

1989

Session Law 89-235

Florida Senate & House of Representatives

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S 1203 GENERAL BILL/1ST ENG by W.D. Childers (Identical CS/CS/H 693)
Racing/Handle & Operating Days; redefines term "preceding racing season" for purpose of computing tax on handle; provides additional days of greyhound operation in Escambia Co.; directs Pari-mutuel Commission to annually award such additional operating days. Amends 550.04. Effective Date: 06/28/89.

04/10/89 SENATE Filed
04/14/89 SENATE Introduced, referred to Regulated Industries; Finance, Taxation and Claims -SJ 160
04/21/89 SENATE On Committee agenda—Regulated Industries, 04/25/89, 1:00 pm, Room-H-(428)
04/25/89 SENATE Comm. Report: Favorable by Regulated Industries -SJ 211
04/27/89 SENATE Now in Finance, Taxation and Claims -SJ 211
04/28/89 SENATE Extension of time granted Committee Finance, Taxation and Claims
05/12/89 SENATE Extension of time granted Committee Finance, Taxation and Claims
05/16/89 SENATE On Committee agenda—Finance, Taxation and Claims, 05/18/89, 12:00 noon, Room-1C-(309)—Not considered
05/19/89 SENATE On Committee agenda—Finance, Taxation and Claims, 05/23/89, 1:00 pm, Room-1C-(309)
05/23/89 SENATE Comm. Report: Favorable by Finance, Taxation and Claims, placed on Calendar -SJ 450
05/30/89 SENATE Placed on Special Order Calendar -SJ 560; Passed as amended; YEAS 32 NAYS 1 -SJ 597
05/30/89 HOUSE In Messages
05/31/89 HOUSE Received, placed on Calendar -HJ 945; Substituted for CS/CS/HB 693; Read second time; Read third time; Passed; YEAS 99 NAYS 7 -HJ 977
06/01/89 Ordered enrolled -SJ 691
06/12/89 Signed by Officers and presented to Governor
06/28/89 Became Law without Governor's Signature; Chapter No. 89-235

NOTES: Above bill history from Division of Legislative Information's *FINAL LEGISLATIVE BILL INFORMATION, 1989 SESSIONS*. Staff Analyses for bills amended beyond final committee action may not be in accordance with the enacted law. Journal page numbers (HJ & SJ) refer to daily Journals and may not be the same as final bound Journals.

REVISED: _____

BILL NO. SB 1203

DATE: May 23, 1989

Page 1

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

<u>ANALYST</u>	<u>STAFF DIRECTOR</u>	<u>REFERENCE</u>	<u>ACTION</u>
1. <u>George</u>	<u>Skelton</u>	1. <u>RI</u>	<u>Favorable</u>
2. <u>Keating <i>TK</i></u>	<u>Beggs</u>	2. <u>FTC</u>	<u>Favorable</u>
3. _____	_____	3. _____	_____
4. _____	_____	4. _____	_____

SUBJECT: Racing/Handle & Operating Days

BILL NO. AND SPONSOR: SB 1203 by Senator W.D. Childers

I. SUMMARY:

A. Present Situation:

Section 550.09(3)(d) sets the state tax on handle for greyhound racing at 7.6%. For most tracks the first \$25,000 per performance per day is exempt. However, in order to assist the smaller tracks, those which have had a total handle for the preceding racing season of between \$15 million to \$30 million have an exemption on the first \$40,000 per performance per day, and those that have had a total handle for the preceding racing season of less than \$15 million have an exemption on the first \$50,000 per performance per day. The term "preceding racing season," for these purposes, is defined in s. 550.04, F.S., as the first 105 evening performances and all matinees conducted through that time, during the preceding calendar year. This definition applies to Daytona Beach Kennel Club, and also to Volusia Jai Alai, Inc. All other dog tracks in the State compute tax on handle by a preceding racing season that is a full year in duration.

Section 550.012, F.S. provides a mechanism for permitholders to obtain additional days of operation. The Florida Pari-mutuel Commission reviews each request it receives against specific statutory criteria, and then must make final recommendations to the Legislature on each request by February 1 of each year.

The permit held by Pensacola Greyhound Track, which operates in Escambia County, is authorized by law to conduct up to 260 regular evening performances and up to 133 regular matinee performances. This past year, Pensacola Greyhound requested the Florida Pari-mutuel Commission to approve an additional 52 operating days plus 25 matinees for that permit. There were no objections filed by any other permitholder. In its January 27, 1989 report to the Legislature, the Commission reported favorably on this request.

B. Effect of Proposed Changes:

This bill would amend s. 550.04, F.S., to change the definition for "preceding racing season" for purposes of computing tax on handle, to include any dog track that is within 75 miles of a dog track in another state. The permit issued to Pensacola Greyhound Track, Inc., is the only permitholder to which this could apply at this time. As such, the amount of tax exemption for that permitholder would be determined by the amount of its total handle during the first 105 evening performances and all matinees conducted during that time, instead of the amount of total handle for the track during a full year time period.

This bill would also conform s. 21, chapter 88-346, Laws of Florida, to indicate that it is the intent of the Legislature that this permitholder may operate as many as 312 evening

performances and 158 matinee performances each year. This would be an addition of 52 evening and 25 matinee performances.

II. ECONOMIC IMPACT AND FISCAL NOTE:

A. Public:

Pensacola Greyhound Track, Inc. would be able to operate a total of 77 more performances. This permitholder should benefit from additional revenue and profits derived from these added performances. A tax reduction of \$1,140 per performance for this permit would also result.

B. Government:

If Pensacola Greyhound Track, Inc. were to operate the full number of performances which this bill authorizes, and also compute tax on handle by the shorter racing season this bill prescribes, the loss of tax money to the State would be \$35,466 for fiscal year 1989-90.

This tax reduction represents a loss to the State of \$1,140 for each performance operated by Pensacola Greyhound Track, Inc. Thus, if the dog track in Pensacola were to operate only the number of days which it currently operates, but receive the benefit of the tax reduction, the net result would be a loss of \$448,020 in revenue to the State per fiscal year. Accordingly, if the additional performances were authorized and operated without the change for computing tax on handle, the State would receive an estimated \$500,334 in additional pari-mutuel tax revenue for fiscal year 1989-90.

III. COMMENTS:

The Florida Pari-mutuel Commission recommended the additional performances this bill authorizes for Pensacola Greyhound Track, Inc., in its January 27, 1989 report to the Legislature. The Commission did not address a change in the computation of tax on handle in that report.

There are two dog tracks in addition to Pensacola Greyhound and three jai alai frontons that could qualify for the tax reduction, if restrictive language was removed from the bill. These permit holders are Seminole Greyhound; Bonita Ft. Myers Corp; Florida Jai Alai, Inc., The Fronton Inc; and Tampa Jai Alai.

IV. AMENDMENTS:

None.

AS PASSED BY THE 1989 LEGISLATURE

Storage name: \wp\sa\s1203-f.ri
 Date: June 20, 1989

HOUSE OF REPRESENTATIVES
 COMMITTEE ON FINANCE AND TAXATION
 FINAL STAFF ANALYSIS & ECONOMIC IMPACT STATEMENT

BILL #: SB 1203

RELATING TO: Revising the basis for computing tax on handle for the Pensacola greyhound track; providing for additional performances for the Pensacola greyhound track

SPONSOR(S): Senator W.D. Childers

EFFECTIVE DATE: Upon Becoming A Law

DATE BECAME LAW: June 28, 1989

CHAPTER #: 89-235, Laws of Florida

COMPANION BILL(S): CS/CS/HB 693 by the Committee on Finance and Taxation, the Committee on Regulated Industries, and Representatives Ritchie and Tobiassen

OTHER COMMITTEES OF REFERENCE: (1) Regulated Industries
 (2) Finance, Taxation, and Claims

I. SUMMARY:

This bill authorizes an additional 52 evening performances and 25 matinee performances each year for the greyhound track in Pensacola. It also increases the exemption from tax on handle for Pensacola, if the track uses all additional performances.

A. PRESENT SITUATION:

Historically, the number of days per year which any pari-mutuel permitholder can operate has been strictly limited. The thought has been that this would prevent over-saturation of the market and protect state pari-mutuel revenues. For the same reason, new pari-mutuel competitors have been strictly limited.

In 1987 the Legislature, in response to various requests, authorized numerous additional performances for many of Florida's greyhound and jai alai permitholders, as well as for Florida's only harness permitholder. The greyhound track in Pensacola was authorized 50 additional days of operation.

In 1987 the Legislature also established a procedure for existing permitholders to follow when they wanted more performances. Under s. 550.012 a permitholder desiring up to 105 additional days of operation can submit its request to the Pari-Mutuel Commission by October 15 of any year. The Commission, with the aid of the Division, is to evaluate numerous factors including,

but not limited to, the effect the additional performances would have on nearby permitholders, the effect on state revenues, and the effect on the Division's budget and manpower. The Commission is to make a recommendation to the Legislature by February 1st.

In its first year of existence various permitholders made requests for additional performances under this provision. The Commission recommended that all requests be granted, and during the 1988 session the Legislature granted every request. Among those receiving additional performances was Pensacola, which received 105 additional evening performances and 54 additional matinees.

As a result of the above, the greyhound track in Pensacola has been authorized to conduct as many as 260 evening performances, plus as many as 133 matinee performances, each year.

This past year Pensacola requested 52 additional evening performances and 25 additional matinees under the provisions of s. 550.012. The Commission reported favorably upon this request, which would bring Pensacola's total annual allocation to 312 evening performances and 158 matinees. The nearest Florida competition for this permitholder is located in Washington County, 100 miles away. The only pari-mutuel facility with which Pensacola could be deemed to compete is the greyhound track located approximately 70 miles away in Mobile, Alabama. That track and the Pensacola track have common ownership.

The tax on handle (the money wagered) is the state's primary source of direct tax revenues from pari-mutuel wagering. For most greyhound and jai alai permitholders only that handle in excess of \$25,000 per performance is subject to the tax. However, provisions have been made for the smaller facilities. Facilities which have had a total handle of less than \$30 million during the previous season only pay tax on that handle which exceeds \$40,000 during any performance. Facilities which have had a total handle of \$15 million or less during the previous season only pay tax on that handle which exceeds \$50,000 during any performance.

By operating additional performances some facilities may increase their total handle for the season to the point where they are in a higher tax category the next season. However, no facility is compelled to operate additional performances. All Florida greyhound and jai alai facilities are under this provision except the dog track and jai alai facility in Volusia County, which historically have each had two separate seasons every year.

B. EFFECT OF PROPOSED CHANGES:

This bill authorizes the greyhound track located in Pensacola to conduct 52 additional evening performances, and 25 additional matinees, every year. Thus, Pensacola will be authorized a total of 312 evening performances and 158 matinee performances each year.

The bill also changes the basis for determining tax on handle for the Pensacola greyhound track. Instead of using the handle from all of the performances in a season to determine the tax bracket, only the handle from the first 105 evening performances and all matinees conducted through the 105th evening performance would be used.

However, to qualify for this lower tax bracket in any year, during the preceding calendar year the track must have used all of the performances which it was authorized, unless the Florida Pari-mutuel Commission determines that the track was prevented from doing so by natural disaster or circumstances beyond its control.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring or First Year Start-Up Effects:

The Department has estimated that if Pensacola were to conduct the full number of performances allowed in this bill, and obtain the benefit of the tax reduction also provided for, the result would be a loss of \$35,466 in pari-mutuel tax revenues (General Revenue) during the 1989-90 fiscal year from what the state would receive if neither the additional performances nor the tax reduction were approved.

If the track fails to use all of the additional performances authorized in this bill, it will have to pay taxes based on the higher rate. Therefore, any additional performance used would have a positive impact on General Revenue receipts. It is, however, likely that the track, when expanding its days of operation, will use all such days, to enjoy the lower tax bracket.

2. Recurring or Annualized Continuation Effects:

Similar to above.

3. Long Run Effects Other Than Normal Growth:

None.

4. Appropriations Consequences:

The Division of Pari-Mutuel Wagering is financed through a trust fund by a per race fee. It estimates that the additional costs of regulation will be supplied by the fees generated by the additional races.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring or First Year Start-Up Effects:

None.

2. Recurring or Annualized Continuation Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

The greyhound track in Pensacola would be receiving tax relief averaging \$1140.00 per performance. This would result in total relief of \$535,800 per year if all performances provided for in this bill are used.

Pensacola would also benefit from the revenues and profits generated by the additional performances. However, these have not yet been forecast.

3. Effects on Competition, Private Enterprise, and Employment Markets:

See above.

D. FISCAL COMMENTS:

III. LONG RANGE CONSEQUENCES:

This bill may be in accord with the goal of the State Comprehensive Plan of promoting "an economic climate which provides economic stability, maximizes job opportunities, and increases per capita income for its residents." Section 187.201(22)(a), F.S.

IV. COMMENTS:

This bill may arguably be relevant to the Mission for this Committee of supporting "the enhancement of the entertainment value of the pari-mutuel industry as a national and international attraction." However, it does not appear to be relevant to any portion of the Policy Statement issued by the 1989-90 Legislative Issues Conference.

It is likely that if this tax reduction is granted other tracks and frontons will demand similar treatment in subsequent legislative sessions or through court action.

Legislative History 1989 Session

A. Enacted Bill

Senate Bill 1203 was filed on April 10, 1989 by Senator W.D. Childers. On April 14 it was referred to the Committee on Regulated Industries and the Finance, Taxation, and Claims Committee.

On April 25 the Committee on Regulated Industries voted favorably on the bill. On May 23 the Finance, Taxation, and Claims passed the bill and it was placed on the Calendar.

On May 30 it was placed on the Special Order Calendar and, by a 32-1 vote, passed with an amendment which made the lower tax bracket applicable only when during the preceding year the track had used all of its authorized performances.

On May 31 it was placed on the House Calendar and passed by a vote of 99-7. On June 12 it was presented to the Governor.

B. Disposition of Companion

House Bill 693 was prefiled by Representatives Ritchie and Tobiassen on March 10, 1989. On March 14 it was referred to the Committee on Regulated Industries, the Finance and Taxation Committee, and the Appropriations Committee.

On March 16 it was subreferred to the Subcommittee on Parimutuels. On April 10 the Subcommittee recommended it as a Proposed Committee Substitute. The only significant change from the originally filed version was that the PCS made the change in method of calculation of tax on handle applicable to all permitholders, while under the PCS the change was only applicable to the Pensacola track.

On April 17 the Committee on Regulated Industries approved the PCS as a Committee Substitute.

On May 25 the Finance and Taxation Committee approved the Committee Substitute as a CS/CS. The only significant change from the version approved by Regulated Industries was to make the lower tax bracket applicable only when, during the previous year, the Pensacola track had used all of its authorized performances.

On May 30 the CS/CS was withdrawn from the Appropriations Committee, placed on the Calendar, and placed on the Special Order Calendar. On May 31 the Senate version was substituted for it and passed by the House.

V. SIGNATURES:

SUBSTANTIVE COMMITTEE:

Prepared by:

Robert B. Beitler
Robert B. Beitler

Staff Director:

Wyatt T. Martin
Wyatt T. Martin

SECOND COMMITTEE OF REFERENCE:

Prepared by:

APPROPRIATIONS:

Prepared by:

Staff Director:

Staff Director:
