

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.)

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

BILL: SPB 7044

INTRODUCER: Regulated Industries Committee

SUBJECT: Changes in Ownership of or Interest in Pari-mutuel Permits

DATE: March 30, 2023

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Kraemer</u>	<u>Imhof</u>	_____	RI Submitted as Committee Bill
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____

I. Summary:

SPB 7044 revises provisions relating to pari-mutuel wagering¹ permits, cardroom licenses, and annual operating licenses to address an inadvertent oversight respecting the sale, transfer, or assignment of permits and issuance of cardroom licenses.

The bill revises s. 550.054(15), F.S., relating to permits for the conduct of pari-mutuel wagering (PMW permit), to clarify that a PMW permit may be held by a permitholder who held an operating license to conduct pari-mutuel wagering in Fiscal Year 2020-2021 or a purchaser, transferee, or assignee of a valid PMW permit, if the purchase, transfer, or assignment is approved by the Florida Gaming Control Commission (commission) before such purchase, transfer, or assignment. However, current law prohibiting the commission from approving or issuing any additional PMW permits remains effective.

Similarly, the bill revises s. 849.086(5), F.S., relating to cardrooms authorized to operate in the state,² to clarify that a purchaser, transferee, or assignee of a valid PMW permit may be issued a license to operate an authorized cardroom.

The bill conforms the annual operating license requirements in current law to the pari-mutuel wagering permit provisions that are revised in the bill, to authorize the issuance of an annual operating license to an eligible purchaser, transferee, or assignee of a valid pari-mutuel wagering permit.

¹ “Pari-mutuel” is defined in Florida law as “a system of betting on races or games in which the winners divide the total amount bet, after deducting management expenses and taxes, in proportion to the sums they have wagered individually and with regard to the odds assigned to particular outcomes.” See s. 550.002(21), F.S.

² Under s. 849.086(5)(a), F.S., a cardroom license may only be issued to a licensed pari-mutuel permitholder, and an authorized cardroom may only be operated at the same facility where the permitholder is authorized to conduct pari-mutuel wagering activities under its valid PMW permit.

The bill does not have an impact on state government.

The bill is effective upon becoming a law.

II. Present Situation:

In 2021, the Legislature updated Florida law for authorized gaming in the state,³ providing in part, that a pari-mutuel permitholder may not be issued an operating license for the conduct of pari-mutuel wagering, slot machine gaming, or the operation of a cardroom if the permitholder did not hold an operating license for the conduct of pari-mutuel wagering for Fiscal Year 2020-2021.⁴ Under current law, a permit for the conduct of pari-mutuel wagering and associated cardroom or slot machine licenses⁵ may only be held by a permitholder, other than a limited thoroughbred permitholder, who held an operating license for the conduct of pari-mutuel wagering for Fiscal year 2020-2021.⁶ Further, permits held on January 1, 2021 are deemed valid, but new permits for pari-mutuel wagering may not be approved or issued.⁷

Current law also requires that cardroom licenses not be issued to any permitholder, other than a limited thoroughbred permitholder, if the permitholder did not hold an operating license for Fiscal Year 2020-2021.⁸

Section 550.054(11), F.S., generally requires that any transfer or assignment of a PMW permit receive prior approval⁹ by the commission, which must determine the eligibility of persons and entities to hold a PMW permit pursuant to s. 550.1815, F.S. Similarly, if a PMW permit is held by a corporation or business entity other than an individual, the transfer of 10 percent or more of the stock or other evidence of ownership or equity in the permitholder may not be made without the prior approval of the transferee by the commission.¹⁰

Section 550.1815, F.S., addresses which persons and entities (including but not limited to employees, officers and directors, partners, and owners of the permitholder) may hold permits, based on whether they are of “good moral character,” or have been convicted of a disqualifying felony¹¹ or for bookmaking.¹²

³ See ch. 2021-271, Laws of Fla.

⁴ Section 550.01215(1)(d), F.S.

⁵ Under s. 551.114(4), F.S., designated slot machine gaming areas must be located at the address specified in the licensed permitholder's slot machine license issued for Fiscal Year 2020-2021.

⁶ Section 550.054(15)(a), F.S.

⁷ Section 550.054(15)(c), F.S.

⁸ Section 849.086(5)(c), F.S.

⁹ There is one exception to the prior-approval requirement in s. 550.054(11)(a), F.S., which is that the holder of a permit converted to a jai alai permit “may lease or build anywhere within the county in which its permit is located.” As of 2021, such conversions are prohibited. See s. 550.054(15)(d), F.S.

¹⁰ See s. 550.054(11)(b), F.S.

¹¹ Pursuant to s. 550.1815(1)(b), F.S., the following are disqualifying felonies: (1) a felony in Florida; (2) any felony in any other state which would be a felony if committed in Florida under the laws of this state; (3) any felony under the laws of the United States; or (4) a felony under the laws of another state if related to gambling which would be a felony under Florida law if the offense was committed in Florida.

¹² The term “bookmaking” is defined in s. 849.25, F.S., to mean “the act of taking or receiving, while engaged in the business or profession of gambling, any bet or wager upon the result of any trial or contest of skill, speed, power, or endurance of

In December 2022, West Flagler Associates, Ltd. applied to the Florida Gaming Control Commission (commission) to transfer its pari-mutuel permit #155 and associated licenses to conduct pari-mutuel wagering and slot machine gaming, and operate a cardroom, to Wind Creek Miami, LLC, a wholly owned subsidiary of PCI Gaming Authority, an unincorporated chartered instrumentality of the Poarch Band of Creek Indians. The commission did not approve the transfer of the permit because Wind Creek Miami, LLC did not hold an operating license for the conduct of pari-mutuel wagering for Fiscal Year 2020-2021 as required by s. 550.054(15)(a), F.S.¹³

In February 2023, the commission conditionally approved the acquisition of West Flagler Associates, Ltd.'s permit after PCI Gaming Authority substituted Gretna Racing LLC as the purchaser of pari-mutuel permit #155 and the accompanying pari-mutuel, slot machine, and cardroom licenses. Gretna Racing LLC did hold operating an operating license for pari-mutuel wagering and the operation of a cardroom for Fiscal Year 2020-2021.¹⁴

III. Effect of Proposed Changes:

SPB 7044 revises provisions relating to pari-mutuel wagering permits and cardroom licenses to address an inadvertent oversight respecting the sale, transfer, or assignment of permits and issuance of cardroom licenses.

Section 1 of the bill revises s. 550.054(15), F.S., relating to PMW permits, to clarify that a purchaser, transferee, or assignee of a valid PMW permit may be issued a PMW permit to be purchased, transferred, or assigned by a permitholder, if approved by the Florida Gaming Control Commission (commission) before such purchase, transfer, or assignment. However, current law prohibiting the commission from approving or issuing any additional PMW permits remains effective.

Section 2 of the bill revises s. 849.086(5), F.S., relating to cardrooms authorized to operate in the state, to clarify that a purchaser, transferee, or assignee of a valid PMW permit may be issued a license to operate an authorized cardroom.

Section 3 of the bill revises s. 550.01215(1)(d), F.S., to authorize the issuance of an annual operating license to an eligible purchaser, transferee, or assignee of a valid PMW permit.

The bill is effective upon becoming a law.

human, beast, fowl, motor vehicle, or mechanical apparatus or upon the result of any chance, casualty, unknown, or contingent event whatsoever.”

¹³ Section 550.01215(1)(d), F.S., also prohibits the issuance of an operating license for the conduct of pari-mutuel wagering, slot machine gaming, or the operation of a cardroom, if the permitholder did not hold an operating license to conduct pari-mutuel wagering for Fiscal Year 2020-2021. Section 849.086(5)(c), F.S., also prohibits the issuance of a cardroom license under the same restrictions.

¹⁴ Memorandum to the Florida Gaming Control Commission from Ross Marshman, General Counsel, *Proposed acquisition of a pari-mutuel wagering permit and its paired licenses by Gretna Racing, LLC, from West Flagler Associates, Ltd.*, February 6, 2023 (on file with the Senate Regulated Industries Committee).

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The clarification in the bill that purchasers, transferees, and assignees of a valid pari-mutuel permit may hold a valid pari-mutuel permit, if approved by the commission before the change in ownership, eliminates an inadvertent uncertainty in current law, for those permit holders authorized to conduct pari-mutuel wagering who wish to sell, transfer, or assign a valid pari-mutuel permit and its associated licenses.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 550.054, 550.01215, and 849.086.

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.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
