

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1009

Quarter Horse Race Meetings

SPONSOR(S): Schultz

TIED BILLS:

IDEN./SIM. BILLS: 604

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Business Regulation</u>	_____	<u>Marra/Smith</u>	<u>Liepshutz</u>
2) <u>Jobs & Entrepreneurship Council</u>	_____	_____	_____
3) <u>Policy & Budget Council</u>	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

With recent revisions in the state's gambling laws, there has been an increased interest in quarter horse permits.

The quarter horse is an American breed of horse that is capable of achieving high speeds for short distances. Florida law directs the Division of Pari-mutuel Wagering (division) within the Department of Business and Professional Regulation (DBPR) to issue quarter horse racing permits within certain parameters.

According to the division, quarter horse racing has not occurred in Florida since the mid to early 1990s and was so limited then that there are no specific rules that apply fully to application for a quarter horse permit. Additionally, current law treats quarter horse racing differently than other forms of pari-mutuel operations. For example, they are exempt from:

- Minimum distance requirements between operations;
- Specific application procedures;
- Limitations on transfer, assignment of the permit; and
- Limitations on changes in ownership of the permit.

Unlike other new pari-mutuel permits that must be approved by county referendum, new quarter horse permits do not have to be approved if the location where the quarter horse permit is to be used is located in a county that has already approved another pari-mutuel permit.

The bill deletes the current language that creates exemptions for quarter horse permits.

Rather than having a separate application procedure, parties interested in obtaining a quarter horse permit would go through the same 550.054 procedures that are applicable to other pari-mutuel permits. Likewise, quarter horse permitholders would be subject to the same regulations and restrictions as other pari-mutuel permitholders.

The department does not anticipate a fiscal impact to the state.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

The bill does not appear to implicate any of the House Principles.

B. EFFECT OF PROPOSED CHANGES:

Present situation

With recent revisions in the state's gambling laws, the division has seen an increased interest in quarter horse permits.

The quarter horse is an American breed of horse that is capable of achieving high speeds for short distances. Florida law directs the Division of Pari-mutuel Wagering (division) within the Department of Business and Professional Regulation (DBPR) to issue quarter horse racing permits and licenses within certain parameters.

According to the division, quarter horse racing has not occurred in Florida since the mid to early 1990s and was so limited then that there are no specific rules that apply fully to application for a quarter horse permit. Additionally, current law treats quarter horse racing differently than other forms of pari-mutuel operations. For example, they are exempt from:

- Minimum distance requirements between operations;
- Specific application procedures;
- Limitations on transfer, assignment of the permit; and
- Limitations on changes in ownership of the permit.

Currently an applicant must demonstrate that the location where the quarter horse permit is to be used is available and that the applicant is able to finance reasonable costs of operation for the first racing year. If a facility has already been built, the applicant must agree to begin holding races within a year. If the applicant plans to build a new facility, the applicant must prove that substantial construction will begin within a year. Other pari-mutuel permit applications must include specific information, including the parties involved, financial information and a business plan for the first year of operation. See s. 550.054.

Unlike other new pari-mutuel permits that must be approved by county referendum, new quarter horse permits do not have to be approved by referendum if the facility is located in a county that has already approved another pari-mutuel permit.

Once a quarter horse permit has been issued and, if necessary, approved by local referendum, DBPR issues a license describing the time, number and place of races to be held. The license may be renewed by DBPR on an annual basis by application and proof of compliance and continued eligibility. This is substantially the same licensing procedure for other pari-mutuel permit holders.

The division may revoke quarter horse licenses and permits for willful violations of the law and current law specifies revocation of permits for quarter horse permit holders who do not conduct live racing for a period of 18 months, with certain exceptions. For other types of permit holders, the division may also issue civil penalties.

A quarter horse permit holder who wishes to conduct intertrack wagering¹ must first obtain the written consent of all pari-mutuel permit holders within 50 air miles. Other pari-mutuel permit holders do not have this option as no other pari-mutuel facility may not be established within 50 air miles of an existing pari-mutuel facility.

¹ Intertrack wagering is the process by which a pari-mutuel permit holder receives broadcasts and accepts wagers on performances conducted at other pari-mutuel facilities by other pari-mutuel permit holders. See § 550.615, F.S.

Effect of proposed changes

The bill deletes the current language that creates certain exemptions for quarter horse permits.

Rather than having a separate application procedure, parties interested in obtaining a quarter horse permit would be required to go through the same 550.054 procedures that are applicable to other pari-mutuel permits. Likewise, quarter horse permitholders would be subject to the same regulations and restrictions as other pari-mutuel permitholders.

C. SECTION DIRECTORY:

Section 1. Amends s. 550.334, F.S. by removing application and license granting procedures for permits to conduct quarter horse race meetings, removing an exception to regulations and removing a limitation for intertrack wagering by quarter horse permitholders.

Section 2. Provides an effective date of July 1, 2008.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Indeterminate.

D. FISCAL COMMENTS:

The department does not anticipate a fiscal impact to the state.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to: require the counties or cities to spend funds or take action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. DRAFTING ISSUES OR OTHER COMMENTS:

The division has indicated that quarter horse permitholders may be able to conduct cardrooms while holding few or no live race events. This is because § 849.086, F.S., requires a cardroom operator to run at least 90% of the races it ran the year it received its cardroom license or the year before. There is no requirement to run a minimum number of races in order to maintain a quarter horse permit. Quarter horse permitholders in Miami-Dade and Broward counties must run a “full schedule of live racing or games”, which is defined by § 550.002, F.S., as at least 40 live regular wagering performances, in order to qualify for slot machines under § 551.104, F.S.

D. STATEMENT OF THE SPONSOR

No statement of the sponsor submitted.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES