

The Florida Senate  
**COMMITTEE MEETING EXPANDED AGENDA**

**GAMING**  
**Senator Richter, Chair**  
**Senator Sachs, Vice Chair**

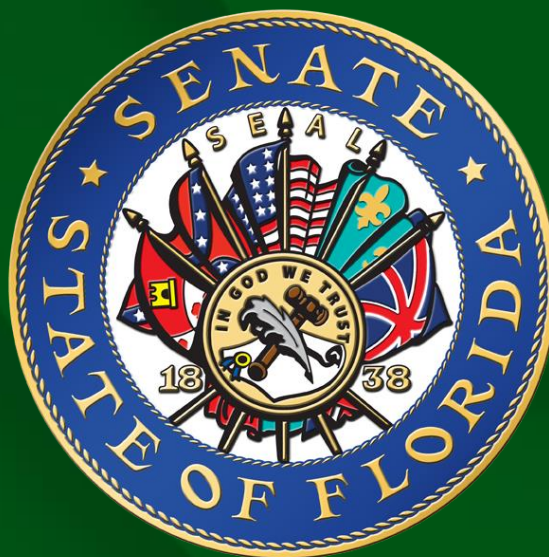
**MEETING DATE:** Monday, February 10, 2014  
**TIME:** 1:00 —3:00 p.m.  
**PLACE:** *Toni Jennings Committee Room, 110 Senate Office Building*

**MEMBERS:** Senator Richter, Chair; Senator Sachs, Vice Chair; Senators Abruzzo, Benacquisto, Braynon, Clemens, Dean, Galvano, Gardiner, Latvala, Lee, Margolis, Montford, and Thrasher

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TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
		Discussion of elements and options for inclusion in proposed committee bill	Discussed
Other Related Meeting Documents			

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## ***Senate Committee on Gaming***

Monday, February 10, 2014, 1:00 — 3:00 PM

Toni Jennings Committee Room, 110 Senate Office Building  
Tallahassee, Florida

<http://www.flsenate.gov/topics/gaming>

# Elements and options

...for inclusion in  
Proposed Committee Bill



**The Florida Senate**  
Gaming Committee  
Senator Richter, Chair  
Senator Sachs, Vice Chair

# How current laws are organized

- ❑ Pari-mutuel activities are authorized in multiple chapters—including ch. 550 (performances & wagering), 551 (slots), and 849 (cardrooms)
- ❑ Ch. 849 provides that gambling, lotteries, or games of chance are crimes unless specifically authorized; it also provides, with restrictions, exceptions for bingo, commercial sweepstakes, family arcades, bowling tournaments, and penny-ante games (like poker, dominoes, etc.)
- ❑ In 1996, ch. 849 was amended to authorize cardrooms (poker and dominoes) at licensed pari-mutuel facilities

# Interim project

- ❑ Attempt to reorganize and modernize laws relating to gambling
- ❑ Involved staff from:
  - ❑ Senate and House Gaming Committees
  - ❑ Senate and House Finance and Tax Committees
  - ❑ Senate and House Bill Drafting Offices

# What the proposed committee bill will do...

- ❑ Reorganize and modernize provisions of ch. 550, 551 & 849
- ❑ Address many of the issues raised at our public workshops, including a Gaming Control Board, limited new opportunities for gaming, decoupling, family arcades, and others

# Roadmap

- ❑ Ch. 551, as amended, will be called the “Florida Gaming Control Act;” it will cover all forms of authorized gaming other than the Florida Lottery (remains in ch. 24)
- ❑ Ch. 849 will describe criminal activities that are prohibited; it no longer will provide exceptions
- ❑ A separate bill will exempt from public records proprietary information obtained from license/permit applicants
- ❑ A separate joint resolution will propose amending the state constitution to require a statewide vote and specific legislative authorization for new games or locations

# Elements in the current draft

- ❑ Creates a Joint Legislative Gaming Control Oversight Committee (s. 11.93)
- ❑ Transfers Division of Pari-Mutuel Wagering to a new Department of Gaming Control (ss. 20.165 and 20.222)
- ❑ Authorizes Governor to negotiate amendments to Seminole Gaming Compact, subject to ratification by Legislature, (s. 285.710; similar to ch. 2009-170, Laws of Florida)
- ❑ Substantially expands ch. 551 to include not only slots, but also pari-mutuel wagering (transferred from ch. 550) and exceptions to illegal gambling (transferred from ch. 849)



# Ch. 551, part I

- Part I establishes the regulatory framework; it:
  - Creates a 5-member full-time Gaming Control Board appointed by Governor to 4-year (staggered) terms; sets qualifications for appointment and restrictions on future employment
  - Defines powers and duties of the department and board
  - Prescribes a code of ethics and penalties for misconduct

# Details about board qualifications

- ❑ Criminal background investigation and credit history
- ❑ Expertise in accounting, information technologies, corporate finance, law enforcement, or other relevant experience
- ❑ Former elected officials ineligible for appointment for three (3) years; reappointed board members must have served no more than one full term at time of reappointment
- ❑ Former Gaming Control officials barred from gaming industry employment, ownership, or other remuneration for five (5) years after leaving agency

# Ch. 551, part II

- ❑ Chapter 550 is repealed; current laws relating to pari-mutuel wagering are modernized and moved to part II of ch. 551 (occupational licensing moved to part V)
- ❑ The order of sections and subsections within ch. 550, which many find to be illogical, is rearranged by industry and topic
- ❑ When the SPB is published, staff will provide a table linking new provisions with the source language in ch. 550

# Ch. 551, part III

- ❑ Part III modernizes current statutory language relating to slot machines
- ❑ Transferred and new provisions are inserted before or after the current language in ch. 551; changes to statutes relating to slot machines are minimized
- ❑ Occupational licensing provisions are moved to part V

# Ch. 551, part IV

- ❑ Section 849.086 is repealed; current provisions relating to cardrooms in pari-mutuel facilities are modernized and moved to part IV of ch. 551 (occupational licensing moved to part V; miscellaneous exceptions now in ch. 849 moved to part VII)
- ❑ When the SPB is published, staff will provide a table linking new provisions with the source language in ch. 550

# Ch. 551, part V

- Part V will include provisions relating to issuance of occupational licenses by the Department of Gaming Control for pari-mutuel facilities and employees
- When the SPB is published, staff will provide a table linking new provisions with the source language in ch. 550, 551, and 849

# Ch. 551, part VI

- Part VI will include all provisions related to destination casino resorts, including numbers, locations, minimum requirements, evaluation of applicants, and occupational licensing.

# Ch. 551, part VII

- ❑ Current exceptions to the general prohibition against gambling in ch. 849 are transferred to part VII (Miscellaneous).
- ❑ When the SPB is published, staff will provide a table linking new provisions with the source language in ch. 849 relating to exceptions for charitable bingo, commercial sweepstakes, amusement arcades, bowling tournaments, and penny-ante games (like poker, dominoes, etc.)



# Elements and options remaining for committee discussion today...

# Amusement machines at arcades

- ❑ Relax requirement for a minimum of 50 amusement machines at a location?
- ❑ Remove requirement that amusement machines be coin-operated only?
- ❑ Increase merchandise value (currently \$0.75 per game played)?
- ❑ Certification process for distinguishing amusement machines from slot machines?
- ❑ Exempt particular machines that dispense merchandise (e.g., “claw” machines)?

# Features of destination casino resorts

- ❑ Minimum capital investment value?
- ❑ Minimum numbers of jobs for construction and operation?
- ❑ Minimum size of mixed-use elements in development?
- ❑ Absolute and relative restrictions on size of casino gaming floor?
- ❑ Required minimum ratio of table games to slots?
- ❑ Minimum share of revenue generated from out-of-state visitors?

# Prerequisites for casino license

- ❑ Competitive negotiations?
  - ❑ Development plans
  - ❑ Contributions to state revenue (license fees and tax rates)
  - ❑ Other factors?
- ❑ Criminal background investigations and credit histories?
- ❑ Local referendum?

# Number of destination casino resorts

- ❑ How many destination casino resorts?
  - ❑ None
  - ❑ A limited number in Miami-Dade or Broward counties
  - ❑ A limited number statewide
  - ❑ An unlimited number statewide
- ❑ Parity for racinos in Miami-Dade and Broward in terms of authorized games, taxes, required features, and fees?

# Slots at existing pari-mutuel facilities

- ❑ Local referendum required prior to adding slots?
- ❑ Other considerations?

# Live racing requirements

- ❑ Authorize Gaming Control Board to implement uniform racing rules consistent with best practices in other states?
- ❑ Require injury reporting?
- ❑ Set a glide-path toward letting market determine when to conduct live races?

# What can / should the state do about...

- ❑ Advance deposit wagering (ADW)?
- ❑ Internet gambling?
- ❑ Dormant, inactive, or co-located permits?



*Florida Senate  
Gaming Committee Meeting  
February 10, 2014*

*South Florida Casinos*



# ***SOUTH FLORIDA CASINOS***

- **South Florida Casinos (Existing Casinos):**  
Voter Approved Miami-Dade and Broward County pari-mutuel facilities with slots
- **Compete with Seminole Tribal Casinos:**  
Part of Florida's overall casino industry
- **LITTLE to NO IMPACT on Tribal Compact:**  
Changes to Gaming Product or Tax Rate for South Florida Casinos already contemplated
- **MUST be Allowed to Compete to survive:**  
SAME Tax Rate and Gaming Product (Slots & Tables) as new "resort" casinos to survive

# South Florida Casinos

- ✓ For over 90 years, since the 1920's
- ✓ Invested - \$1 Billion+
- ✓ Creating jobs - 5,000+
- ✓ Paying taxes – SALT
  - ✓ \$150 million annually
  - ✓ \$1.0 Billion LTD
- ✓ Good Corporate Citizens - Involved in our Local Communities



# *South Florida Casinos*

## **Operating Requirements & Restrictions:**

- **Gaming Revenue Taxes (\$106 Mil. Min. guarantee)**
  - State: 35% Gaming Revenue Tax plus license fees
  - Horsemen / Dogmen: Revenue share %'s (varies)
  - Local City and County: Revenue shares
- **Limited number of slot machines by law**
  - 2,000 gaming positions / NO Table games
- **Limited hours of operation (Not 24/7)**
- **No complimentary alcohol beverages in casino**
- **No issuance of credit to customers**

# *South Florida Casinos*

## **South Florida Casinos compete directly with Florida's Tribal Casinos in Broward County**

- Tribal built in competitive advantages
  - Unlimited # of gaming positions & operating hours, etc.
  - Table games (blackjack & baccarat)
  - Effective tax rate (12% vs. 41%+) & No Local payments
- Tax Rate: Drives Investment & Marketing Levels
- Tribal casinos **leverage** their significant competitive advantages heavily
- Reason why “resort” casino developers won't build here without “competitive” tax rate & games

# *South Florida Casinos*

## **Tribal Gaming Compact:**

- 20 year agreement (Florida & Seminoles) Class III slots
- Gaming revenue share – 12%
- Geographic exclusivity (outside Miami-Dade & Broward)
- Table games exclusivity (limited Blackjack & Baccarat)
  - 5 years/expires July 2015
  - Minimum guarantee payments (\$1.0 billion over 5 years)
- Allows for table games at South Florida Casinos
- Expansion of gaming reduces or eliminates ALL or Part of payments to the state

# *South Florida Casinos*

## **Impacts of Expansion on Tribal Compact:**

- “Gaming Expansion” Definition is very broad and basically covers all forms of electronic gaming
- Expansion outside South Florida (Miami-Dade & Broward) eliminates ALL tribal revenue share payments
- Expansion within South Florida eliminates revenues share payments from tribal casinos in Broward
- **Table games at South Florida casinos DOES NOT Eliminate Revenue Share Payments** - tribe MAY reduce payments by 50% of any year over year decrease in their Broward casino revenues
- **Changes to South Florida Casinos Tax Rate has NO IMPACT** on tribal revenue share payments to State

# *South Florida Casinos*

## **Impacts of “resort” casino(s) in South Florida**

- Adding “resort” casino(s) in South Florida eliminates 100% of revenue share payments from tribal casinos in Broward Co. (est'd \$100+ million)\*
- Florida's Revenue Estimating Conference projected the South Florida Casinos will suffer greater than **40% Cannibalization due to tribal competition**
- South Florida Casinos' **EFFECTIVE GAMING TAX RATE > 50%** because of \$106 million minimum annual tax payment guarantee
- **Effective Tax Rate will continue to Increase as South Florida Casinos close and the remaining operators must cover the Min. Guarantee**



# *South Florida Casinos*

## **Impacts of “resort” casino(s) in South Florida**

- This spiraling effective gaming tax rate and severe built-in competitive disadvantages will ultimately cause ALL existing South Florida casinos to Close
- Eliminating over \$150 million in annual payments to the state plus all related local city & county payments
- **State stands to lose well over \$250 million in annual tax revenues from South Florida & Tribal Casinos**

# *South Florida Casinos*

- NOT opposed to expansion, but...  
**MUST BE ALLOWED TO COMPETE**
  - Same Games & Tax Rate
- NOT asking for anything unless “resort” casinos are added to the market, but...
- If State decides to remain “Status Quo”
  - Doesn’t Maximize benefits of Gaming to the State
  - Missed opportunity!

# *South Florida Casinos*

- Florida can increase its benefits from gaming without expanding gaming or losing tribal revenues
- Smart Growth - Create a more competitive environment in the existing casino industry (South FL & Tribal casinos)
  - Gaming Product: Table Games (Blackjack & Baccarat)
  - Gaming Tax Rate: Closer to tribal rate (w/ increased min. guarantee)
  - Remove Operating Restrictions: (24/7 and Credit)
- Incentivize existing South Florida Casinos to develop into larger, nicer, more complete facilities with hotels, retail, meeting and entertainment space
- Maximize capital investment, jobs and revenues to the state without expansion

THE FLORIDA SENATE  
**APPEARANCE RECORD**

2/10/2014

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

Meeting Date

Topic Gaming PCB

Bill Number \_\_\_\_\_

(if applicable)

Name Terri Jo Kennedy

Amendment Barcode \_\_\_\_\_

(if applicable)

Job Title Chief Analyst for Senator Margolis

Address 414 SOB

Phone 487-5035

Street

Tall

City

State

32899-1100

Zip

E-mail kennedy.terrija@

flsenate.gov

Speaking:  For  Against  Information

Representing Senator Margolis

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)

2-10-14

Meeting Date

Topic Gaming

Bill Number \_\_\_\_\_  
*(if applicable)*

Name DONN MITCHELL

Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title Chief Administrative Officer

Address \_\_\_\_\_

Phone 314-306-0118

Street

Pompano Beach FL

City

State

Zip

E-mail donn.mitchell@islecorp.com

Speaking:  For  Against  Information

Representing Isle of Capri Casinos

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.*



THE FLORIDA SENATE

APPEARANCE RECORD

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

2/10/14

Meeting Date

Topic modernizing Florida's medication statutes

(horse racing)

Bill Number (if applicable)

Name Matt Juliano

Amendment Barcode (if applicable)

Job Title Executive V.P. and Executive Director

Address Street

Phone

City

State

Zip

E-mail miuliano@jockeyclub.com

Speaking: [ ] For [ ] Against [X] Information

Representing The Jockey Club

Appearing at request of Chair: [ ] Yes [X] No

Lobbyist registered with Legislature: [ ] Yes [X] No Principal

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.



## THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

### COMMITTEES:

Appropriations Subcommittee on Transportation,  
Tourism, and Economic Development, *Vice Chair*  
Transportation, *Vice Chair*  
Appropriations  
Appropriations Subcommittee on Finance and Tax  
Banking and Insurance  
Commerce and Tourism  
Gaming  
Rules

### JOINT COMMITTEE:

Joint Legislative Budget Commission

**SENATOR GWEN MARGOLIS**

35th District

February 10, 2014

To: Senate Committee on Gaming

From: Terri Jo Kennedy, Assistant to Senator Margolis

A handwritten signature in black ink, appearing to read "TJK", written over the name "Terri Jo Kennedy" in the "From:" line.

Please excuse Senator Gwen Margolis from the Gaming Committee meeting today (February 10, 2014). She is not able to be in Tallahassee today.

#### REPLY TO:

- 3050 Biscayne Boulevard, Suite 600, Miami, Florida 33137 (305) 571-5777
- 414 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5035

Senate's Website: [www.flsenate.gov](http://www.flsenate.gov)

**DON GAETZ**  
President of the Senate

**GARRETT RICHTER**  
President Pro Tempore

# CourtSmart Tag Report

Room: EL 110  
Caption: Gaming

Case:  
Judge:

Type:

Started: 2/10/2014 1:04:36 PM

Ends: 2/10/2014 2:57:49 PM

Length: 01:53:14

1:04:39 PM Chair remarks welcoming Senator Abruzzo to the committee  
1:05:31 PM Roll call  
1:06:01 PM Opening comments by the Chair  
1:08:20 PM Target date to publish the committee bill is February 24  
1:09:02 PM Discussion of the items to be included in the PCB  
1:09:51 PM How current laws are organized  
1:11:04 PM Public acknowledgement of House and Senate bill drafters  
1:11:43 PM Recognize John Guthrie who will discuss items included in the PCB  
1:12:25 PM Roadmap of the organization of the bill  
1:13:12 PM There will be three separate PCB's  
1:15:12 PM Chapter 551 will be divided into 7 parts  
1:16:28 PM Details about Board of Gaming appointments  
1:18:55 PM Senator Latvala recognized for a question  
1:20:29 PM Senator Clemons for a question  
1:21:28 PM Mr. Guthrie for further outline of how the statutes will be structured  
1:21:54 PM Senator Braynon for a question  
1:22:47 PM Senator Gardiner for a question  
1:22:52 PM Senator Braynon for a follow-up question  
1:23:34 PM Mr. Guthrie to continue  
1:24:28 PM Chair for comments  
1:24:53 PM Mr. Guthrie to continue the discussion of Chapter 551  
1:26:03 PM Destination Casinos will be included in part VI  
1:27:03 PM Senator Sachs for a question  
1:27:49 PM Follow-up question  
1:30:41 PM Chair Richter for comments  
1:31:53 PM Senator Montford for a question  
1:32:57 PM Senator Gardiner for a question  
1:34:04 PM Chair Richter for response  
1:34:24 PM Senator Abruzzo for a question  
1:34:51 PM Chair for response  
1:35:21 PM Senator Sachs for a question  
1:38:39 PM Senator Latvala for comments  
1:39:40 PM Response to question on Seminole Compact by Chair  
1:40:34 PM Senator Galvano for response on Compact  
1:42:10 PM Senator Dean for a question  
1:42:57 PM Chair for response on amendments to the PCB  
1:43:23 PM Senator Dean follow-up  
1:44:36 PM Chair for response  
1:45:12 PM Senator Abruzzo for a question  
1:45:43 PM Senator Galvano for response to question regarding the compact  
1:46:46 PM Senator Clemons for a question  
1:47:25 PM Senator Galvano for response  
1:48:08 PM Senator Abruzzo follow up question  
1:49:23 PM Senator Sachs for a question  
1:50:30 PM Chair Richter for comments  
1:51:32 PM Continuation of the discussion of items included in the PCB  
1:54:11 PM Senator Latvala for a question  
1:54:49 PM Senator Clemmons for a question  
1:56:47 PM Follow up question  
1:57:31 PM Senator Dean for a follow up question  
1:58:39 PM Chair response  
1:59:00 PM Senator Sachs for comments



1:59:51 PM Chair for response  
2:00:56 PM Senator Braynon for question  
2:01:59 PM Senator Abruzzo for a question  
2:03:15 PM Chair for comments  
2:03:24 PM Senator Montford  
2:04:10 PM Chair for comments  
2:04:42 PM Discussion of casino license  
2:05:59 PM Number of destination casino resorts  
2:06:34 PM Existing pari-mutuals about slots  
2:06:57 PM Senator Clemmons regarding referendum  
2:07:12 PM Senator Sachs  
2:08:21 PM Senator Latvala for comments  
2:10:43 PM Chair for response  
2:10:56 PM Next slide, Live racing requirements  
2:12:17 PM Senator Galvano regarding decoupling requirements  
2:13:13 PM Senator Latvala for question  
2:14:20 PM Senator Sachs for comments / questions  
2:15:57 PM Senator Clemmons for comment  
2:16:27 PM Last slide on the ADW - internet gambling  
2:17:11 PM Mr. Guthrie for response  
2:20:34 PM Chair Richter for comments regarding dormant permits  
2:22:05 PM Senator Latvala for comments  
2:22:42 PM Senator Abruzzo for comments  
2:24:22 PM Senator Montford for a question  
2:25:01 PM Chair Richter for comments  
2:25:42 PM Senator Sachs for comments  
2:27:35 PM Senator Latvala for a point  
2:29:51 PM Chair Richter for response  
2:31:08 PM Senator Braynon for comments  
2:31:59 PM Senator Thrasher for comment  
2:33:00 PM Chair for comments regarding Senator Margolis absence and her aide will make comments  
2:33:32 PM Chair recognizes Terry Jo Kennedy for items the Senator would like included in the PCB  
2:47:53 PM technical difficulties -  
2:48:03 PM Donn Mitchell, Isle of Capri Casinos  
2:50:17 PM Matt Luliano, The Jockey Club  
2:56:43 PM Final comments by the Chair