

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

Date: April 2, 1998 Revised: _____

Subject: Harness Horse Taxes

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	Rodriguez	Guthrie	RI	Favorable
2.	_____	_____	WM	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

The bill reenacts existing provisions relating to taxes on harness horse permitholders.

This bill substantially reenacts section 550.09512 of the Florida Statutes.

II. Present Situation:

Pursuant to chapter 91-197, Laws of Florida, portions of chs. 550 and 551, F.S., were set to repeal on July 1, 1992. The Legislature intended to set up an orderly and timely review of pari-mutuel laws, eliminate duplication, and provide greater uniformity. Instead, what occurred was the repeal of virtually all pari-mutuel laws.

The division adopted emergency rules to provide temporary regulation of the industry until December of 1992, when ch. 92-348, L.O.F., was enacted. Chapter 92-348, L.O.F., provides much of today's regulatory scheme. The law reestablished the division's enforcement authority and condensed, clarified and modernized Florida's pari-mutuel wagering laws.

Section 550.0951, F.S., established a uniform tax rate for all permitholders conducting thoroughbred horse racing, harness horse racing and quarter horse racing. The established tax rate for those industries was 3.3%.

The Legislature recognized that there are identifiable differences between harness horse permitholders and other horse racing permitholders in their ability to operate under such a tax system. Chapter 93-288, L.O.F., was enacted to reduce the live handle tax rate for harness horse race permitholders from 3.3% to 1%. The operative section, s. 550.09512, F.S., is scheduled to

repeal on July 1, 1998, which will have the effect of increasing the tax on live and simulcast handle for harness horse race permit holders to 3.3%.

Section 550.09512, F.S., also provides that a permit shall become void and escheat to the state, if a permit holder fails to operate or pay tax for two consecutive state fiscal years and that a qualified applicant may pursue a permit that has escheated to the state, provided that the harness horse race facility is located in the same county as the previous permit.

III. Effect of Proposed Changes:

Section 550.09512, F.S., relating to harness horse racetracks, is reenacted in its entirety. The bill provides that the tax rate on live and simulcast handle for harness horse tracks will remain at 1.0%. Without legislation, s. 550.09512, F.S., will be repealed and harness horse track permit holders will be subject to a 3.3% tax rate on live and simulcast handle. Section 550.09512, F.S., also contains provisions regarding permits that become void and escheat to the state.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

The bill reenacts certain provisions that will maintain tax rates at a lower rate.

B. Private Sector Impact:

Pompano Park, the only harness horse track in Florida, may conduct fewer performances or cease to operate if the higher tax rates are reinstated.

C. Government Sector Impact:

According to the Division of Pari-Mutuel Wagering, if the lower tax rates are not extended and live and simulcast handle for harness racing does not decline the state would stand to realize an additional \$1,977,926 per year (from a projected \$859,967 to \$2,837,893). However, an increase in tax rates may cause a substantial decrease in handle, lowering the total tax on handle paid to the state.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The bill provides adequate and appropriate standards and guidelines to direct the agency's implementation of the proposed legislation.

VIII. Amendments:

None.