

REVENUE ESTIMATING CONFERENCE

Tax: Pari-Mutuel Tax
Issue: Greyhound Live Racing
Bill Number(s): HB661

- Entire Bill**
 Partial Bill:

Sponsor(s): Representative Moscowitz
Month/Year Impact Begins: July 1, 2014
Date of Analysis: 2/12/2014

Section 1: Narrative

a. Current Law:

There are currently 20 active licensed greyhound permitholders that operate their live meet at one of the greyhound tracks located throughout Florida.

Section 550.002(11), F.S., defines a full schedule of live racing for a greyhound permitholder as the combination of at least 100 live performances during the preceding fiscal year. For a performance to be conducted towards a full schedule, the performance must consist of at least eight races.

Section 550.615(2), F.S., requires that permitholder must have conducted a full schedule of live racing in the preceding year to be eligible for intertrack wagering.

Greyhound permitholders are required to pay an \$80 daily license fee for each live and simulcast race. The daily license fees for simulcast races shall not exceed \$500 per day. They are also required to pay taxes on admission, live, simulcast, intertrack, and intertrack simulcast races.

Section 550.1645, F.S., requires permitholders running live performances to make payment for escheated tickets from the prior fiscal year. These funds are deposited into the State School Fund and are used for the maintenance of public free schools.

Each operating greyhound permitholder that conducts a full schedule of live racing is eligible for various tax credit exemptions each state fiscal year, thereby reducing the amount of taxes and fees to be paid to the state from regular performances. Those credits are:

- Exemption tax credit: The three permitholders (Washington County Kennel Club, Pensacola Greyhound, and Jefferson County Kennel Club) that conducted a full schedule of live racing in 1995 and are closest to another state that authorizes greyhound pari-mutuel wagering, receive \$500,000;
- Exemption tax credit: All other greyhound permitholders receive an exemption tax credit in the amount of \$360,000;
- Daily license fee credit equal to the number of live greyhound races conducted in the previous state fiscal year times the \$80 daily license fee per race; and
- An escheated ticket credit equal to 100 percent of the actual amount remitted to the state in the prior state fiscal year.

With the exception of the escheated ticket credits, greyhound permitholders may transfer once per state fiscal year any unused tax credits to another permitholder which acts as a "host track" to said permitholder. "Host track" is defined in s. 550.002(16), F.S., as, "a track or fronton conducting a live or simulcast race or game that is the subject of an intertrack wager."

Section 849.086(f), F.S., defines a "cardroom operator" as "a licensed pari-mutuel permitholder which holds a valid permit and license issued by the division pursuant to chapter 550 and which also holds a valid cardroom license issued by the division pursuant to this section.

Section 849.086, F.S., outlines licensing requirements related to cardrooms, including, but not limited to:

- A cardroom license may only be issued to a licensed pari-mutuel permitholder.
- An initial cardroom license shall only be issued to a pari-mutuel permitholder after their facilities are in place and it has conducted its first day of live racing or games.

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- A cardroom license renewal shall be made in conjunction with the applicant's annual application for their pari-mutuel license.
 - A renewal requires that a permitholder conduct at least 90 percent of the performances conducted in the year when the initial cardroom license application was issued or the prior year if the permitholder ran a full schedule of live performances.
 - If more than one permitholder is operating at a facility, each permitholder must have applied for a license to conduct a full schedule of live racing.
- An authorized cardroom may only be operated at the same facility at which the permitholder is authorized to conduct pari-mutuel wagering activity.

b. Proposed Change:

This bill amends the definition of a "full schedule of live racing" for a greyhound permitholder, reducing the number of live performances from 100 to at least 50 live performances in the preceding fiscal year.

Removes the requirement that a greyhound permitholder must conduct at least 90 percent of the performances conducted in the year when the initial cardroom license was issued or the immediately preceding state fiscal year if the permitholder ran a full schedule of live performances

Section 2: Description of Data and Sources

December 2013 Pari-Mutuel Revenue Estimating Conference

Division of Pari-Mutuel Wagering Annual Report 2012-2013

New Articles

Section 3: Methodology (Include Assumptions and Attach Details)

- Calculated loss in taxes and fees from 12 tracks likely to reduce their live performances.
 - Assumed tracks that currently conduct the minimum 100 performances to meet a "full schedule of live racing" would reduce their performances to a lower threshold of 50 performances. One additional track was included based on reports that they would reduce live performances 50 percent if given the opportunity.
 - Assumed tracks that currently are required to conduct at least 90 percent of the performances they conducted in the year their initial cardroom was issued would reduce their performances to lower threshold of 50 performances.
 - Assumed that all current greyhound permitholders would likely want to continue to offer intertrack wagering at their facility, therefore, our estimates have permitholders running a full schedule.
 - Overall, greyhound live performances were reduced by approximately 40 percent.
 - Added 60 percent of live handle/tax recaptured through intertrack wagering at the average effective tax rate of all host tracks based on Fiscal Year 2013-2014.
- Escheated ticket payments remitted to the Department of Education, State School Fund from greyhound permitholder are generated from live performances. A loss was calculated by multiplying the percentage in the reduction of performances by permitholder times the projected escheated ticket estimate amounts.

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Section 4: Proposed Fiscal Impact

LOW

	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19
REC ADOPTED REVENUE GREYHOUND TAXES/FEES	\$2,620,414	\$2,361,515	\$2,144,425	\$1,966,634	\$1,819,124
Revised Revenue Greyhound Taxes/Fees Due to Reduction in Live Performances	\$0	\$233,652	\$66,746	\$0	\$0
Recovered taxes if 90% of lost live handle is recovered through intertrack wagering	\$259,600	\$251,192	\$244,485	\$239,402	\$235,523
REVISED REVENUE WITH RECOVERED TAXES	\$259,600	\$484,844	\$311,231	\$239,402	\$235,523
LOSS IN TAX REVENUE	(\$2,360,814)	(\$1,876,671)	(\$1,833,194)	(\$1,727,232)	(\$1,583,601)

MEDIUM

	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19
REC ADOPTED REVENUE GREYHOUND TAXES/FEES	\$2,620,414	\$2,361,515	\$2,144,425	\$1,966,634	\$1,819,124
Revised Revenue Greyhound Taxes/Fees Due to Reduction in Live Performances	\$0	\$233,652	\$66,746	\$0	\$0
Recovered taxes if 60% of lost live handle is recovered through intertrack wagering	\$173,066	\$167,461	\$162,990	\$159,601	\$157,016
REVISED REVENUE WITH RECOVERED TAXES	\$173,066	\$401,113	\$229,736	\$159,601	\$157,016
LOSS IN TAX REVENUE	(\$2,447,348)	(\$1,960,402)	(\$1,914,689)	(\$1,807,033)	(\$1,662,108)

HIGH

	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19
REC ADOPTED REVENUE GREYHOUND TAXES/FEES	\$2,620,414	\$2,361,515	\$2,144,425	\$1,966,634	\$1,819,124
Revised Revenue Greyhound Taxes/Fees Due to Reduction in Live Performances	\$0	\$233,652	\$66,746	\$0	\$0
Recovered taxes if 30% of lost live handle is recovered through intertrack wagering	\$86,533	\$83,731	\$81,495	\$79,801	\$78,508
REVISED REVENUE WITH RECOVERED TAXES	\$86,533	\$317,383	\$148,241	\$79,801	\$78,508
LOSS IN TAX REVENUE	(\$2,533,881)	(\$2,044,132)	(\$1,996,184)	(\$1,886,833)	(\$1,740,616)

	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 17/18
ESCHEATED TICKET LOSS TO DOE		(\$220,798)	(\$200,798)	(\$200,798)	(\$200,798)

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	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2014-15						
2015-16						
2016-17						
2017-18						
2018-19						

List of affected Trust Funds:

Pari-Mutuel Wagering Trust

General Revenue

State School Fund within the Department of Education

Section 5: Consensus Estimate (Adopted: 02/17/2014): The conference adopted the middle estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2014-15	(2.4)	(2.4)	0.0	0.0	0.0	0.0	(2.4)	(2.4)
2015-16	(2.0)	(2.0)	(0.2)	(0.2)	0.0	0.0	(2.2)	(2.2)
2016-17	(1.9)	(1.9)	(0.2)	(0.2)	0.0	0.0	(2.1)	(2.1)
2017-18	(1.8)	(1.8)	(0.2)	(0.2)	0.0	0.0	(2.0)	(2.0)
2018-19	(1.7)	(1.7)	(0.2)	(0.2)	0.0	0.0	(1.9)	(1.9)