

REVENUE ESTIMATING CONFERENCE

TAX: Lottery

ISSUE: Video Lottery

BILL NUMBER(S): CS/HB1551

SPONSOR(S): Environment & Natural Resources Council, Representative Rivera

MONTH/YEAR COLLECTION IMPACT BEGINS: January 1, 2008

DATE OF ANALYSIS: May 1, 2007

SECTION 1: NARRATIVE

a. Current Law: Currently no video lottery terminals (VLT's) are allowed at licensed pari-mutuel facilities in Florida.

b. Proposed Change: The bill would allow VLT's offering bingo games in certain licensed pari-mutuel facilities in Florida. To be eligible to be a video lottery retailer, a permit-holder would have to conduct a full schedule of live races or games, and be located in a county with population exceeding 800,000 (as of January 1, 2007) or be within 40 miles of an operating (as of January 1, 2007) tribal casino. The facilities would decide hours of operation, up to 16 hours per day, which could be increased if the Board of County Commissioners agrees, and the number of terminals, with a limit of 1,000 per facility. The facilities could decide on payouts, with a minimum of 85%. There would be a license fee of \$3.0 million per facility, renewable annually. The receipts would be taxed at the rate of 50% of net terminal income to EETF, with another .5% paid to the Lottery for administration. The county in which each facility is located would receive .95% of net terminal income, and if a facility is within the borders of a municipality, and additional .95% would be paid to that municipality.

SECTION 2: DESCRIPTION OF DATA AND SOURCES

February 2007 Forecast of Slot Machine Revenues

La Fleur's Fiscal 2006 VLT Special Report

Iowa video lottery website

US Bureau of the Census website

SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS) See Attached

SECTION 4: PROPOSED FISCAL IMPACT—These estimates are for net state revenues; see the attached table for breakouts among taxes.

State Impact—All Funds	FY 2007-08 Annualized	FY 2007-08 Cash	FY 2008-09 Cash
High	\$358.2	Indeterminate	\$194.1
Middle	\$309.0	Indeterminate	\$169.5
Low	\$195.4	Indeterminate	\$108.2

State Impact—All Funds	FY 2009-10 Cash	FY 2010-11 Cash
High	\$276.2	\$358.2
Middle	\$239.2	\$309.0
Low	\$151.8	\$195.4

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SECTION 5: CONSENSUS ESTIMATE (ADOPTED 5 / 1 / 07) The conference adopted an indeterminate estimate for the first year. For the bill as written, the conference adopted the low estimate. If the bill were amended to include all Class II games instead of Bingo only, the middle estimate would apply.

BILL AS WRITTEN

	FY 2007-08 Annualized	FY 2007-08 Cash	FY 2008-09 Cash
General Revenue Sales	(13.7)		(6.9)
Sales State Trust	(Insignificant)		(Insignificant)
EETF VLT's	199.3		99.7
EETF Traditional Lottery	(11.3)		(5.7)
Lottery Administration & Fees	23.0		22.0
Total State Impact	197.3		109.1
Revenue Sharing	(.5)		(.2)
Local Gov't Half Cent	(1.3)		(.7)
Local Option	(1.3)		(.7)
County Fees	3.8		1.9
Municipality Fees	3.8		1.9
Total Local Impact	4.5		2.2
Total Impact	201.8	Indeterminate	111.3

	FY 2009-10 Cash	FY 2010-11 Cash
General Revenue Sales	(10.3)	(13.7)
Sales State Trust	(Insignificant)	(Insignificant)
EETF VLT's	149.5	199.3
EETF Traditional Lottery	(8.5)	(11.3)
Lottery Administration & Fees	22.5	23.0
Total State Impact	153.2	197.3
Revenue Sharing	(.3)	(.5)
Local Gov't Half Cent	(1.0)	(1.3)
Local Option	(1.0)	(1.3)
County Fees	2.9	3.8
Municipality Fees	2.9	3.8
Total Local Impact	3.3	4.5
Total Impact	156.5	201.8

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BILL IF AMENDED TO INCLUDE ALL CLASS II GAMES

	FY 2007-08 Annualized	FY 2007-08 Cash	FY 2008-09 Cash
General Revenue Sales	(22.0)		(11.0)
Sales State Trust	(.1)		(Insignificant)
EETF VLT's	318.8		159.4
EETF Traditional Lottery	(18.1)		(9.1)
Lottery Administration & Fees	33.2		31.6
Total State Impact	311.8		170.9
Revenue Sharing	(.7)		(.4)
Local Gov't Half Cent	(2.1)		(1.1)
Local Option	(2.1)		(1.0)
County Fees	6.1		3.1
Municipality Fees	4.8		2.4
Total Local Impact	6.0		3.0
Total Impact	317.8	Indeterminate	173.9

	FY 2009-10 Cash	FY 2010-11 Cash
General Revenue Sales	(16.4)	(22.0)
Sales State Trust	(Insignificant)	(.1)
EETF VLT's	239.1	318.8
EETF Traditional Lottery	(13.6)	(18.1)
Lottery Administration & Fees	32.4	33.2
Total State Impact	241.5	311.8
Revenue Sharing	(.5)	(.7)
Local Gov't Half Cent	(1.6)	(2.1)
Local Option	(1.6)	(2.1)
County Fees	4.6	6.1
Municipality Fees	3.6	4.8
Total Local Impact	4.5	6.0
Total Impact	246.0	317.8

CS/HB1551

Bingo Terminals in Pari-mutuel Facilities

Maximum of 1,000 Machines Per Facility, 50% to EETF, .5% to Lottery for Administration, \$3.0 million annual license fees, .95% to county, .95% to municipality

Fully implemented, full year			
	<u>High</u>	<u>Middle</u>	<u>Low</u>
VLT machines per location (1)	1,000	1,000	1,000
Net machine income/machine (2)	\$75,000	\$63,750	\$56,950
Net terminal income/facility	\$75,000,000	\$63,750,000	\$56,950,000
Tax per facility: 50%	\$37,500,000	\$31,875,000	\$28,475,000
Number of facilities (3)	10	10	7
Total tax	\$375,000,000	\$318,750,000	\$199,325,000
Lottery administration (.5%)	\$3,750,000	\$3,187,500	\$1,993,250
Annual license fees to Department of the Lottery	\$30,000,000	\$30,000,000	\$21,000,000
Lottery loss	\$21,300,000	\$18,105,000	\$11,321,660
Sales tax loss	\$29,250,000	\$24,862,500	\$15,547,350
Net State Revenue from VLT	\$358,200,000	\$308,970,000	\$195,449,240
To counties (.95%)	\$7,125,000	\$6,056,250	\$3,787,175
To municipalities (.95%)	\$5,700,000	\$4,845,000	\$3,787,175
Assumed source of spending			
% from tourists/non-taxable spending	25.0%	25.0%	25.0%
% from spending subject to Sales Tax	65.0%	65.0%	65.0%
% from current Lottery	10.0%	10.0%	10.0%
% from Pari-mutuels	0.0%	0.0%	0.0%
% blended EETF contribution rate estimated 07-08	28%	28%	28%
% sales tax rate	6%	6%	6%

(1) All three scenarios maximum number of machines

(2) High is current third year estimate for CS/CS/CS/SB2434
 Medium is 75% of high
 Low is 67% of high

(3) High is maximum number of facilities currently qualifying

Current estimate for third year net terminal income per machine for:	
Slot Machines:	\$85,000
VLT's per CS/CS/CS/SB2434:	\$75,000

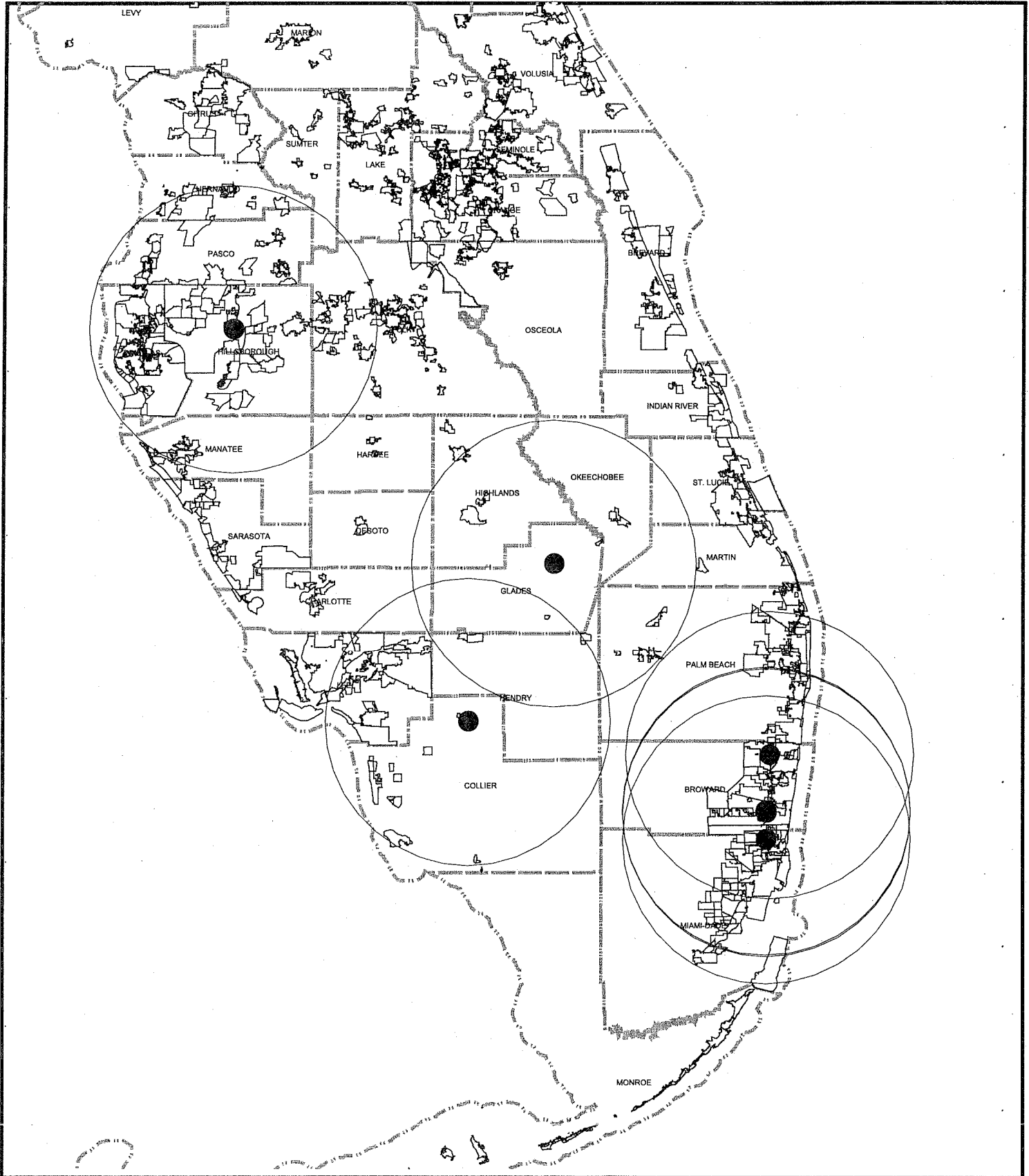
Cash Estimates				
		<u>High</u>	<u>Middle</u>	<u>Low</u>
2007-08				
	0%			
Total tax		\$0	\$0	\$0
Lottery administration		\$0	\$0	\$0
License Fees		\$0	\$0	\$0
Lottery loss		\$0	\$0	\$0
Sales tax loss		\$0	\$0	\$0
Net Revenue from VLT		\$0	\$0	\$0
2008-09				
	50%			
Total tax		\$187,500,000	\$159,375,000	\$99,662,500
Lottery administration		\$1,875,000	\$1,593,750	\$996,625
License Fees		\$30,000,000	\$30,000,000	\$21,000,000
Lottery loss		\$10,650,000	\$9,052,500	\$5,660,830
Sales tax loss		\$14,625,000	\$12,431,250	\$7,773,675
Net Revenue from VLT		\$194,100,000	\$169,485,000	\$108,224,620
2009-10				
	75%			
Total tax		\$281,250,000	\$239,062,500	\$149,493,750
Lottery administration		\$2,812,500	\$2,390,625	\$1,494,938
License Fees		\$30,000,000	\$30,000,000	\$21,000,000
Lottery loss		\$15,975,000	\$13,578,750	\$8,491,245
Sales tax loss		\$21,937,500	\$18,646,875	\$11,660,513
Net Revenue from VLT		\$276,150,000	\$239,227,500	\$151,836,930
2010-11				
	100%			
Total tax		\$375,000,000	\$318,750,000	\$199,325,000
Lottery administration		\$3,750,000	\$3,187,500	\$1,993,250
License Fees		\$30,000,000	\$30,000,000	\$21,000,000
Lottery loss		\$21,300,000	\$18,105,000	\$11,321,660
Sales tax loss		\$29,250,000	\$24,862,500	\$15,547,350
Net Revenue from VLT		\$358,200,000	\$308,970,000	\$195,449,240
2011-12				
	100%			
Total tax		\$375,000,000	\$318,750,000	\$199,325,000
Lottery administration		\$3,750,000	\$3,187,500	\$1,993,250
License Fees		\$30,000,000	\$30,000,000	\$21,000,000
Lottery loss		\$21,300,000	\$18,105,000	\$11,321,660
Sales tax loss		\$29,250,000	\$24,862,500	\$15,547,350
Net Revenue from VLT		\$358,200,000	\$308,970,000	\$195,449,240

CS/HB1551--PARIMUTUEL FACILITIES AND VLT BINGO CRITERIA

Facility	Address	City	Zip	Meet with Current Criteria	Meets Due to		Location	
					40 Mile Radius	County Population 800,000 or more	Inside Municipal Boundary	In Unincorporated Part of County
Facilities meeting criteria under current language								
Calder/Tropical	21001 N.W. 27th Avenue	Miami Gardens	33056	Yes	Yes	Yes	Yes	
Derby Lane - St. Petersburg Kennel Club	10490 Gandy Blvd.	St. Petersburg	33702	Yes	Yes	Yes		Yes
Flagler Greyhound Track & Bet-Miami Greyhounds	401 NW 38th Ct	Miami	33126	Yes	Yes	Yes	Yes	
Hialeah Park Race Track	2200 E 4th Ave	Hialeah	33013	Yes			Yes	
Jacksonville Kennel Club	1440 Mcduff Ave N	Jacksonville	32254	Yes	No	Yes	Yes	
Miami/Summer Jai Alai	3500 NW 37th Avenue	Miami	33142	Yes	Yes	Yes	Yes	
Naples Fort Myers Greyhound Track	10601 Bonita Beach Road	Bonita Springs	34135	Yes	Yes	No		Yes
Palm Beach Kennel Club	1111 North Congress Avenue	West Palm Beach	33409	Yes	Yes	Yes	Yes	
Tampa Bay Downs	11225 Racetrack Rd	Tampa	33626	Yes	Yes	Yes	Yes	
Tampa Greyhound Track, Associated Outdoor Clubs, Inc.	8300 N. Nebraska Ave	Tampa	33604-3187	Yes	Yes	Yes	Yes	
Facilities meeting criteria, but located in Broward County								
Mardi Gras Racetrack and Gaming Center and Bet-Miami Greyhounds	831 N Federal Hwy	Hallandale Beach	33022	Yes	Yes	Yes	Yes	
Gulfstream Park	901 South Federal Highway	Hallandale	33009	Yes	Yes	Yes	Yes	
Pompano Park Harness, PPI, Inc.	1800 SW 3rd Street	Pompano Beach	33069	Yes	Yes	Yes	Yes	
Dania/Summersport Jai Alai	301 E Dania Beach Blvd	Dania	33004	Yes	Yes	Yes	Yes	
Facilities not meeting criteria but in a county which is within 40 miles of existing Indian casino								
Ft. Pierce Jai Alai	1750 S Kings Highway	Ft. Pierce	34945-3099	No				Yes
Pensacola Greyhound	951 Dog Track Road	Pensacola	32506	No			Yes	
Current inactive permits (without facilities) located within a county with population greater than > 800,000								
Palm Beach Jai Alai								
Tampa Jai Alai								
Facilities not meeting criteria								
Dayton Beach Kennel Club	2201 W. International Speedway Blvd.	Daytona Beach	32114	No			Yes	
Ebro Greyhound Park - Washington County Kennel Club	6558 Dog Track Road	Ebro	32437	No			Yes	
Florida Jai Alai	6405 S. Highway 17-92 at SR 436	Fern Park	32730	No				Yes
Hamilton Jai Alai & Poker	6968 US Highway 129 South	Jasper	32730	No			Yes	
Jefferson County Kennel Club	3079 N. Jefferson Street	Monticello	32344	No				Yes
Melbourne Greyhound	1100 North Wickham Rd.	Melbourne	32935	No			Yes	
Ocala Breeder's Sales	1701 SW 60th Ave	Ocala	34474	No			Yes	
Ocala Jai Alai	4601 NW County Road 318	Orange Lake	32686	No				Yes
Sanford/Orlando Kennel Club and CCC Racing	301 Dog Track Road	Longwood	32750-6558	No			Yes	
Sarasota Kennel Club	5400 Bradenton Road	Sarasota	34234-2999	No			Yes	
St. Johns (Bayard @ Orange Park) Orange Park Kennel Club (clay co)	455 Park Ave	Jacksonville	32218	No			Yes	

Note: There are no mileage restrictions relating to the issuance of quarterhorse permits. An indeterminate number business entrepreneurs may find it economically feasible to begin quarterhorse operations with the support of VLT's by submitting an application for a pari-mutuel quarter horse permit inside any of the 40 mile zones or in a county of >800,000 and that has already authorized pari-mutuels.

40 Mile Radius of Florida Tribal Gaming Facilities



Economic & Demographic Research
111 W. Madison St., Rm 576
Tallahassee, FL 32399-1400
Phone: 850-487-1402
URL: edr.state.fl.us
April 2007



○ 40 Mile Radius
County Boundary