13 Cash</i>	<i>FY 2013-14 Cash</i>	<i>FY 2014-15 Cash</i>	<i>FY 2015-16 Cash</i>
<i>High</i>	<i>0.0</i>	<i>6.2</i>	<i>11.0</i>	<i>1.6</i>
<i>Middle</i>	<i>0.0</i>	<i>6.2</i>	<i>11.0</i>	<i>(-0.1)</i>
<i>Low</i>	<i>0.0</i>	<i>3.1</i>	<i>8.6</i>	<i>2.8</i>

<i>Component 3 of Total General Revenue Impact:</i>	<i>FY 2012-13 Cash</i>	<i>FY 2013-14 Cash</i>	<i>FY 2014-15 Cash</i>	<i>FY 2015-16 Cash</i>
<i>High</i>	<i>0.0</i>	<i>48.4</i>	<i>85.9</i>	<i>207.8</i>
<i>Middle</i>	<i>0.0</i>	<i>48.4</i>	<i>85.9</i>	<i>128.3</i>
<i>Low</i>	<i>0.0</i>	<i>24.2</i>	<i>67.1</i>	<i>90.1</i>



Florida Council on
Compulsive Gambling, Inc.

The Florida Council on Compulsive Gambling, Inc.

Presentation before the Senate Regulated Industries Committee,
December 7th, 2011:
Pat Fowler, Executive Director



Recent Florida Funding for Problem and Compulsive Gambling Programming

- ▶ Past 5 years funding averaged \$1.8 million annually
- ▶ Current fiscal year (2011–2012) funding is just \$264,700



Costs of Compulsive Gambling Based on Researcher Data

Gambling is a public concern because it creates economic costs for society and taxpayers, including non-users. Most costs derive from problem & pathological gamblers (two groups).

	*Per Path. Gambler in 2010 \$
Crime: E.g. Aggr. Asslt, rape, rob., larceny, ,burglary, auto theft, embezzlement, fraud.	\$4,334
Business and Employment Costs: Lost productivity, lost work time, unemployment-related employer costs.	\$3,060
Bankruptcy	\$337
Suicide	
Illness: E.g. Stress-related, cardiovascular, anxiety, depression, cognitive.	\$916
Social Service Costs: Treatment, unemployment & other social services	\$530
Direct Regulatory Costs	
Family Costs: Divorce, separation, child abuse & neglect, domestic violence	\$83
Abused Dollars	\$3,806
Social connection costs: reduction in social capital (employer, family, friends)	
Political: concentration of power, disproportionate political influence (NH, May10)	
TOTALS	\$13,067

*Grinols, Earl L., "Gambling Economics: Summary Facts,"
April 2011



Cost of Compulsive Gambling Per Research

Based upon a 2002 Adult Prevalence Study in Florida (Current Gamblers: SOGS Criteria)

Percentage of Florida Adults who are lifetime *Problem Gamblers* = 1.4%

- ▶ Estimated number of Floridians who are current *Problem Gamblers* = 207,189
- ▶ Total social cost of current *Problem Gamblers* based on researcher data = **\$667,562,958**

Percentage of Florida Adults who are *Pathological Gamblers* = 0.6%

- ▶ Estimated number of Floridians who are *Pathological Gamblers* = 88,795
- ▶ Total social cost of current *Pathological Gamblers* based on researcher data = **\$1,003,738,680**

**TOTAL COST FOR BOTH PROBLEM AND PATHOLOGICAL
GAMBLERS IN FLORIDA = \$1,671,301,638**

Total Population Age 18–99 of Florida in 2010 = 14,799,219

Total Social Cost for Problem Gamblers = \$3,222

Total Social Cost for Pathological Gamblers = \$11,304

Population estimate from the 2010 Census Bureau www.census.gov

See Grinols, E., (2004). *Gambling in America: Costs and Benefits*. Cambridge University Press. p176



Problem and Compulsive Gambling Funding – Other Jurisdictions

▶ Comparable funding from other sample states – Massachusetts

- \$1.5 million annually from the Lottery
- Current expansion of 3 casino's and 1 slot operation
 - \$5 million guaranteed annually directly from operators
 - Plus 5% of State revenues estimated at \$20 million annually.



Model Bill

Massachusetts Bill H.3711

An Act establishing expanded gaming in the commonwealth

House bill No. 3702, as amended and passed to be engrossed by the House. September 15, 2011.

- ▶ Responsible Gaming
- ▶ Slot Machine and Minor Requirements
- ▶ Gaming Site and Self Exclusion Requirements
- ▶ Research Requirements
- ▶ Patron Data Collection Requirement
- ▶ Wins and Losses



- ▶ FCCG has no position on the current destination resort bill
- ▶ However, any legislation that expands gambling in the state must have dedicated funding to support problem and compulsive gambling outreach, education and awareness programming

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

12/7/11

Meeting Date

Topic DESTINATION RESORT WORKSHOP

Bill Number NA
(if applicable)

Name CYNTHIA O'CONNELL

Amendment Barcode _____
(if applicable)

Job Title SECRETARY OF FLORIDA LOTTERY

Address 250 MARRIOTT DR.

Phone (850) 487-7777

Street

TALLAHASSEE FL 32301

City

State

Zip

E-mail _____

Speaking: For Against Information

Representing FLORIDA LOTTERY

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date _____

Topic CASINO Bill

Bill Number _____
(if applicable)

Name PAT FOWLER

Amendment Barcode _____
(if applicable)

Job Title ED - FL. Council on Compulsive

Address 901 DOUGLAS AVE GAMBLING

Phone 407-492-3737

Street
HATAMONTI SP95, FL 32714
City State Zip

E-mail PFOWLER@gamblinghelp.org

Speaking: For Against Information

Representing FL. Council on Compulsive Gambling

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date

Topic Destination Resort Casinos

Bill Number 710
(if applicable)

Name Gary Rutledge

Amendment Barcode _____
(if applicable)

Job Title Attorney / lobbyist

Address 119 S. Monroe St.
Street

Phone 581-6788

Tallahassee FL 32301
City State Zip

E-mail _____

Speaking: For Against Information

Representing St. Petersburg Kennel Club, Sarasota Kennel Club, Washington County Kennel Club

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

12-7-12
Meeting Date

2772

Topic RESORT WORKSHOP

Bill Number _____
(if applicable)

Name Ken Plante

Amendment Barcode _____
(if applicable)

Job Title _____

Address 324 E. VILBINA ST
Street

Phone 850-224-9100

TALLAHASSEE FLA. 32301
City State Zip

E-mail _____

Speaking: For Against Information

Representing TAMPA BAY DOWNS

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

12/7

Meeting Date

Topic DESTINATION RESORTS

Bill Number _____
(if applicable)

Name CHRIS MOYA

Amendment Barcode _____
(if applicable)

Job Title LOBBYIST

Address 208 S. ADAMS

Phone _____

Street

TALL

FL

32301

E-mail _____

City

State

Zip

Speaking: For Against Information

Representing _____

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

12/7/11

Meeting Date

Topic Destination Resorts Act

Bill Number 710
(if applicable)

Name Dickson Diaz

Amendment Barcode _____
(if applicable)

Job Title President

Address 1717 N Dayshore Dr
Street

Phone 754-234-3792

Miami FL 33162
City State Zip

E-mail Dickson Diaz @ American

Speaking: For Against Information

Representing _____

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

12/7/11
Meeting Date

Topic Destination Resorts Act

Bill Number 710
(if applicable)

Name RODRIGUEZ Douglas

Amendment Barcode _____
(if applicable)

Job Title Restoration / chef

Address 101 Ocean Dr.

Phone 305-562-4796

Miami Beach FL 33138
City State Zip

E-mail DROD69@MR.com

Speaking: For Against Information

Representing _____

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

12/7/11

Meeting Date

Topic Destination Resorts

Bill Number 710
(if applicable)

Name Blair Ross

Amendment Barcode _____
(if applicable)

Job Title Director, Latin Builders Association

Address 2100 Ponce de Leon Blvd., Ste. 825

Phone 305-445-0819

Street

Coral Gables FL 33134

City

State

Zip

E-mail bross@beauchampco.com

Speaking: For Against Information

Representing Latin Builders Assoc. (LBA)

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

12/7/2011
Meeting Date

Topic Destination Resorts Act Bill Number 710
(if applicable)

Name LUIS GARCIA Amendment Barcode _____
(if applicable)

Job Title OWNER OF RESTAURANT / FISHING BUSINESS 375-0765

Address 398 NW NORTH RIVER DR Phone 305-858-561
Street

MIAMI, FL 33128
City State Zip

E-mail _____

Speaking: For Against Information

Representing _____

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

12/07/2011

Meeting Date

Topic DESTINATION RESORTS ACT

Bill Number 710
(if applicable)

Name JUAN DUARTE

Amendment Barcode _____
(if applicable)

Job Title Chief Financial Officer

Address 1800 SUNSET HARBOR DR #2401

Phone 305-397-7974

Street

MIAMI BEACH, FL 33139

City

State

Zip

E-mail jduarte@nationalconcrete.net

Speaking: For Against Information

Representing SELF

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

12/7/11

Meeting Date

Topic Destination Resorts

Bill Number _____
(if applicable)

Name Brewster Bevis

Amendment Barcode _____
(if applicable)

Job Title VP External Relations

Address 516 W Adams St
Street

Phone _____

Tallahassee FL 32301
City State Zip

E-mail bbevis@aif.com

Speaking: For Against Information

Representing Associated Industries of Florida

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

12/7/11

Meeting Date

Topic Gaming Bill

Bill Number _____
(if applicable)

Name Marc Sarnoff

Amendment Barcode _____
(if applicable)

Job Title City of Miami Commissioner

Address 3500 Pam American Dr
Street

Phone (305) 250-5335

Miami FL 33133
City State Zip

E-mail msarnoff@miamigov.com

Speaking: For Against Information

Representing District 2, DDA chairmen, Omni CRA chairmen

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

Did not
appear

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

12/7/11

Meeting Date

Topic DEST. RESORTS

Bill Number 710
(if applicable)

Name BOB BURLESON

Amendment Barcode _____
(if applicable)

Job Title President

Address 1007 DeSOTO PARK

Phone 942-1404

TALL FL 32301
City State Zip

E-mail bburlesone@ftba.com

Speaking: For Against Information

Representing DEST. RESORTS

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date _____

Topic DESTINATION CASINOS

Bill Number _____
(if applicable)

Name IZZY HAVENICK

Amendment Barcode _____
(if applicable)

Job Title VICE President of Political Affairs

Address 401 NW 38th CT

Phone 305 649 3000

Street
MIAMI
City

State FL

Zip 33126

E-mail JHAVENICK@MagicCityCasino.com

Speaking: For Against Information

Representing Magic City Casino and NAPLES FT MYER DOG TRACK

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

Did not speak

THE FLORIDA SENATE APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

12/7/11

Meeting Date

Topic

Destination Resorts

Bill Number

SB 710

(if applicable)

Name

Richard Watson

Amendment Barcode

(if applicable)

Job Title

Legislative Counsel

Address

P.O. Box 10038

Phone

850 222-0000

Street

Tallahassee, FL 32302

E-mail

rlw@watsonandassociates.com

City

State

Zip

Speaking:

For

Against

Information

Representing

Associated Builders & Contractors

Appearing at request of Chair:

Yes

No

Lobbyist registered with Legislature:

Yes

No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/20/11)

waived time

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

12-7-11

Meeting Date

Topic _____

Bill Number Destination Resorts
(if applicable)

Name Lance Lozano

Amendment Barcode _____
(if applicable)

Job Title Chief Operating Officer

Address 116 S. Monroe St.

Phone 850-681-6265

Street
Tallahassee FL 32301
City State Zip

E-mail llozano@fuba.org

Speaking: For Against Information

Representing Florida United Businesses Assoc.

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/20/11)

12:15:32 PM Senator Jones responding
12:16:38 PM Senator Bogdanoff responding
12:19:04 PM Senator Rich with comments and questions
12:24:09 PM Senator Braynon with questions and comments
12:26:30 PM Senator Sachs with comments and questions
12:28:33 PM Senator Jones with closing remarks
12:28:45 PM Meeting adjourned