

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/CS/CS/HB 1145 Greyhound Racing

**SPONSOR(S):** Economic Affairs Committee, Finance & Tax Committee, Business & Consumer Affairs Subcommittee, Young and others

**TIED BILLS:** **IDEN./SIM. BILLS:** CS/CS/SB 1594

| REFERENCE                                   | ACTION           | ANALYST | STAFF DIRECTOR or<br>BUDGET/POLICY CHIEF |
|---|------------------|---------|--|
| 1) Business & Consumer Affairs Subcommittee | 14 Y, 1 N, As CS | Morton  | Creamer                                  |
| 2) Finance & Tax Committee                  | 21 Y, 2 N, As CS | Wilson  | Langston                                 |
| 3) Economic Affairs Committee               | 16 Y, 1 N, As CS | Morton  | Tinker                                   |

### SUMMARY ANALYSIS

CS/CS/CS/HB 1145 removes the requirement for greyhound permitholders to conduct live greyhound races. It removes live greyhound racing as a prerequisite to intertrack wagering, cardroom and slot machine licensure for current greyhound permitholders.

The bill removes restrictions on intertrack wagering and provides that new cardroom licenses may not be issued in an area unless the local government has approved cardrooms.

As to the taxation of greyhound racing, the bill provides that unused tax credits of each greyhound permitholder that elects not to conduct live racing will be pooled and distributed to greyhound permitholders that do conduct a full schedule of live races. The distribution is calculated by multiplying each permitholder's percentage share of live and intertrack wagering handle during the preceding fiscal year by 62 percent of the total value of tax credits available in the pool, or for fiscal year 2011-2012, 72 percent of the total value of tax credits available in the pool to remove any fiscal impact to the state.

The bill does not have a significant fiscal impact on state revenues.

The bill has an effective date of July 1, 2011.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### Current Situation

'Pari-mutuel wagering' refers to a method of wagering in which winners divide the total amount bet in proportion to the sums they have wagered individually and with regard to the odds assigned to particular outcomes.<sup>1</sup> In Florida, pari-mutuel wagering is authorized for jai alai, greyhound racing and various forms of horseracing.

Pari-mutuel activities are limited to operators who have received a permit from the Division of Pari-mutuel Wagering (Division) within the Department of Business and Professional Regulation (Department), which authorizes them to conduct the type of activity listed (i.e. greyhound racing) at the location listed.<sup>2</sup> Permitholders apply for licenses annually to conduct pari-mutuel activities,<sup>3</sup> cardrooms<sup>4</sup> and slot machines.<sup>5</sup>

Greyhound racing was authorized in Florida in 1931. Greyhounds race around an oval track, typically chasing a lure, which is usually a mechanical hare or rabbit. There are 21 pari-mutuel wagering permits authorizing greyhound racing. Of these, one (in Key West) is inactive, having not run live racing since 1991. The permitholders run races at 16 greyhound tracks located throughout the state.<sup>6</sup> There are currently 14 cardrooms operated by greyhound permitholders, two of which offer slot machines.

Greyhound permitholders apply annually for a license to conduct live performances. A performance consists of at least 8 live races. A full schedule of live racing is at least 100 live performances.<sup>7</sup>

Florida is considered the nation's leader in greyhound racing. However, over the last ten years, the state's pari-mutuel wagering industry in general has experienced a 43.6 percent decline in handle, and total state revenue has decreased 54.6 percent; along with a 9.3 percent decrease in the number of racing days.<sup>8</sup> For greyhound racing in particular:

|                     | <b>FY 1999/2000</b> | <b>FY 2009/2010</b> |
|---------------------|---------------------|---------------------|
| Total Handle        | \$633,230,507       | \$291,794,434       |
| Total State Revenue | \$40,179,142        | \$5,206,187         |
| Live Performances   | 4,239               | 3,857               |
| Racing Days         | 3,058               | 2,974               |

#### *Other Gambling Activities*

Gambling is generally prohibited in Florida, but exceptions exist for pari-mutuel wagering permitholders who conduct full schedules of live racing and meet other requirements.

Wagering on races hosted at remote tracks is called intertrack (when both tracks are in Florida) or simulcast (when one track is out of state) wagering. In-state 'host tracks' conduct live or receive broadcasts of simulcast races that are then broadcast to 'guest tracks,' which accept wagers on behalf

<sup>1</sup> Section 550.002(22), F.S.

<sup>2</sup> Section 550.054, F.S.

<sup>3</sup> Section 550.0115, F.S.

<sup>4</sup> Section 849.086, F.S.

<sup>5</sup> Section 551.104, F.S.

<sup>6</sup> Visit <http://www.myfloridalicense.com/dbpr/pmw/documents/FACILITIESMAP.pdf> for a map of the facilities.

<sup>7</sup> Section 550.002(11), F.S.

<sup>8</sup> Annual Reports of the Division of Pari-mutuel Wagering, available at <http://www.myfloridalicense.com/dbpr/pmw/PMW-Publications.html>.

of the host. To conduct intertrack or simulcast wagering, permitholders must conduct a full schedule of live racing and meet other requirements.<sup>9</sup>

Cardrooms were authorized at pari-mutuel facilities in 1996.<sup>10</sup> Cardrooms can only be offered at a location where the permitholder is authorized to conduct pari-mutuel activities (which includes wagering on intertrack, simulcast or live performances). To be eligible for a cardroom license, permitholders must conduct at least 90% of the performances conducted the year they applied for the initial cardroom license or the prior year, if the permitholder ran a full schedule of live performances. There are cardrooms at 14 greyhound facilities.<sup>11</sup>

| <b>Greyhound Facilities</b>              | <b>Initial Year Licensed</b> | <b>Min. Performances</b> |
|--|------------------------------|--------------------------|
| Daytona Beach Kennel Club <sup>12</sup>  | 96/97                        | 100                      |
| Jacksonville Kennel Club <sup>12</sup>   | 08/09                        | 100                      |
| Jefferson County Kennel Club             | 03/04                        | 217                      |
| Bet Miami <sup>12</sup>                  | 96/97                        | 100                      |
| Mardi Gras <sup>12</sup>                 | 96/97                        | 100                      |
| Melbourne Greyhound Park                 | 04/05                        | 93                       |
| Naples-Ft Myers Greyhound                | 97/98                        | 394                      |
| Orange Park Kennel Club <sup>12</sup>    | 07/08                        | 100                      |
| Palm Beach Kennel Club <sup>12</sup>     | 96/97                        | 100                      |
| Palm Beach Racing <sup>12</sup>          | 10/11                        | 100                      |
| Pensacola Greyhound                      | 09/10                        | 160                      |
| Sarasota Kennel Club                     | 06/07                        | 188                      |
| St. Johns Greyhound Park <sup>12</sup>   | 03/04                        | 100                      |
| St. Petersburg Kennel Club <sup>12</sup> | 96/97                        | 100                      |
| Tampa Greyhound <sup>12</sup>            | 96/97                        | 100                      |
| Washington Co. Kennel Club               | 96/97                        | 167                      |
| West Flagler                             | 96/97                        | 163                      |
| West Volusia <sup>12</sup>               | 10/11                        | 100                      |

Slot machines were authorized at certain Miami-Dade County and Broward County pari-mutuel facilities by constitutional amendment in 2004 and statute in 2010.<sup>13</sup> For initial licensure to conduct slot machines, permitholders must have conducted a full schedule of live racing for two consecutive calendar years immediately preceding its application.<sup>14</sup> To continue to offer slot machines, permitholders must conduct a full schedule of live racing.<sup>15</sup> Slot machines are offered at two greyhound facilities.<sup>16</sup>

#### *Relocation of Permits*

Certain permitholders may relocate the location listed in their permit to a new location within 30 miles. Greyhound and jai alai permitholders operating in counties where they are the only permitholder of that class may relocate under s. 550.0555, F.S., with approval from the Department. Greyhound permitholders that converted their permit from a jai alai permit under s. 550.054, F.S., may relocate under that statute. A greyhound permitholder in a county where it is the only permitholder who operates at a leased facility may also relocate under s. 550.054, F.S.

<sup>9</sup> See s. 550.615, F.S.

<sup>10</sup> Section 20, Chapter 96-364, L.O.F.

<sup>11</sup> Daytona Beach Kennel Club, Derby Lane (St. Petersburg), Ebro Greyhound Park, Flagler Greyhound Track (Miami), Jefferson County Kennel Club, Mardi Gras Racetrack (Hollywood), Melbourne Greyhound Park, Naples/Ft. Myers Greyhound Track, Orange Park Kennel Club, Palm Beach Kennel Club, Pensacola Greyhound Track, Sarasota Kennel Club, St. Johns Kennel Club, and Tampa Greyhound Track.

<sup>12</sup> Permitholder is one of several permits operating at a facility, so is only required to operate a full schedule of live racing (100) for each permit. See 849.086(5)(b), F.S.

<sup>13</sup> Section 23, Art. X, Fla. Const.; s. 551.102(4).

<sup>14</sup> Section 551.102, F.S.

<sup>15</sup> Section 551.104(1)(c), F.S.

<sup>16</sup> Flagler Greyhound Track (Miami) and Mardi Gras Racetrack (Hollywood).

In each of these cases, the relocation must not cross county boundaries and must be approved under the local zoning regulations.

### *Lease agreements and off-track betting and cardrooms*

The Division has interpreted lease and relocation statutes outlined below to allow all permitholders to conduct races at a leased facility and to use their pre-lease facility to conduct intertrack wagering, and therefore, a cardroom.<sup>17</sup> Under the Division's interpretation, the prelease facility could still be relocated and such relocation would not require construction of a track. Currently, four greyhound permitholders are conducting their live race meet at leased facilities.<sup>18</sup> Last fall, a summer jai alai permitholder filed, and later withdrew, a petition for a declaratory statement that they could also open a cardroom and offer intertrack wagering without building a jai alai fronton and conduct their games at a leased facility.<sup>19</sup>

Permitholders may enter lease agreements with other permitholders of the same class (i.e. greyhound, jai alai, thoroughbred, etc.) to conduct their races or games at the leased facility, if the facilities are located within 35 miles of one another. Currently, s. 550.475, F.S., states:

Holdes of valid pari-mutuel permits for the conduct of any jai alai games, dogracing, or thoroughbred and standardbred horse racing in this state are entitled to lease any and all of their facilities to any other holder of a same class valid pari-mutuel permit for jai alai games, dogracing, or thoroughbred or standardbred horse racing, when located within a 35-mile radius of each other; and *such lessee is entitled to a permit and license to operate its race meet or jai alai games at the leased premises.*

All active permitholders are eligible to conduct intertrack wagering. Currently, s. 550.615(2), F.S., provides:

Any track or fronton licensed under this chapter which in the preceding year conducted a full schedule of live racing is qualified to, at any time, receive broadcasts of any class of pari-mutuel race or game and accept wagers on such races or games conducted by any class of permitholders licensed under this chapter.

Subsection (8) of that statute specifies:

In any three contiguous counties of the state where there are only three permitholders, all of which are greyhound permitholders, if any permitholder leases the facility of another permitholder for all or any portion of the conduct of its live race meet pursuant to s. 550.475, such lessee may conduct intertrack wagering at its pre-lease permitted facility throughout the entire year, including while its live meet is being conducted at the leased facility, if such permitholder has conducted a full schedule of live racing during the preceding fiscal year at its pre-lease permitted facility or at a leased facility, or combination thereof.

The Division found that s. 550.615(8), F.S., was passed to clarify that the Division's interpretation of s. 550.615(2), F.S., allowing intertrack wagers to be received at a pre-leased permitted facility also applied in circumstances where more than one permitholder was leasing a single facility.<sup>20</sup>

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<sup>17</sup> *In Re: Petition for Declaratory Statement, Jacksonville Kennel Club*, DBPR Declaratory Statement 2008-038, on file with Business and Consumer Affairs Subcommittee.

<sup>18</sup> Tampa Greyhound leases the track at Derby Lane (St. Petersburg); St. Johns Kennel Club leases the track at Orange Park Kennel Club; Palm Beach Greyhound Racing (formerly Palm Beach Jai Alai) leases the track at Palm Beach Kennel Club; and West Volusia Racing (formerly Volusia Jai Alai) leases the track at Daytona Beach Kennel Club.

<sup>19</sup> *In Re: Petition for Declaratory Statement, West Flagler Assoc.*, DBPR Declaratory Statement 2010-072, on file with Business and Consumer Affairs Subcommittee.

<sup>20</sup> *Id.*

## Purses

Purse awards, a race's cash prizes, are paid to dog owners. Greyhound permitholders are required to pay minimum purse payments.<sup>21</sup> They must also supplement purses with 75 percent of the daily license fees paid during fiscal year 1994-1995. Those conducting at least three live performances during a week must pay purses on wagers they accept as guest tracks on intertrack and simulcast greyhound races. Greyhound permitholders also pay one-third of any tax reduction on live and simulcast handle as purses.

In addition to paying purses on pari-mutuel activity, greyhound permitholders operating cardrooms must pay four percent of the cardroom's monthly gross receipts to supplement greyhound purses.<sup>22</sup>

## Taxation

Greyhound permitholders are subject to the following taxes and credits.

| Activity  | Tax rate                                    | Tax credit  |
|---|---|---|
| <b>Handle</b> <sup>23</sup>   |   | \$360,000 or \$500,000                                      |
| Live/Simulcast  | 5.5%  |   |
| Intertrack <sup>24</sup>  | 5.5%  |   |
| If guest track is in Jacksonville & Tampa   | 3.9%  |   |
| If guest is outside market area of host and within market area of thoroughbred conducting live meet | 0.5%  |   |
| Charity performance at guest track within host's market area  | 7.6%  |   |
| <b>Daily License Fee</b> <sup>25</sup>  |   |   |
| Per live race   | \$80  | 100% daily license fees paid on live races in previous year |
| Per simulcast race  | \$80<br>Total capped at \$500 daily         |   |
| <b>Escheated tickets</b> <sup>26</sup>  | All live unclaimed tickets escheat to state | 100% amount remitted to the state in the previous year      |
| <b>Admission</b> <sup>27</sup>  | Greater of 15% admission charge or 10¢      |   |
| Only charged on charged admission   |   |   |

Generally, handle is taxed at 5.5 percent, but under certain circumstances, a different tax rate applies. Each greyhound permitholder is entitled to a tax credit of either \$360,000 or \$500,000.<sup>28</sup> Admission, if charged, is also taxed at the greater of 15 percent of the admission charge or 10¢.

Greyhound permitholders pay a daily license fee of \$80 on each live or simulcast race. As to simulcast races, the most a greyhound permitholder must pay is \$500 each day. As to live races, the permitholder receives the entire amount remitted back as a tax credit the next year. The value of live unclaimed tickets escheat to the state, but the permitholder receives the entire amount remitted back as a tax credit the next year.

Permitholders whose tax credits for handle and daily license fees exceed their tax burden may transfer any unused portion of the credit to other greyhound permitholders from whom they receive broadcasts for intertrack wagering once per fiscal year. The permitholder receiving the tax credit must reimburse

<sup>21</sup> Section 550.09514, F.S.

<sup>22</sup> Section 849.086(13)(d)1., F.S.

<sup>23</sup> Section 550.0951(3), F.S.

<sup>24</sup> Tax rate of 5.5% applies unless one of the other situations applies.

<sup>25</sup> Section 550.0951(1), F.S.

<sup>26</sup> Section 550.1647, F.S.

<sup>27</sup> Section 550.0951(2), F.S.

<sup>28</sup> Washington County Kennel Club, Pensacola Greyhound and Jefferson County Kennel Club receive \$500,000.

the transferring permitholder for the exact monetary value of such transferred exemption or credit as actually applied against the taxes and daily license fees of the host track.<sup>29</sup>

The following chart outlines how each permitholder used these tax credits and how much in taxes on live, intertrack and simulcast wagering on greyhound races they each paid in fiscal year 2009-2010.<sup>30</sup>

| Greyhound Permitholder                    | Total Tax Credits Received | Additional Credits Received by Transfer | Total Tax Credits Used | Tax Credits Transferred | Total Taxes & Fees Paid |
|---|----------------------------|---|------------------------|-------------------------|-------------------------|
| Daytona Beach Kennel Club                 | \$933,697                  | \$25,000                                | \$958,697              | -                       | \$108,516               |
| Flagler Dog Track                         | \$634,532                  | -                                       | \$634,532              | -                       | \$1,090,938             |
| Jacksonville Kennel Club                  | \$528,749                  | \$125,000                               | \$653,749              | -                       | \$151,135               |
| Jefferson County Kennel Club              | \$761,843                  | -                                       | \$161,843              | \$600,000               | \$157,015               |
| Mardi Gras Racetrack <sup>31</sup>        | \$508,800                  | -                                       | \$508,800              | -                       | \$244,230               |
| Mardi Gras Racetrack <sup>31</sup>        | \$635,009                  | -                                       | \$635,009              | -                       | \$64,150                |
| Melbourne Greyhound Park                  | \$474,384                  | -                                       | \$74,384               | \$400,000               | \$8,550                 |
| Naples-Ft Myers Greyhound Track           | \$997,298                  | -                                       | \$997,298              | -                       | \$567,490               |
| Orange Park Kennel Club                   | \$511,491                  | \$125,000                               | \$636,491              | -                       | \$78,815                |
| Palm Beach Greyhound Racing <sup>32</sup> | -                          | -                                       | -                      | -                       | -                       |
| Palm Beach Kennel Club                    | \$1,134,069                | \$869,120                               | \$2,003,189            | -                       | \$1,581,907             |
| Pensacola Greyhound Track                 | \$726,140                  | -                                       | \$176,140              | \$550,000               | \$77,517                |
| Sanford Orlando Kennel Club <sup>31</sup> | \$639,491                  | -                                       | \$614,491              | \$25,000                | \$15,360                |
| Sanford Orlando Kennel Club <sup>31</sup> | \$596,714                  | -                                       | \$451,714              | \$145,000               | \$13,360                |
| Sarasota Kennel Club                      | \$659,513                  | -                                       | \$454,513              | \$205,000               | \$79,117                |
| St. Johns Greyhound Park                  | \$642,613                  | \$450,000                               | \$1,092,613            | -                       | \$201,923               |
| St. Petersburg Kennel Club                | \$755,751                  | \$130,000                               | \$885,751              | -                       | \$671,509               |
| Tampa Greyhound                           | \$684,638                  | \$760,000                               | \$1,444,638            | -                       | \$14,400                |
| Washington County Kennel Club             | \$841,973                  | -                                       | \$282,853              | \$559,120               | \$80,255                |
| West Volusia Racing <sup>32</sup>         | -                          | -                                       | -                      | -                       | -                       |
| <b>Total</b>                              |                            |   | <b>\$12,666,705</b>    |                         | <b>\$5,206,187</b>      |

### Proposed Changes

The bill removes the requirement for current permitholders to perform live greyhound racing in order to qualify for other licenses, including those authorizing intertrack wagering, cardrooms and slot machines. It also allows greyhound permitholders to amend their current license application until August 31, 2011.

#### *Cardrooms*

The bill requires the Division issue a cardroom license to a greyhound permitholder who has conducted live racing during each of the 10 years immediately preceding application or a greyhound permitholder with a permit converted from a jai alai permit under s. 550.054(14), without regard to whether the permitholder is licensed to conduct live racing or has conducted live racing.

The bill removes any requirement for a greyhound permitholder to have a license for or to have actually conducted live performances in order to maintain or renew a cardroom license.

<sup>29</sup> Section 550.0951(1)(b), F.S.

<sup>30</sup> Information received from the Division (April 21, 2011).

<sup>31</sup> Two permits operate at each Mardi Gras Racetrack and Sanford Orlando Kennel Club.

<sup>32</sup> Palm Beach Greyhound Racing and West Volusia Racing began racing in 2010.

The bill also provides that no new cardroom license may be issued in an area unless the local government has approved cardrooms pursuant to current law.

### *Intertrack Wagering*

Section 550.615(2), F.S., is amended to add two classes of greyhound permitholder to those eligible to conduct intertrack wagering:

- Those who have conducted live racing in each of the immediately preceding 10 years.
- Those who have converted jai alai permits.

The bill provides that greyhound permitholders who are licensed to conduct slots may accept wagers without the consent of operating greyhound permitholders within its market area.<sup>33</sup>

The bill removes a restriction requiring permitholders operating in a county where there are only two permits, one for dogracing and one for jai alai, to obtain written consent of the other permitholder before accepting wagers during times when one permitholder is conducting live races or games and the other is not.<sup>34</sup>

### *Lease agreements and off-track betting and cardrooms*

The bill clarifies that a permitholder operating under a lease agreement is entitled to a license, but not a new permit, to conduct its races or games at the leased facility.

The bill permits permitholders operating under a lease agreement to receive a license to conduct 'pari-mutuel wagering activities' at the leased facility. 'Pari-mutuel wagering activities' is not defined by statute, but has been interpreted to include wagering on live and intertrack races.

The bill also amends s. 550.615(8), F.S., to specify any greyhound permitholder, instead of only those in certain areas, who leases the facility of another to conduct its race meet may conduct intertrack wagering at its pre-lease permitted facility.

### *Purses*

The bill removes the requirement for greyhound permitholders to pay purses if they do not offer live racing. The bill also requires greyhound permitholders not conducting live racing, but accepting intertrack wagers, to pay three percent of the intertrack handle to the host track for the payment of purses at the host track.

### *Taxes*

The bill allows for the transfer of tax credits at any time, instead of once each fiscal year.

The bill provides that the unused tax credits of each greyhound permitholder that elects not to conduct live racing will be pooled and distributed to greyhound permitholders that conduct at least 100 live performances of at least eight races during the fiscal year.

This distribution of pooled credits is calculated by multiplying each permitholder's percentage share of live and intertrack wagering handle during the preceding fiscal year by 62 percent of the total value of tax credits available in the pool, or for fiscal year 2011-2012, 72 percent of the total value of tax credits available in the pool.

To the extent that certain greyhound permitholders elect not to conduct live racing, the greyhound permitholders who have been receiving transferred tax credits, for which they have been reimbursing

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<sup>33</sup> Applicable to Flagler Greyhound Track (Miami) and Mardi Gras Racetrack (Hollywood).

<sup>34</sup> No permitholder currently meets this description, as relevant jai alai permits have been converted to greyhound permits.

the transferring permitholders, will now be able to receive those tax credits directly from the state, reducing their costs.

**B. SECTION DIRECTORY:**

**Section 1** amends s. 550.022, F.S., to amend the definition of “full schedule of live racing or games.”

**Section 2** amends s. 550.01215(1), F.S., to allow an amendment for fiscal year 2011-12 to be filed by August 31, 2011.

**Section 3** amends s. 550.054(14), F.S., to remove the requirement that a permit converted from jai alai to greyhound conduct a full schedule of live racing.

**Section 4** amends s. 550.0951, F.S., to pool and share tax credits currently available to greyhound permit holders.

**Section 5** amends s. 550.09514, F.S., to amend purse requirements.

**Section 6** amends s. 550.26165, F.S., to correct a cross reference.

**Section 7** amends s. 550.475, F.S., to clarify that a permitholder operating under a lease agreement is not entitled to a new permit.

**Section 8** amends s. 550.615, F.S., to allow greyhound permitholder that do not conduct a full schedule of live racing to receive intertrack wagering broadcasts.

**Section 9** amends s. 550.6305, F.S., to correct a cross references.

**Section 10** amends s. 551.104, F.S., to remove live racing as a prerequisite to slot machine licenses.

**Section 11** amends s. 551.114, F.S., to incorporate changes.

**Section 12** amends s. 849.086, F.S., to remove live racing as a prerequisite for cardroom licenses and to clarify that new cardroom licenses are subject to local approval.

**Section 13** provides an effective date of July 1, 2011.

**II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

**A. FISCAL IMPACT ON STATE GOVERNMENT:**

1. Revenues:

None.

2. Expenditures:

See FISCAL COMMENTS.

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

None.

2. Expenditures:

None.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

To the extent that certain greyhound permitholders elect not to conduct live racing, the greyhound permitholders who have been receiving transferred tax credits, for which they have been reimbursing



the transferring permitholders, will now be able to receive those tax credits directly from the state, reducing their costs.

Greyhound permitholders would no longer be required to conduct live racing. The reduction or elimination of live racing could reduce overhead costs.

To the extent that live racing is decreased or eliminated, greyhound breeders, owners and trainers could see a decrease in demand for racing greyhounds and an associated decrease in revenues.

#### FISCAL COMMENTS:

The Division reports:

“To ensure that integrity of the racing and protect the welfare of the greyhounds, the Division collects specimens from a sample of the contestants. The specimens are subsequently sent to the Racing Lab at the University of Florida to test for impermissible substances. This workload requirement is directly dependent on the amount of live racing being conducted. To the extent that greyhound tracks reduce or eliminate live greyhound racing, the Division would realize a corresponding decrease in the need for OPS funds necessary to employ staff to collect such specimens. The amount is indeterminate at this time and would not likely be realized until fiscal year 2011-12 when the full impact on greyhound racing can be certain.”<sup>35</sup>

### III. COMMENTS

#### A. CONSTITUTIONAL ISSUES:

##### 1. Applicability of Municipality/County Mandates Provision:

Not applicable. The bill does not appear to require counties or municipalities to spend funds or take an action requiring the expenditure of funds; reduce the authority that the counties or municipalities have to raise revenue in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.

##### 2. Other:

None.

#### B. RULE-MAKING AUTHORITY:

None.

#### C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

### IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On March 22, 2011, the Business & Consumer Affairs Subcommittee adopted one amendment to the bill and reported the bill favorably as a Committee Substitute. The amendment required a greyhound permitholder to either have conducted live racing in each of the ten preceding fiscal years or to have converted the permit from a jai alai permit in order to qualify for intertrack wagering without being licensed to conduct live racing.

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<sup>35</sup> The Department of Business & Professional Regulation – HB 1145 – 2011 Legislative Analysis Form. (last visited on 4/8/2011) On file with the Finance & Tax Committee.

On April 12, 2011, the Finance & Tax Committee adopted a strike-all amendment to the bill and reported the bill favorably as a Committee Substitute. The amendment removed changes to the tax on the handle for dogracing and added that each greyhound permitholder that conducts live racing before July 1, 2011, but does not elect to conduct live racing during any subsequent fiscal year, will pool their earned \$360,000 or \$500,000 exemption tax credits. The additional tax credits will be distributed to greyhound permitholders that conduct a full schedule of live races based on the permitholders percentage share of live and intertrack wagering handle during the preceding fiscal year. The amendment also made various technical changes.

On April 21, 2011, the Economic Affairs Committee adopted a strike-all amendment to the bill and reported the bill favorably as a Committee Substitute. The strike all amendment revised the amount of pooled tax credits available for distribution to permit holders conducting live races to eliminate the negative fiscal impact to state funds; clarified that a lessee of a pari-mutuel facility is not entitled to an additional permit; specified the number of live performances required to be entitled for a portion of the pooled tax credits; and clarified that a new cardroom license cannot be issued in an area unless the local government has approved a cardroom. The amendment also made various technical changes.

The analysis is updated to reflect the above changes.