

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

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

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Prepared By: The Professional Staff of the Committee on Regulated Industries

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BILL: SPB 7074

INTRODUCER: Regulated Industries Committee

SUBJECT: Gaming Compact Between the Seminole Tribe of Florida and the State of Florida

DATE: February 18, 2016      REVISED: \_\_\_\_\_

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| ANALYST                    | STAFF DIRECTOR  | REFERENCE | ACTION                                |
|----------------------------|-----------------|-----------|---------------------------------------|
| 1. <u>Oxamendi/Kraemer</u> | <u>Caldwell</u> | _____     | <b>RI Submitted as Committee Bill</b> |

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**I. Summary:**

SPB 7074 provides that the gaming compact between the Seminole Tribe of Florida and the State of Florida executed by the Tribe and the Governor on December 7, 2015, is deemed ratified and approved if the Compact is amended to include a provision that fantasy contests in accordance with ss. 546.11 – 546.20, F.S., are an authorized activity by the Compact and do not impact the agreement’s revenue-sharing payments. Sections 546.11 – 546.20, F.S., are created in CS/SB 832 by the Regulated Industries Committee and Senator Negron to provide for the licensing and regulation of operators of fantasy contests.

The compact permits the Tribe to conduct banked or banking card games at all seven of its facilities. It also permits the Tribe to conduct, at all of its facilities, dice games, such as craps and sic-bo, and wheel games, such as roulette and big six.

The compact provides for revenue sharing payments from the Tribe to the state. For the first seven years, the compact provides a \$3 billion payment guarantee. The compact provides specific amounts for the payments during each month of the first seven years, and then the payments will be based on a varying percentage rate that depends on the amount of net win.

The compact provides that, if banked card games are authorized in Broward and Miami-Dade Counties the revenue share payments cease until gaming activities are no longer authorized. However, the Legislature can add blackjack at the pari-mutuel facilities in Miami-Dade and Broward, subject to some limitations without an impact on the compact. After the first seven years, if the Tribe’s net win from all table games in Broward County is less than its net win from banked card games in Broward County during the current fiscal year, the Tribe may waive its exclusivity to allow up to 15 blackjack tables with \$15 bet limits for the existing permitholders in Broward and Miami-Dade Counties.

The compact also provides that, if Class III gaming is authorized at locations in Miami-Dade or Broward Counties at other than existing pari-mutuels, the payments will cease. However, there would be no effect on payments, if the Legislature permits one additional pari-mutuel location in

Miami-Dade County and one additional pari-mutuel location in Palm Beach County with each additional facility permitted to phase in during a three year period 750 slot machines and 750 video racing terminals with a \$5 bet limit.

The compact provides that the Legislature may take the following additional actions without violating exclusivity and impacting exclusivity payments:

- Lowering the tax rate for pari-mutuels to 25 percent of slot machine revenue;
- Expanding the hours of operation for pari-mutuel facilities;
- Permitting automated teller machines (ATM's) to be placed on the slot machine gaming floor authorizing pari-mutuel slot machine licensees;
- Allowing permitholders to convert or modify the pari-mutuel permit to allow the operation of a different type of pari-mutuel activity;
- Decoupling pari-mutuels by removing the requirement that permitholders must conduct performances of live races or games in order to conduct other authorized gaming activities, such as cardrooms or slot machines;
- Using payments received under the compact to fund a purse pool to be allocated to pari-mutuel permitholders;
- Authorizing one additional slot machine license in Miami-Dade County and one additional slot machine license in Palm Beach County;
- Authorizing the use of video racing terminals at the additional slot machine licensees facilities in Miami-Dade and Broward Counties;
- Authorizing blackjack for the existing pari-mutuels permitholders in Broward and Miami-Dade Counties with up to 15 blackjack tables per facility and \$15 bet limits per table; and
- Permitting pari-mutuel permitholders that are not licensed to operate slot machines to offer “designated player” games with some restrictions.

The bill provides that this act shall take effect upon becoming law if SB 7072 or similar legislation being adopted in the same legislative session, or an extension thereof, and becoming a law.

The effective date in the bill is for the Legislature’s approval and ratification of the proposed Compact. The 2015 Compact would become effective after it is approved by the United States Department of the Interior, as required under the Indian Gaming Regulatory Act of 1988, and notice of the approval is published in the Federal Register.

## **II. Present Situation:**

### **Gambling in Florida**

In general, gambling is illegal in Florida.<sup>1</sup> Chapter 849, F.S., prohibits keeping a gambling house,<sup>2</sup> running a lottery,<sup>3</sup> or the manufacture, sale, lease, play, or possession of slot machines.<sup>4</sup>

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<sup>1</sup> Section 849.08, F.S.

<sup>2</sup> Section 849.01, F.S.

<sup>3</sup> Section 849.09, F.S.

<sup>4</sup> Section 849.16, F.S., defines slot machines for purposes of ch. 849, F.S. Section 849.15(2), F.S., provides an exemption to the transportation of slot machines for the facilities that are authorized to conduct slot machine gaming under ch. 551, F.S.

Section 7 of Article X of the 1968 State Constitution provides, “Lotteries, other than the types of pari-mutuel pools authorized by law as of the effective date of this constitution, are hereby prohibited in this state.”<sup>5</sup>

Section 15 of Article X of the State Constitution (adopted by the voters in 1986) provides for state operated lotteries:

Lotteries may be operated by the state.... On the effective date of this amendment, the lotteries shall be known as the Florida Education Lotteries. Net proceeds derived from the lotteries shall be deposited to a state trust fund, to be designated The State Education Lotteries Trust Fund, to be appropriated by the Legislature. The schedule may be amended by general law.

Section 24.102, F.S., creates the Department of the Lottery and states the Legislature’s intent that it be self-supporting and revenue-producing and function as an entrepreneurial business enterprise.<sup>6</sup>

Chapter 550, F.S., authorizes pari-mutuel wagering at licensed tracks and frontons and provides for state regulation.<sup>7</sup> Chapter 551, F.S., authorizes slot machine gaming at the location of certain licensed pari-mutuel locations in Miami-Dade County or Broward County and provides for state regulation.<sup>8</sup> Chapter 849, F.S., authorizes cardrooms at certain pari-mutuel facilities.<sup>9</sup> A license to offer pari-mutuel wagering, slot machine gambling, or a cardroom at a pari-mutuel facility is a privilege granted by the state.<sup>10</sup>

Chapter 849, F.S., also authorizes, with conditions, penny-ante games,<sup>11</sup> bingo,<sup>12</sup> charitable drawings, game promotions (sweepstakes),<sup>13</sup> bowling tournaments, and amusement games and machines.<sup>14</sup>

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<sup>5</sup> The pari-mutuel pools that were authorized by law on the effective date of the Florida Constitution, as revised in 1968, include horseracing, greyhound racing, and jai alai games. The revision was ratified by the electorate on November 5, 1968.

<sup>6</sup> Chapter 24, F.S., was enacted by ch. 87-65, L.O.F., to establish the state lottery. Section 24.102, F.S., provides the legislative purpose and intent in regard to the lottery.

<sup>7</sup> See ch. 550, F.S., relating to the regulation of pari-mutuel activities.

<sup>8</sup> See ch. 551, F.S., relating to the regulation of slot machine gaming at pari-mutuel locations.

<sup>9</sup> Section 849.086(2)(c), F.S., defines “cardroom” to mean a facility where authorized card games are played for money or anything of value and to which the public is invited to participate in such games and charges a fee for participation by the operator of such facility.

<sup>10</sup> See s. 550.1625(1), F.S., “...legalized pari-mutuel betting at dog tracks is a privilege and is an operation that requires strict supervision and regulation in the best interests of the state.” See also *Solimena v. State*, 402 So.2d 1240, 1247 (Fla. 3d DCA 1981), review denied, 412 So.2d 470, which states “Florida courts have consistently emphasized the special nature of legalized racing, describing it as a privilege rather than as a vested right”, citing *State ex rel. Mason v. Rose*, 122 Fla. 413, 165 So. 347 (1936).

<sup>11</sup> Section 849.085, F.S.

<sup>12</sup> Section 849.0931, F.S.

<sup>13</sup> Section 849.094, F.S., authorizes game promotions in connection with the sale of consumer products or services.

<sup>14</sup> Section 849.161, F.S.

Section 23 of Article X of the State Constitution (adopted by the voters electors in 2004) provides for slot machines in Miami-Dade and Broward Counties:

After voter approval of this constitutional amendment, the governing bodies of Miami-Dade and Broward Counties each may hold a county-wide referendum in their respective counties on whether to authorize slot machines within existing, licensed parimutuel facilities (thoroughbred and harness racing, greyhound racing, and jai-alai) that have conducted live racing or games in that county during each of the last two calendar years before the effective date of this amendment. If the voters of such county approve the referendum question by majority vote, slot machines shall be authorized in such parimutuel facilities. If the voters of such county by majority vote disapprove the referendum question, slot machines shall not be so authorized, and the question shall not be presented in another referendum in that county for at least two years.

Both Miami-Dade and Broward Counties held referenda elections on March 8, 2005. The electors approved slot machines at the pari-mutuel facilities in Broward County. Under the provisions of Article X, Section 23 of the State Constitution, four pari-mutuel facilities are eligible to conduct slot machine gaming in Broward County:

- Gulfstream Park Racing Association, a thoroughbred permitholder;
- The Isle Casino and Racing at Pompano Park, a harness racing permitholder;
- Dania Jai Alai, a jai alai permitholder; and
- Mardi Gras Race Track and Gaming Center, a greyhound permitholder.

On January 29, 2008, a referendum approving slot machines in Miami-Dade County was approved. Under the provisions of Article X, Section 23 of the State Constitution, three pari-mutuel facilities are eligible to conduct slot machine gaming in Miami-Dade County:

- Miami Jai-Alai, a jai-alai permitholder;
- Flagler Greyhound Track, a greyhound permitholder; and,
- Calder Race Course, a thoroughbred permitholder.

Chapter 551, F.S., implements Article X, Section 23 of the State Constitution. The division is charged with regulating the operation of slot machines in the affected counties.

Section 551.102(4), F.S., defines the term “eligible facility” to permit slot machine gaming at pari-mutuel facilities that are not included in the authorization in Article X, Section 23 of the State Constitution. The other eligible facilities include:

- Any licensed pari-mutuel facility located within a county as defined in s. 125.011, F.S.,<sup>15</sup> provided such facility:
  - has conducted live racing for 2 consecutive calendar years immediately preceding its application for a slot machine license;

<sup>15</sup> As defined in s. 125.011(1), F.S., “county” means any county operating under a home rule charter adopted pursuant to ss. 10, 11, and 24, Art. VIII of the Constitution of 1885, as preserved by Art. VIII, s. 6(e) of the Constitution of 1968, which means that Miami-Dade, Hillsborough and Monroe Counties could potentially meet this statutory definition but only Miami-Dade County has adopted a home-rule charter.

- pays the required license fee; and
- meets the other requirements of this chapter; or
- Any licensed pari-mutuel facility in any other county in which a majority of the voters have approved slot machines at such facilities in a countywide referendum held pursuant to a statutory or constitutional authorization after the effective date of this section provided the facility has conducted a full schedule of live racing for 2 consecutive calendar years immediately preceding its application for a slot machine license, pays the required licensed fee, and complies with the other specified statutory requirements.

Under the definition of “eligible facility” in s. 551.102(4), F.S., Hialeah Park Racing and Casino is also eligible to conduct slot machine gaming.

### **The Indian Gaming Regulatory Act (IGRA)**

In 1988, Congress enacted the Indian Gaming Regulatory Act or “IGRA.”<sup>16</sup> The Act divides gaming into three classes:

- “Class I gaming” means social games for minimal value or traditional forms of Indian gaming engaged in by individuals for tribal ceremonies or celebrations.<sup>17</sup>
- “Class II gaming” includes bingo and pull-tabs, lotto, punch boards, tip jars, instant bingo, and other games similar to bingo.<sup>18</sup> Class II gaming may also include certain non-banked card games if permitted by state law or not explicitly prohibited by the laws of the state but the card games must be played in conformity with the laws of the state.<sup>19</sup> A tribe may conduct Class II gaming if:
  - the state in which the tribe is located permits such gaming for any purpose by any person, organization, or entity; and
  - the governing body of the tribe adopts a gaming ordinance which is approved by the Chairman of the National Indian Gaming Commission.<sup>20</sup>
- “Class III gaming” includes all forms of gaming that are not Class I or Class II, such as house-banked card games, casino games such as craps and roulette, electronic or electromechanical facsimiles of games of chance, and pari-mutuel wagering.<sup>21</sup>

Regulation under IGRA is dependent upon the type of gaming involved. Class I gaming is left to the tribes.<sup>22</sup> Class II gaming is regulated by the tribe with oversight by the National Indian Gaming Commission.<sup>23</sup> Class III gaming permits a regulatory role for the state by providing for a tribal-state compact.<sup>24</sup>

<sup>16</sup> Indian Gaming Regulatory Act of 1988, Pub. L. 100-497, 102 Stat. 2467, codified at 18 U.S.C. ss. 1166-1168 and 25 U.S.C. s. 2701 *et seq.*

<sup>17</sup> 25 U.S.C. s. 2703(6).

<sup>18</sup> 25 U.S.C. s. 2703(7).

<sup>19</sup> 25 U.S.C. s. 2703(7)(A)(ii).

<sup>20</sup> 25 U.S.C. s. 2710(b)(1).

<sup>21</sup> 25 U.S.C. s. 2703(8).

<sup>22</sup> 25 U.S.C. s. 2710(a)(1).

<sup>23</sup> 25 U.S.C. s. 2710(a)(2).

<sup>24</sup> 25 U.S.C. s. 2710(d).

IGRA provides that certain conditions must be met before an Indian tribe may lawfully conduct Class III gaming. First, the particular form of Class III gaming that the tribe wishes to conduct must be permitted in the state in which the tribe is located. Second, the tribe must have adopted a tribal gaming ordinance that has been approved by the Indian Gaming Commission or its chairman. Third, the tribe and the state must have negotiated a compact that has been approved by the Secretary of the United States Department of the Interior and is in effect.<sup>25</sup>

### **Compact Authorization**

Section 285.712, F.S., authorizes the Governor to enter into an Indian Gaming compact with the federally recognized Indian tribes within the State of Florida for the purpose of authorizing Class III gaming on the Indian lands.

Section 285.710(3), F.S., ratifies and approves the Gaming Compact between the Seminole Indian Tribe of Florida (Tribe) and the State of Florida that was executed by the Governor and the Tribe April 7, 2010.

Section 285.710(7), F.S., designates the Division of Pari-mutuel Wagering (division) within the Department of Business and Professional Regulation as the agency with the authority to monitor the Tribe's compliance with the compact.

Section 285.710(9), F.S., provides that money received by the state from the compact is to be deposited into the General Revenue Fund. It also provides for the distribution of 3 percent of the amount paid by the Tribe must be distributed to the specified local governments. The percentage of the local share distributed to the specified counties and municipalities is based on the net win per facility in each county and municipality.

### **Gaming Compact with the Seminole Tribe of Florida**

The current gaming compact with the Seminole Tribe of Florida (Tribe) dated April 7, 2010 (the 2010 gaming compact)<sup>26</sup> authorizes the Tribe to conduct slot machine gaming at seven facilities located in Broward, Collier, Glades, Hendry, and Hillsborough Counties. The compact authorizes banked card games, including blackjack, chemin de fer, and baccarat, but only at the five tribal casinos in Broward County, Collier County, and Hillsborough County.<sup>27</sup>

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<sup>25</sup> 25 U.S.C. s. 2710(d).

<sup>26</sup> The 2010 gaming compact was executed by the Governor and the Seminole Tribe on April 7, 2010, ratified by the Legislature, effective April 28, 2010, and approved by U.S. Secretary of the Interior, pursuant to the Indian Gaming Regulatory Act of 1988, on June 24, 2010. It took effect when published in the Federal Register on July 6, 2010. The 20-year term of the 2010 gaming compact expires July 31, 2030, unless renewed. Section 285.710(1)(f), F.S., designates the Division of Pari-mutuel Wagering of the Department of Business and Professional Regulation as the "state compliance agency" having authority to carry out the state's oversight responsibilities under the 2010 gaming compact *See* [http://www.flsenate.gov/PublishedContent/Committees/2014-2016/RI/Links/Gaming\\_Compact\\_between\\_The\\_Seminole\\_Tribe\\_of\\_Florida\\_and\\_the\\_State\\_of\\_Florida.pdf](http://www.flsenate.gov/PublishedContent/Committees/2014-2016/RI/Links/Gaming_Compact_between_The_Seminole_Tribe_of_Florida_and_the_State_of_Florida.pdf) (last accessed February 8, 2016).

<sup>27</sup> *See* s. 285.710(10), F.S. The seven tribal locations where gaming is authorized by the 2010 gaming compact are: (1) Seminole Hard Rock Hotel & Casino—Hollywood (Broward); (2) Seminole Indian Casino—Coconut Creek (Broward); (3) Seminole Indian Casino—Hollywood (Broward); (4) Seminole Hard Rock Hotel & Casino—Tampa (Hillsborough); (5) Seminole Indian Casino—Immokalee (Collier); (6) Seminole Indian Casino—Brighton (Glades); and (7) Seminole Indian Casino—Big Cypress (Hendry). Banked card games are not authorized at the Brighton and Big Cypress casinos.

The 2010 gaming compact also provides for revenue sharing payments from the Seminole Tribe to the state. For its exclusive authority during a five-year period<sup>28</sup> to offer banked card games on tribal lands at five locations, and to offer slot machine gaming during the 20-year term of the 2010 gaming compact, outside Miami-Dade and Broward Counties, the Seminole Tribe pays the State of Florida a share of “net win” (approximately \$240 million per year).<sup>29</sup>

On December 7, 2015, the Governor executed a gaming compact (proposed 2015 Compact or proposed Compact) with the Tribe with a new 20-year term. The proposed Compact authorizes the Tribe to conduct slot machine gaming at the same seven facilities. The proposed Compact permits the Tribe to offer live table games, such as craps and roulette, at all seven facilities. It also authorizes banked card games, including blackjack, chemin de fer, and baccarat, at all seven facilities.

The proposed Compact also provides for revenue sharing payments from the Tribe to the state. For the first seven-year period (Guarantee Period), the proposed Compact provides a \$3 billion payment guarantee. The compact provides specific amounts for the payments (Guaranteed Payments) during each year of the Guarantee Period. After the Guarantee Period, the Tribes payments will be based on a varying percentage rate that depends on the amount of net win (Revenue Share Payments).

The proposed Compact must be approved and ratified by the Legislature. The proposed Compact must then be approved by the United States Department of the Interior, as required under the Indian Gaming Regulatory Act of 1988, and notice of the approval published in the Federal Register.<sup>30</sup>

### **Compact Comparison**

The following table reflects the similarities and differences between the current 2010 Gaming Compact and the proposed 2015 Gaming Compact:

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<sup>28</sup> While the exclusive authorization to conduct banked card games expired July 31, 2015, and has not been renewed, according to staff at the department and the Legislature’s Office of Economic and Demographic Research, the Seminole Tribe has continued to transmit monthly payments to the state that include estimated table games revenue. The Seminole Tribe and the State of Florida are parties to litigation regarding the offering of table games by the Seminole Tribe after July 31, 2015. Those parties have negotiated a proposed gaming compact dated December 7, 2015 (the 2015 gaming compact), that the Governor, as the designated state officer responsible for negotiating and executing tribal-state gaming compacts with federally recognized Indian tribes, has transmitted to the President of the Senate and the Speaker of the House of Representatives for consideration, as required by s. 285.712, F.S. To be effective, the proposed 2015 gaming compact must be ratified by the Senate and by the House, by a majority vote of the members present. *See* s. 285.712(3), F.S.

<sup>29</sup> Subject to the outcome of the pending litigation between the state and the Seminole Tribe respecting continuation of the authorization to offer tables games, the 2010 gaming compact provides if (1) authorization for banked card games is not extended beyond July 31, 2015, or (2) the Legislature authorizes Class III (casino-style) games in Broward or Miami-Dade County other than at the eight existing state-licensed pari-mutuel locations, then the “net win” for revenue sharing will exclude amounts from the Seminole Tribe’s facilities in Broward County (i.e., payments will be reduced by approximately \$120 million per year). If the Legislature authorizes new Class III (casino-style) games outside Broward and Miami-Dade Counties, then all revenue sharing under the 2010 gaming compact is discontinued.

<sup>30</sup> 25 U.S.C. s. 2710(d)(8)

|                           | <b>Proposed 2015 Compact</b>  | <b>2010 Gaming Compact</b>   |
|---------------------------|---|--|
| Guaranteed Payments       | <p>Seven-year Guarantee Period of \$3 billion.<br/>(Starts 7/1/17)</p> <p>1- \$325 million<br/>2- \$350 million<br/>3- \$375 million<br/>4- \$425 million<br/>5- \$475 million<br/>6- \$500 million<br/>7- \$550 million</p> <p>The compact has a “true-up” at the end of the Guarantee Period in which the Tribe will pay more if the applicable revenue share percentages result in an amount greater than the guarantee.</p>         | <p>Five-year guarantee of \$1 billion.</p> <p>1- \$150 million<br/>2- \$150 million<br/>3- \$233 million<br/>4- \$233 million<br/>5- \$234 million</p> <p>\$1 billion guarantee.</p> |
| Revenue Share Percentages | <p>\$0-2B: 13 percent;<br/>\$2-3B: 17.5 percent;<br/>\$3.5-4B: 20 percent;<br/>\$4-4.5B: 22.5 percent; and<br/>\$4.5B+: 25 percent.</p>   | <p>\$0-2B: 12 percent;<br/>\$2-3B: 15 percent;<br/>\$3-3.5B: 17.5 percent;<br/>\$3.5-4B: 20 percent;<br/>\$4-4.5B: 22.5 percent; and<br/>\$4.5B+: 25 percent.</p>                    |
| Economic Recession        | <p>If there is an economic recession during the seven-year Guarantee Period, the Tribe may for only one revenue share cycle pay based on Revenue Share percentages instead of the guarantee amount. However, at the end of that year’s Revenue Share Cycle, the Tribe must remit 50 percent of the difference between the percentage payment and Guarantee and pay the remaining amount during the following Revenue Sharing Cycle.</p> | <p>Not applicable.</p>   |



|   | <b>Proposed 2015 Compact</b>   | <b>2010 Gaming Compact</b>   |
|---|--|--|
| Authorized Games (Covered Games)                                      | At all seven facilities without exception:<br>1. Slot Machines;<br>2. Banked card games, including blackjack;<br>3. Raffles and drawings;<br>4. Any new game authorized for any person except banked card games authorized for another Indian Tribe; and<br>5. Live Table Games, including craps and roulette.   | At all seven facilities with one exception:<br>1. Slot Machines;<br>2. Banked Card Games, including blackjack (at all facilities except Big Cypress & Brighton) for the first five years of the Compact<br>3. Raffles and Drawings;<br>4. Any new game authorized for any person except banked card games authorized for another Indian Tribe. |
| Caps on the Number of Authorized Games                                | The Tribe may average 3,500 slot machines for each of the seven facilities but may not have more than 6,000 slot machines in a facility.<br><br>The Tribe may average 150 banked or banking card games and live table games for each of the seven facilities but may not have more than 300 banked or banking card games and live table games at a facility. | Requires the conversion of all Class II bingo video terminals to Class III slot machines, but does not place limits on the number of slot machines or banked or banking card games.  |
| Exclusivity Given to the Tribe in Exchange for Revenue Share Payments | <u>Statewide:</u><br>1. Banked card games; and<br>2. Live Table Games.<br><br><u>Outside Miami-Dade/Broward:</u><br>Slot Machines  | <u>Statewide:</u><br>Banked Card Games.<br><br><u>Outside Miami-Dade/Broward:</u><br>Slot Machines   |
| Change in Facilities  | The Tribe may expand or replace existing facilities and expressly places limits on additional gaming positions at the Tribe’s facilities.  | The Tribe may expand or replace existing facilities, and does not limit gaming positions at the Tribe’s facilities.  |
| State Oversight   | State Compliance Agency is allowed 16 hours for inspections over the course of two days per facility, per month. Total inspection time is capped at 1,600 hours annually.<br><br>The Tribe is required to pay an annual oversight payment of \$400,000, which may be increased for inflation.  | State Compliance Agency is allowed 10 hours for inspection over the course of two days per facility, per month. The total inspection time is capped at 1,200 hours annually.<br><br>The Tribe is required to pay and annual oversight payment of \$250,000, which may be increased for inflation.  |

|  | <b>Proposed 2015 Compact</b>  | <b>2010 Gaming Compact</b>  |
|--|---|---|
| <p>Exclusivity Violation:</p> <p>If Banked Games are Authorized in Broward and Miami-Dade Counties</p>   | <p>Revenue Share Payments cease until gaming activities are no longer authorized.</p> <p>However, the Legislature can add blackjack at the Pari-mutuels in Miami-Dade and Broward, subject to some limitations, without an impact on the compact.</p> <p>After the Guarantee Period, if the Tribe’s net win from all table games in Broward County is less than its net win from banked card games in Broward County during the current fiscal year, the Tribe may waive its exclusivity to allow up to 15 blackjack tables with \$15 bet limits for the existing permitholders in Broward and Miami-Dade Counties.</p> | <p>If the Tribe's annual net win from Broward facilities for the 12 months after the authorization is less than net win from preceding 12 months, the guaranteed minimum payments cease, and the revenue share payments are calculated by reducing net win from the Broward facilities by 50 percent.</p> <p>The Revenue Share Payments may resume without any reduction when the net win for the Broward facilities is greater than when the banked card games were offered.</p> |
| <p>Exclusivity Violation:</p> <p>If Class III Gaming is authorized at locations in Miami-Dade or Broward at other than existing pari-mutuels</p> | <p>The Guaranteed Minimum Payments will cease, and all Revenue Share Payments cease.</p> <p>However, there would be no effect on payments, if the Legislature permits one additional pari-mutuel location in Miami-Dade with 750 Slot machines and 750 Video Racing Terminals that have a \$5 bet limit phased in over a three year period with no effect on the 2015 Compact.</p>  | <p>Guaranteed Minimum Payments cease, but the Revenue Share Payments are calculated by excluding the net win from the Broward facilities.</p>   |
| <p>Exclusivity Violation:</p> <p>If Class III Gaming is authorized at locations outside of Miami-Dade or Broward</p>                             | <p>The Guaranteed Minimum Payments will cease, and all Revenue Share Payments cease.</p> <p>However, there would be no effect on payment if the Legislature permits one additional pari-mutuel location in Palm Beach County with 750 Slot machines and 750 Video Racing Terminals that have a \$5 bet limit phased in over three year period with no effect on the Compact.</p>  | <p>All payments under the Compact cease.</p>  |

|  | <b>Proposed 2015 Compact</b>  | <b>2010 Gaming Compact</b>   |
|--|---|--|
| Exclusivity Violation:<br>If Internet Gaming is Authorized | The Guaranteed Minimum Payments cease, but the Revenue Share Payments continue.<br><br>If the Tribe offers internet gaming to players in Florida, then the Guaranteed Payments will continue. | If the Tribe's net win from all its facilities drops by more than 5 percent below the net win from the previous year, the Guaranteed Payments cease, but the Revenue Share Payments continue<br><br>If Tribe offers internet gaming then Guaranteed Minimum Payments continue. |
| Compulsive Gambling  | The Tribe must make an annual \$1,750,000 donation to the Florida Council on Compulsive Gambling and maintain a voluntary exclusion list.   | The Tribe must will make an annual \$250,000 donation per facility (\$1,750,000 total) to the Florida Council on Compulsive Gambling and maintain a voluntary exclusion list.  |

The proposed compact provides that the Legislature may take the following additional actions without violating exclusivity and impacting exclusivity payments:

- Lowering the tax rate for pari-mutuels to 25 percent of slot machine revenue;
- Expanding the hours of operation for pari-mutuel facilities;<sup>31</sup>
- Permitting automated teller machines (ATM's) to be placed on the slot machine gaming floor of pari-mutuel slot machine licensees;<sup>32</sup>
- Permitting permitholders to convert or modify the pari-mutuel permit to allow the operation of a different type of pari-mutuel activity;
- Decoupling pari-mutuels by removing the requirement that permitholders must conduct performances of live races or games in order to conduct other authorized gaming activities, such as cardrooms or slot machines;
- Using payments received under the compact to fund a purse pool to be allocated to pari-mutuel permitholders;
- Authorizing one additional slot machine license in Miami-Dade County and one additional slot machine license in Palm Beach County;
- Authorizing the use of video racing terminals<sup>33</sup> at the additional slot machine licensees in Miami-Dade and Broward Counties;

<sup>31</sup> Section 551.116, F.S., provides that the slot machine gaming areas may be open daily throughout the year, and may be open a cumulative amount of 18 hours per day on Monday through Friday and 24 hours per day on Saturday and Sunday and on holidays.

<sup>32</sup> Section 551.121(3), prohibits automated teller machines or similar devices that are designed to provide credit or dispense cash to be located within the designated slot machine gaming areas of a facility of a slot machine licensee.

<sup>33</sup> Part III, section KK. of the proposed 2015 Compact defines the term to mean “an individual race terminal linked to a central server as part of a network-based video game, where the terminals allow pari-mutuel wagering by players on the results of previously conducted horse races, but only if the game is certified in advance by an independent testing laboratory licensed or contracted by the Division of Pari-Mutuel Wagering as complying with all of the” requirement specified in the proposed Compact. The proposed Compact’s requirements include that the race must have been recorded in the United States after January 1, 2005, the video must show at least the final eight seconds of the race, the terminal may contain no more than

- Authorizing blackjack for the existing pari-mutuels in Broward and Miami-Dade Counties with up to 15 blackjack tables per facility and \$15 bet limits per table; and
- Permitting pari-mutuels that are not licensed to operate slot machines to offer “designated player”<sup>34</sup> games with some restrictions.<sup>35</sup>

### III. Effect of Proposed Changes:

The bill provides that the gaming compact between the Seminole Tribe of Florida and the State of Florida executed by the Tribe and the Governor on December 7, 2015 is deemed ratified and approved if the Compact is amended to include a provision that fantasy contests in accordance with ss. 546.11 – 546.20, F.S., are authorized activity by the Compact and do not impact the agreement’s revenue-sharing payments. Sections 546.11 – 546.20, F.S., are created in CS/SB 832 by the Regulated Industries Committee and Senator Negron to provide for the licensing and regulation of operators of fantasy contests.

The bill provides that the ratified and approved 2015 Gaming Compact supersedes the 2010 Gaming Compact.

The bill also amends s. 285.710(13), F.S., to remove the provision that limits the Tribe to conducting banked or banking card games at its Broward, Collier, and Hillsborough County facilities. It also provide that the Tribe may conduct the following games at all of its facilities:

- Dice games, such as craps and sic-bo; and
- Wheel games, such as roulette and big six.

The bill provides that this act shall take effect upon becoming law if SB 7072 or similar legislation being adopted in the same legislative session, or an extension thereof, and becoming a law.

The effective date in the bill is for the Legislature’s approval and ratification of the proposed Compact. The 2015 Compact would become effective after it is approved by the United States Department of the Interior and notice of the approval is published in the Federal Register.<sup>36</sup>

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one player position for placing wagers, the terminal may not dispense coins, currency, or tokens, and no additional element of chance may be present.

<sup>34</sup> Part III, section J. of the proposed 2015 Compact defines a “Designated Player Games” to mean “games consisting of at least three cards in which players compare their cards only to those cards of the player in the dealer position, who also pays winners and collects from losers.”

<sup>35</sup> The restrictions for designated player games include a \$25 limit on wagers, the designated player must occupy a playing position at the table, each player in the game must be offer a participation in a clockwise rotation to be the designated player, a player may not be the designated player for more than 30 consecutive hands and must play at least two hands as a non-designated player before resuming to play as the designated player. The designated player is not required to cover more than 10 times the minimum posted bet during any one game. Slot machine licensees and licensees who offer video racing terminals may not offer designated player games.

<sup>36</sup> 25 U.S.C. s. 2710(d)(8)

**IV. Constitutional Issues:****A. Municipality/County Mandates Restrictions:**

None.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

The Seminole Tribe of Florida will be required to make revenue sharing payments to the state. For the first seven years, the compact provides a \$3 billion payment guarantee with specific minimum payment amounts each year, and then the payments will be based on a varying percentage rate that depends on the amount of net win.

**C. Government Sector Impact:**

The compact requires the Seminole Tribe of Florida to make revenue sharing payments to the state. For the first seven years of the compact, it provides a \$3 billion payment guarantee with specific minimum payment amounts each year, and then the payments will be based on a varying percentage rate that depends on the amount of net win.

The annual minimum guaranteed payments during the first seven years (Guarantee Period) of the compact are:

- 1- \$325 million.
- 2- \$350 million.
- 3- \$375 million.
- 4- \$425 million.
- 5- \$475 million.
- 6- \$500 million.
- 7- \$550 million.

The compact has a “true-up” at the end of the Guarantee Period in which the Tribe will pay more if the applicable revenue share percentages result in an amount greater than the guarantee.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

The bill is linked to SB 7072 by providing that the bill shall take effect upon becoming law if SB 7072 or similar legislation is adopted in the same legislative session, or an extension thereof, and becoming a law.

SPB 7072 is linked to this bill by providing that SPB 7072 only becomes effective when it, or similar legislation ratifying the Gaming Compact between the Seminole Tribe of Florida and the State of Florida executed by the Governor and the Seminole Tribe of Florida on December 7, 2015 (the Compact), is enacted. In addition, SPB 7072 requires approval of the Gaming Compact by the United States Department of the Interior. SPB 7072 will be effective when notice of the approval by the Department of the Interior is published in the Federal Register.

The bill references statutory provisions that are not in current law and are created in another bill. The bill provides that the gaming compact is deemed ratified and approved if the Compact is amended to include a provision that fantasy contests in accordance with ss. 546.11 – 546.20, F.S., are authorized activity by the Compact and do not impact the agreement's revenue-sharing payments. Sections 546.11 – 546.20, F.S., are created in CS/SB 832 by the Regulated Industries Committee and Senator Negrón to provide for the licensing and regulation of operators of fantasy contests.

**VIII. Statutes Affected:**

This bill substantially amends sections 285.710 and 285.712 of the Florida Statutes.

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.