

## REVENUE ESTIMATING CONFERENCE

**Tax:** Indian Gaming Revenues

**Issue:** Proposed 2021 Indian Gaming Compact

**Bill Number(s):** Not Applicable

☒ **Entire Bill**

☐ **Partial Bill:**

**Sponsor(s):** Not Applicable

**Month/Year Impact Begins:** Fiscal Year 2021-22, upon publication of a notice of approval in the Federal Register (after federal approval by the U.S. Secretary of the Interior or by operation of law under 25 U.S.C. s. 2710(d)(8)).

**Date of Analysis:** May 6, 2021

### Section 1: Narrative

- a. **Current Law:** On November 14, 2007, the Governor and the Seminole Tribe of Florida executed a gaming agreement which was subsequently invalidated by the Florida Supreme Court. On August 28, 2009, and August 31, 2009, the Governor and the Tribe executed another agreement which was sent to the President of the Senate and the Speaker of the House of Representatives, but it was neither ratified nor approved by the Legislature. On April 7, 2010, the Governor and the Tribe executed a third agreement that was ratified by the Legislature in Chapter 2010-29, L.O.F. (SB 622), and approved by the United States Secretary of the Interior.

The existing Compact (referred to as the 2010 Compact) has a term of 20 years, which began the first day of the month following the publication of the notice of approval in the Federal Register (July 6, 2010), making it effective August 1, 2010. Based on this, the expiration date is July 31, 2030. An exception was made to the general expiration for certain named banking or banked card games (including baccarat, chemin de fer, and blackjack, but excluding roulette, craps, roulette-styled games, and craps-styled games); this specific authorization was set to expire after five years.

The 2010 Compact authorized play of covered games at seven Seminole tribal gaming facilities. The games included slot machines at all seven facilities and banked card games at five of the seven facilities. As part of this authorization, the Tribe was granted partial but substantial exclusivity for both the play of banked card games and the operation of slots in counties other than Broward and Miami-Dade. In exchange, the Tribe agreed to a revenue sharing arrangement with the State. The Compact provided that once the authorization for banked card games expired, revenue share payments from all banked card games and all Broward activity would cease. It also provided that the Tribe had 90 days, referred to as a grace period, to cease the operation of banked card games. The authorization for banked card games expired on July 31, 2015, and the grace period ended October 31, 2015. Beginning in November 2015 and running through July 2017, revenue sharing associated with banked card games was not included in the state's official revenue forecasts. The Revenue Estimating Conference met in August 2017 where it took two actions that affected the treatment of past and future receipts. First, based on the Settlement Agreement and Stipulation entered into between the Seminole Tribe of Florida and the State of Florida in July 2017, the payments associated with banked card games that the state had held in reserve (\$233.8 million) since November 2015 were released. Of the total, \$226.8 million belonged exclusively to the State; the remainder was distributed to local governments pursuant to s. 285.710, Florida Statutes. Second, all future revenue share payments, including those formerly placed in reserve, were treated as nonrecurring revenues because continuation of these payments depended on actions by the State and the Seminole Tribe that could not be anticipated with sufficient certainty. In this regard, the Settlement Agreement and Stipulation required that "...the state takes aggressive enforcement action against the continued operation of banked card games, including Designated Player Games that are operated in a banked game manner..." during a specified Forbearance Period. The original Forbearance Period ended March 31, 2018; however, an amendment to the Settlement Agreement was signed on April 18, 2018, effectively extending the Forbearance Period to May 31, 2019. After making its April 2019 payment, The Tribe ceased all revenue sharing with the State. The Revenue Estimating Conference met in July 2019 where it zeroed out the revenue forecast and projected a remaining \$7.2 million dollar local distribution in March of 2020, which was related to a prior State liability.

Florida voters approved a constitutional amendment at the 2018 General Election (Amendment 3) which created Article X, s. 30 of the Florida Constitution. This amendment made citizen's initiatives the exclusive method of

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authorizing casino gambling (as defined in the amendment), with an exception made for gaming compacts for the conduct of casino gambling on tribal lands.

- b. Proposed Change:** The Governor and the Seminole Tribe of Florida signed a new Compact on April 23, 2021. If approved, the proposed Gaming Compact will supersede the 2010 Compact. In addition to the previously authorized games, it adds craps & roulette, sports betting, and fantasy sports contests. It also establishes a new bracket structure based on the different components of Net Win: Slot Machines, Raffles and Drawings + New Games; Table Games (including craps & roulette); Sports Betting – Tribe (direct); and Sports Betting – Qualified Pari-mutuel Permitholders.

The following provisions will cause new or altered fiscal impacts relative to the 2010 Compact.

Provisions with Potential Revenue Sharing Impact	Disposition for the Revenue Sharing Purposes of the Analysis
Craps & Roulette (part of Table Games)	Impact discretely identified in analysis.
Sports Betting directly hosted by the Seminole Tribe of Florida	Impact discretely identified in analysis; split between physical locations and online.
Sports Betting through Qualified Pari-mutuel Permitholder(s)	Impact discretely identified in analysis.
Fantasy Sports Contests	Impact subsumed under Sports Betting that is directly hosted by the Seminole Tribe of Florida.
4 Discrete Revenue Sharing Bracket Sets instead of 1: <ul style="list-style-type: none"> <li>Slot Machines, Raffles and Drawings + New Games</li> <li>Table Games (including craps &amp; roulette)</li> <li>Sports Betting – Tribe (direct)</li> <li>Sports Betting – Qualified Pari-mutuel Permitholders</li> </ul>	Impact incorporated in the analysis.
Guaranteed Minimum Payments (\$400 million per year; \$1.5 billion after 3 years and \$2.5 billion after 5 years)	Impact incorporated in the analysis.
7 Existing Facilities that can be relocated, expanded or replaced	Not included. Analysis assumes that Big Cypress will remain closed and that the other 6 facilities will remain configured as they currently are. The Tribe has indicated that changes to the Brighton facility are under active consideration, but that no firm plans are currently in place.
Addition of 3 new Facilities on the parcel which is part of the Tribe's Hollywood Reservation and which is east of the present location of the Florida Turnpike	Not included; no firm plans are currently in place.
Online Casino Gambling (or Other Casino-Style Gaming) of all types of covered games	Not included; dependent on the results of future good faith negotiations within 36 months after the effective date of the Compact.
Reductions of Tribal Payments Because of Loss of Exclusivity or Other Changes in Florida Law; Exceptions (Part XII)	Not included. Analysis assumes that all requirements will be appropriately met, and that the authorizations for exceptions would be implemented separately, if at all (Historic Racing Machines, Electronic Bingo Card Minders, reduction in Slot Machine Tax Rate, etc.).
Effective Date	Analysis assumes federal approval in July 2021; the beginning of the first revenue sharing cycle on August 1, 2021; and the first revenue sharing payment received September 15, 2021. The effective date occurs upon approval of the Compact by action of the U.S. Secretary of the Interior or by operation of law under 25 U.S.C. s. 2710(d)(8), with publication in the Federal Register.
Termination Date	No impact on the analysis. The Compact terminates on July 31, 2051.

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### Section 2: Description of Data and Sources

- [Voter Control of Gambling in Florida - Financial Information Statement](#)
- [Revenue Estimating Conference Indian Gaming Revenues \(state.fl.us\)](#)
- [Nevada Gaming Control Board : Statistics & Publications \(nv.gov\)](#)
- [AnnualReport-2019-2020--89th--20210224.pdf \(myfloridalicense.com\)](#)

### Section 3: Methodology (Include Assumptions and Attach Details)

- *Craps & Roulette (part of Table Games)...*The projections related to the new authorization for craps and roulette were developed from detailed data available from the Nevada Gaming Control Board. This data allowed the calculation of the associated net win for each game, per location and per unit, over multiple years. Because the outbreak of Covid adversely affected the results for FY 2019-20, that data was excluded from the calculations. The final estimates assume that five of the seven tribal locations will have these games in the impact window. Growth through the forecast period ranges from 1.92% in first year of operation (moving from the backcast window) to 1.81% in the final years. The range of percentages is higher than the average 1.1% experienced in Nevada over the period FY 2011-12 to FY 2018-19 and higher than Florida's average population growth of residents aged 18+ (1.6% for calendar years 2020 to 2026). Underlying the analysis is a recognition that Florida will not be a gambling destination for tourists in the same way that Nevada is.
- *Sports Betting directly hosted by the Seminole Tribe of Florida...*EDR's Sports Betting Model is driven by a number of international and national studies, as well as the actual experience in other states (especially New Jersey) by year since inception. Some of these studies focused on the size of the illegal market that currently exists, which shapes the size of the expected legal market. The model's overall structure is primarily based on an analysis of the industry released in May 2017: *Economic Impact of Legalized Sports Betting*; Oxford Economics. A number of adjustments were made to account for the Florida-specific setting and more recent data, but the form and substance is otherwise similar. Using discrete inputs such as the forecast of the state's population aged 18+, location concentration factors and the relative activity level at tribal facilities, an estimate of net win was developed with separate components for physical presence and online participation. Based on all of the studies and data, 85% of the net win for revenue sharing is anticipated to come from players switching from illegal gaming to legal gaming, with the other 15% coming from increased betting by the converted players and new players. An important feature in other states is the presence of multiple sports books which tend to create arbitrage opportunities for players. While the Seminole Tribe is not required to have multiple sport books, it is not prohibited from doing so. The Tribe's current plans in this regard are unknown. Similarly, the amount of free play and promotional credits were slightly reduced from other states since the Tribe is anticipated to have exclusivity for sports betting (i.e., no legal competition that is outside their control).
- *Sports Betting through Qualified Pari-mutuel Permitholder(s)...*Further adjustments were made to the model to account for sports betting conducted through the Qualified Pari-mutuel Permitholder(s). Recent gaming activity for each facility (cardroom gross receipts, parimutuel handle and slots activity when applicable) was analyzed at a granular level and used to create an index. The index was then applied to detailed sports betting activity data from New Jersey to develop estimates by facility. Finally, a scalar was applied to the total for all facilities to account for (1) the lack of arbitrage opportunities since the sports book will match the Tribe's book; (2) the absence of a compelling need to enter through the pari-mutuel's branded application when the Tribe's application will be available statewide; and (3) uncertainty regarding how many pari-mutuel facilities will choose to participate. The Compact requires good faith negotiations to enter into at least three contracts within the first three months of the Compact's effective date, but then requires that similar terms be available to all other pari-mutuel facilities operating slots or cardrooms. If the negotiations fail to produce the required number of contracts, the payments due to the State from Tribe's direct sports-betting activity increase by two percent once the Tribe's operations commence. The analysis effectively assumes that at least four slots facilities and one large cardroom facility participate. During FY 2019-20, there were 26 permitholders that obtained a cardroom license (inclusive of those cardrooms located at slots facilities).
- *4 Discrete Revenue Sharing Bracket Sets instead of 1...*See accompanying table for a display of the brackets. The new structure requires the current net win forecast to be disaggregated into banked card games and slot machines. The analysis uses historical activity to develop the relative shares. The new estimates for craps and roulette are then added to the

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estimates for existing banked card games to create the base for the Table Games bracket set. All other components stand alone.

- *Revenue Sharing Cycle...* Assumed to begin August 1<sup>st</sup> of each year and end July 31<sup>st</sup> of each year, crossing state fiscal years. The Guaranteed Minimum Payments (described below) are measured against the revenue sharing cycles as opposed to the state fiscal year conversions.
- *Guaranteed Minimum Payments...* The guarantees apply to the first five revenue sharing cycles.
  - ✓ At least \$400 million for any revenue sharing cycle during the first five years of the Compact, however, no details are given regarding the payment due date;
  - ✓ At least \$1.5 billion by the end of the third revenue sharing cycle with the payment due within 30 calendar days after the end of the third cycle, and
  - ✓ At least \$2.5 billion by the end of the fifth revenue sharing cycle with the payment due within 30 calendar days after the end of the fifth cycle.
- *Impact on Other Revenue Sources...* New money spent on gaming activities is typically viewed as a cannibalization of other types of expenditures; however, sports betting is unique in that 85% of the now legal bets will come from players who previously bet illegally, so long as the effective revenue sharing rate or tax rate is perceived to be reasonable. To the extent this is proven correct, any impact on sales tax is already occurring for this subgroup—only the mechanism has changed. Further, net win represents only the losses experienced by players—the winnings would continue to be spent in the economy. This reduces the potential sales tax impact to the net win associated with the 15% coming from converted players who increase their gaming activity in the legal market and new players. Similar assumptions are made for craps and roulette, although the evidence is less clear.

### Section 4: Proposed Fiscal Impact

The estimate for Indian Gaming Revenues is now shown as 100% of revenue sharing and contains no deduct for the local distribution. Those amounts will be shown separately on the General Revenue Financial Outlook Statement.

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22			355.6	355.6		
2022-23			450.7	450.7		
2023-24			472.0	472.0		
2024-25			638.1	638.1		
2025-26			518.2	518.2		

### List of affected Trust Funds:

General Revenue Fund

**Section 5: Consensus Estimate (Adopted: 5/6/2021)** The Conference adopted the estimates as shown above, but cautions that there is a significant degree of risk associated with the forecast, especially for the first-year cash number, due to a level of uncertainty regarding several issues. These include federal approval of the Compact and its timing, successful preparations to undertake the new forms of gaming, commencement of operations, and the level of participation by Qualified Pari-mutuel Permitholders. Each of these elements presents unique challenges and risks that could lead to different outcomes than anticipated in the estimates. While there may be spillover effects to other revenue sources, such as sales tax and lottery ticket sales, the Conference believes these impacts would be an indirect effect of the new gaming options allowed under the Compact.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	355.6	355.6	0.0	0.0	0.0	0.0	355.6	355.6
2022-23	450.7	450.7	0.0	0.0	0.0	0.0	450.7	450.7
2023-24	472.0	472.0	0.0	0.0	0.0	0.0	472.0	472.0
2024-25	638.1	638.1	0.0	0.0	0.0	0.0	638.1	638.1
2025-26	518.2	518.2	0.0	0.0	0.0	0.0	518.2	518.2

# Revenue Sharing Worksheet (numbers are based on liability year, not fiscal year)

Revenue Sharing Percentages	
0.120	12% of net win up to \$2 billion (including \$2B)
0.150	15% of net win between \$2 billion and \$3 billion (above \$2B and including \$3B)
0.175	17.5% of net win between \$3 billion and \$3.5 billion (above \$3B and including \$3.5 B)
0.200	20% of net win between \$3.5 billion and \$4 billion (above \$3.5 and including \$4B)
0.225	22.5% of net win between \$4 billion and \$4.5 billion (above \$4B and including \$4.5B)
0.250	25% of net win over \$4.5 billion

Fiscal Year	Implied Betting	Adopted February 2021 Net Win	% change*	Rev Share Liability	Factor 0.2126 NW minus BCG
2018-19	20,592.0	2,574.0	1.42%	326.1	2,026.7
2019-20	17,495.8	2,187.0	-15.04%	268.0	1,722.0
2020-21	19,021.6	2,377.7	8.72%	296.7	1,872.2
2021-22	20,047.2	2,505.9	5.39%	315.9	1,973.1
2022-23	21,041.6	2,630.2	4.96%	334.5	2,071.0
2023-24	21,533.6	2,691.7	2.34%	343.8	2,119.4
2024-25	22,239.2	2,779.9	3.28%	357.0	2,188.8
2025-26	22,832.8	2,854.1	2.67%	368.1	2,247.3
2026-27	23,420.8	2,927.6	2.58%	379.1	2,305.1

\*% Change shows year-over-year growth.

# Slot Machines at Revised Brackets; Banked Card Games & Craps and Roulette; Sports Betting at Separate 10% Bracket

Current Brackets	
240.0	0.120
150.0	0.150
87.5	0.175
100.0	0.200
112.5	0.225

Revised Brackets for Slots		
Up to & = \$2.08	240.0	0.120
\$2.08 to \$2.58	87.5	0.175
\$2.58 to \$3.08	100.0	0.200
\$3.08 to \$3.58	112.5	0.225
\$3.58+	0.250	

Brackets for BCG, Craps & Roulette		
Up to & = \$1.08	150.0	0.150
\$1.08 to \$1.58	87.5	0.175
\$1.58 to \$2.08	112.5	0.225
\$2.08+	0.250	

Component Pieces:	Scalar 0.3588	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Qualified Pari-mutuel Permitterholder Brand		15,078,426	16,909,364	18,789,701	20,708,325	22,655,869	24,631,655	26,657,071
Physical Presence Gaming Revenue (Net Win) as adj for promo		137,338,511	154,015,210	171,141,843	188,617,211	206,355,979	224,351,995	242,800,047
Online Gaming Revenue (Net Win) as adj for promo		484,021,728	529,476,529	576,092,025	623,536,032	671,548,152	720,132,610	769,925,663
Sports Betting Total--Tribal Direct		621,360,239	683,491,739	747,233,868	812,153,243	877,904,131	944,484,605	1,012,725,710
Craps & Roulette at five facilities (Tribal's Old Net Win Growth Rate)		34,503,904	35,214,685	35,890,807	36,565,554	37,227,390	37,901,206	38,587,218
Combined Total		670,942,569	735,615,788	801,914,375	869,427,122	937,787,390	1,007,017,466	1,077,969,998

## Revenue Sharing for Slot Machines at revised brackets...

Fiscal Year	Implied Net Win	Implied Increase	Net Win Change*	Revenue Share	Rev Share Difference	Rev Share Change*
2019-20	1,722.0	-	0.0%	206.6	-	n/a
2020-21	1,872.2	-	0.0%	224.7	-	n/a
2021-22	1,973.1	-	0.0%	236.8	-	n/a
2022-23	2,071.0	-	0.0%	252.4	-	n/a
2023-24	2,119.4	-	0.0%	260.9	-	n/a
2024-25	2,188.8	-	0.0%	273.0	-	n/a
2025-26	2,247.3	-	0.0%	283.3	-	n/a

\*Shaded rows are backcast.

Bracket Set	Effective Revenue Share over Period
Forecasted:	12.7%
"Slots"	12.0%
"Slots"	12.0%
"Slots"	12.0%
"Slots"	12.2%
"Slots"	12.2%
"Slots"	12.3%
"Slots"	12.5%
"Slots"	12.6%

## Revenue Sharing for Table Games (Banked Card Games & Craps and Roulette) at revised brackets...

Fiscal Year	Implied Net Win	Implied Increase	Net Win Change*	Revenue Share	Rev Share Difference	Rev Share Change*
2019-20	499.5	34.5	1.6%	74.9	-	n/a
2020-21	540.8	35.2	1.5%	81.1	-	n/a
2021-22	568.7	35.9	1.4%	85.3	-	n/a
2022-23	595.8	36.6	1.4%	89.4	-	n/a
2023-24	609.5	37.2	1.4%	91.4	-	n/a
2024-25	629.0	37.9	1.4%	94.3	-	n/a
2025-26	645.4	38.6	1.4%	96.8	-	n/a

\*Shaded rows are backcast.

Bracket Set	Effective Revenue Share over Period
Forecasted:	12.7%
"BCG+"	15.0%
"BCG+"	15.0%
"BCG+"	15.0%
"BCG+"	15.0%
"BCG+"	15.0%
"BCG+"	15.0%
"BCG+"	15.0%

## Revenue Sharing for Sports Betting directly hosted by the Tribe...

Fiscal Year	Implied Net Win	Implied Increase	Net Win Change*	Revenue Share	Rev Share Difference	Rev Share Change*
2019-20	621.4	621.4	28.4%	85.4	-	n/a
2020-21	683.5	683.5	28.7%	94.0	-	n/a
2021-22	747.2	747.2	29.8%	102.7	-	n/a
2022-23	812.2	812.2	30.9%	111.7	-	n/a
2023-24	877.9	877.9	32.6%	120.7	-	n/a
2024-25	944.5	944.5	34.0%	129.9	-	n/a
2025-26	1,012.7	1,012.7	35.5%	139.2	-	n/a

\*Shaded rows are backcast.

Bracket Set	Effective Revenue Share over Period
Forecasted:	12.7%
13.75%	13.75%
13.75%	13.75%
13.75%	13.75%
13.75%	13.75%
13.75%	13.75%
13.75%	13.75%
13.75%	13.75%

## Revenue Sharing for Sports Betting through Qualified Pari-mutuel Permitterholder Brand...

Fiscal Year	Implied Net Win	Implied Increase	Net Win Change*	Revenue Share	Rev Share Difference	Rev Share Change*
2019-20	15.1	15.1	0.7%	1.5	-	n/a
2020-21	16.9	16.9	0.7%	1.7	-	n/a
2021-22	18.8	18.8	0.7%	1.9	-	n/a
2022-23	20.7	20.7	0.8%	2.1	-	n/a
2023-24	22.7	22.7	0.8%	2.3	-	n/a
2024-25	24.6	24.6	0.9%	2.5	-	n/a
2025-26	26.7	26.7	0.9%	2.7	-	n/a

\*Shaded rows are backcast.

Bracket Set	Effective Revenue Share over Period
Forecasted:	12.7%
10.00%	10.00%
10.00%	10.00%
10.00%	10.00%
10.00%	10.00%
10.00%	10.00%
10.00%	10.00%
10.00%	10.00%

## Total Revenue Share...2021 Compact

Fiscal Year	Implied Net Win	Implied Increase	Net Win Change**	Revenue Share	Rev Share Difference	Rev Share Change*
2019-20	2,857.9	670.9	30.7%	368.5	-	n/a
2020-21	3,113.3	735.6	30.9%	401.4	-	n/a
2021-22	3,307.8	801.9	32.0%	426.7	-	n/a
2022-23	3,499.6	869.4	33.1%	455.5	-	n/a
2023-24	3,629.5	937.8	34.8%	475.3	-	n/a
2024-25	3,786.9	1,007.0	36.2%	499.7	-	n/a
2025-26	3,932.1	1,078.0	37.8%	522.0	-	n/a

\*Shaded rows are backcast.

Guarantee Test	Guarantee Paymt
1,357.5	142.5
2,379.3	120.7

Approval: Jul-21  
Effective Date Starts: 8/1/2021 (First activity month where the 2021 Compact is in place)  
Cash Receipt: 9/15/2021 (Cash lagged to following month from activity)  
Share Per Month: 0.08333  
Tribe's Fiscal Year Ends:

						Conversion to State Fiscal Year				
		426.70	True-Up	Guarantee	Total			\$ Total	FY	Local Distrib
Revenue Sharing Cycle #1	Sep-21	35.56			35.56	Jul-21	-			
	Oct-21	35.56			35.56	Aug-21	-			
	Nov-21	35.56			35.56	Sep-21	35.56			
	Dec-21	35.56			35.56	Oct-21	35.56			
	Jan-22	35.56			35.56	Nov-21	35.56			
	Feb-22	35.56			35.56	Dec-21	35.56			
	Mar-22	35.56			35.56	Jan-22	35.56			
	Apr-22	35.56			35.56	Feb-22	35.56			
	May-22	35.56			35.56	Mar-22	35.56			
	Jun-22	35.56			35.56	Apr-22	35.56			
Jul-22	35.56			35.56	May-22	35.56				
Aug-22	35.56	0.02	0.00	35.57	Jun-22	35.56	355.57	FY 2021-22		
Revenue Sharing Cycle #2	Sep-22	37.96			37.96	Jul-22	35.56			
	Oct-22	37.96			37.96	Aug-22	35.57			
	Nov-22	37.96			37.96	Sep-22	37.96			
	Dec-22	37.96			37.96	Oct-22	37.96			
	Jan-23	37.96			37.96	Nov-22	37.96			
	Feb-23	37.96			37.96	Dec-22	37.96			
	Mar-23	37.96			37.96	Jan-23	37.96			
	Apr-23	37.96			37.96	Feb-23	37.96			
	May-23	37.96			37.96	Mar-23	37.96			12.80
	Jun-23	37.96			37.96	Apr-23	37.96			
Jul-23	37.96			37.96	May-23	37.96				
Aug-23	37.96	0.02	0.00	37.98	Jun-23	37.96	450.72	FY 2022-23		
Revenue Sharing Cycle #3	Sep-23	39.61			39.61	Jul-23	37.96			
	Oct-23	39.61			39.61	Aug-23	37.98			
	Nov-23	39.61			39.61	Sep-23	39.61			
	Dec-23	39.61			39.61	Oct-23	39.61			
	Jan-24	39.61			39.61	Nov-23	39.61			
	Feb-24	39.61			39.61	Dec-23	39.61			
	Mar-24	39.61			39.61	Jan-24	39.61			
	Apr-24	39.61			39.61	Feb-24	39.61			
	May-24	39.61			39.61	Mar-24	39.61			13.67
	Jun-24	39.61			39.61	Apr-24	39.61			
Jul-24	39.61			39.61	May-24	39.61				
Aug-24	39.61	0.02	142.47	182.09	Jun-24	39.61	472.01	FY 2023-24		
Revenue Sharing Cycle #4	Sep-24	41.64			41.64	Jul-24	39.61			
	Oct-24	41.64			41.64	Aug-24	182.09			
	Nov-24	41.64			41.64	Sep-24	41.64			
	Dec-24	41.64			41.64	Oct-24	41.64			
	Jan-25	41.64			41.64	Nov-24	41.64			
	Feb-25	41.64			41.64	Dec-24	41.64			
	Mar-25	41.64			41.64	Jan-25	41.64			
	Apr-25	41.64			41.64	Feb-25	41.64			
	May-25	41.64			41.64	Mar-25	41.64			14.26
	Jun-25	41.64			41.64	Apr-25	41.64			
Jul-25	41.64			41.64	May-25	41.64				
Aug-25	41.64	0.02	0.00	41.66	Jun-25	41.64	638.12	FY 2024-25		
Revenue Sharing Cycle #5	Sep-25	43.50			43.50	Jul-25	41.64			
	Oct-25	43.50			43.50	Aug-25	41.66			
	Nov-25	43.50			43.50	Sep-25	43.50			
	Dec-25	43.50			43.50	Oct-25	43.50			
	Jan-26	43.50			43.50	Nov-25	43.50			
	Feb-26	43.50			43.50	Dec-25	43.50			
	Mar-26	43.50			43.50	Jan-26	43.50			
	Apr-26	43.50			43.50	Feb-26	43.50			
	May-26	43.50			43.50	Mar-26	43.50			15.66
	Jun-26	43.50			43.50	Apr-26	43.50			
Jul-26	43.50			43.50	May-26	43.50				
Aug-26	43.50	0.02	120.75	164.27	Jun-26	43.50	518.29	FY 2025-26		

## Other Revenue Sources

(assumes Sales Tax lag is equivalent to Revenue Sharing Lag)

<b>Split Analysis of Increase to Net Win</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>5-year Total</b>
Revenue Sharing Cycle Increase	<b>801.91</b>	<b>869.43</b>	<b>937.79</b>	<b>1,007.02</b>	<b>1,077.97</b>	<b>4,694.12</b>
Conversion Factor to Fiscal Year	<b>0.1551</b>	<b>0.1966</b>	<b>0.2059</b>	<b>0.2162</b>	<b>0.2261</b>	<b>1.00</b>
Converted \$ Levels	<b>728.15</b>	<b>923.01</b>	<b>966.59</b>	<b>1,015.01</b>	<b>1,061.36</b>	
 A. Illegal Gaming to Legal	 0.85	 0.85	 0.85	 0.85	 0.85	
<i>Net Win from Sports Betting</i>	618.9	784.6	821.6	862.8	902.2	
 B. Increased Betting by Converted	 0.10	 0.10	 0.10	 0.10	 0.10	
<i>Gross Win from Sports Betting</i>	72.8	92.3	96.7	101.5	106.1	
 C. New Players	 0.05	 0.05	 0.05	 0.05	 0.05	
<i>Gross Win from Sports Betting</i>	36.4	46.2	48.3	50.8	53.1	
 Loss of Taxable Sales at 100%	 (109.2)	 (138.5)	 (145.0)	 (152.3)	 (159.2)	
Loss of State Sales Tax at 6%	(6.6)	(8.3)	(8.7)	(9.1)	(9.6)	

## Revenue Sharing Percentages...

### 2010 Compact for All Covered Games

0.120	12% of net win up to \$2 billion (including \$2B)
0.150	15% of net win between \$2 billion and \$3 billion (above \$2B and including \$3B)
0.175	17.5% of net win between \$3 billion and \$3.5 billion (above \$3B and including \$3.5 B)
0.200	20% of net win between \$3.5 billion and \$4 billion (above \$3.5 and including \$4B)
0.225	22.5% of net win between \$4 billion and \$4.5 billion (above \$4B and including \$4.5B)
0.250	25% of net win over \$4.5 billion

### 2021 Compact for Slot Machines, Raffles and Drawings + New Games

0.120	12% of net win up to \$2 billion (including \$2B)
0.175	17.5% of net win between \$2 billion and \$2.5 billion (above \$2B and including \$2.5B)
0.200	20% of net win between \$2.5 billion and \$3.0 billion (above \$2.5B and including \$3.0 B)
0.225	22.5% of net win between \$3.0 billion and \$3.5 billion (above \$3.0 and including \$3.5B)
0.250	25% of net win over \$3.5 billion

### 2021 Compact for Sports Betting – Tribe (direct)

0.1375	13.75% for all amounts of net win
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### 2021 Compact for Table Games (including craps & roulette)

0.150	15% of net win up to \$1 billion (including \$1B)
0.175	17.5% of net win between \$1 billion and \$1.5 billion (above \$1B and including \$1.5B)
0.225	22.5% of net win between \$1.5 billion and \$2.0 billion (above \$1.5B and including \$2.0 B)
0.250	25% of net win over \$2.0 billion

### 2021 Compact for Sports Betting – Qualified Pari-mutuel Permitholders

0.1000	10% for all amounts of net win
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*Note: If the negotiations fail to produce at least three contracts, the payments due to the State from Tribe's direct sports-betting activity increase by two percent once the Tribe's operations commence.*



## Sports Betting Worksheet

Sports Betting at All Tribal Facilities and One Statewide Online Sportsbook Operated by the Tribe

Middle: Baseline Sports Betting	Oxford Model	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Population (FL Input; Adult Pop: 18+)	16,772,900	17,143,039	17,426,166	17,688,287	17,943,819	18,188,584	18,424,937	18,655,123
Per Capita GGR	45.00	45.00	48.75	52.50	56.25	60.00	63.75	67.50
Prelim Gaming Revenue (Net Win; GGR)	754,780,500	771,436,755	849,525,593	928,635,068	1,009,339,819	1,091,315,040	1,174,589,734	1,259,220,803
Percent of Handle after Prizes (Hold Percentage)	6.60%	6.60%	6.60%	6.60%	6.60%	6.60%	6.60%	6.60%
Prelim Handle (Prior to Concentration)	11,436,068,182	11,688,435,682	12,871,599,886	14,070,228,295	15,293,027,557	16,535,076,364	17,796,814,148	19,079,103,068
Location Concentration Factor (FL Input)	0.853086	0.853086	0.852899927	0.853667355	0.854218816	0.854516792	0.854589472	0.855143665
Adjusted Handle	9,755,949,661	9,971,240,842	10,978,186,606	12,011,294,569	13,063,591,887	14,129,500,417	15,208,970,005	16,315,374,120
Adjusted Net Win	643,892,678	658,101,896	724,560,316	792,745,442	862,197,065	932,547,028	1,003,792,020	1,076,814,692
Adjustment to Allow Parimutuel Brands	-	(30,160,637)	(33,822,974)	(37,584,120)	(41,421,850)	(45,317,426)	(49,269,495)	(53,320,835)
Free Play and Promotional Credits	0.0200	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100
<b>Final Net Win for Revenue Sharing</b>	<b>631,014,824</b>	<b>621,360,239</b>	<b>683,491,739</b>	<b>747,233,868</b>	<b>812,153,243</b>	<b>877,904,131</b>	<b>944,484,605</b>	<b>1,012,725,710</b>

### Component Pieces:

Total Net Win Related to Physical Presence	221,524,118	137,338,511	154,015,210	171,141,843	188,617,211	206,355,979	224,351,995	242,800,047
Total Net Win Related to Online	409,490,706	484,021,728	529,476,529	576,092,025	623,536,032	671,548,152	720,132,610	769,925,663
Share Online of Net Win	64.9%	77.9%	77.5%	77.1%	76.8%	76.5%	76.2%	76.0%

Split:		FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
A. Illegal Gaming to Legal	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
Net Win from Sports Betting	536,362,600	528,156,204	580,967,978	635,148,787	690,330,257	746,218,512	802,811,914	860,816,853
B. Increased Betting by Converted	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Gross Win from Sports Betting	63,101,482	62,136,024	68,349,174	74,723,387	81,215,324	87,790,413	94,448,460	101,272,571
C. New Players	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Gross Win from Sports Betting	31,550,741	31,068,012	34,174,587	37,361,693	40,607,662	43,895,207	47,224,230	50,636,285
Loss of Taxable Sales at 100%	(94,652,224)	(93,204,036)	(102,523,761)	(112,085,080)	(121,822,987)	(131,685,620)	(141,672,691)	(151,908,856)
Loss of State Sales Tax at 6%	(5,679,133)	(5,592,242)	(6,151,426)	(6,725,105)	(7,309,379)	(7,901,137)	(8,500,361)	(9,114,531)

Nevada Gaming Control Board

7/1/2019 to 6/30/2020  
 7/1/2018 to 6/30/2019  
 7/1/2017 to 6/30/2018  
 7/1/2016 to 6/30/2017  
 7/1/2015 to 6/30/2016  
 7/1/2014 to 6/30/2015  
 7/1/2013 to 6/30/2014  
 7/1/2012 to 6/30/2013  
 7/1/2011 to 6/30/2012  
 Average

Craps					Roulette				
		Units Per		Win			Units Per		Win
# Of Loc*	Avg units	Location	Win Amount	Percent	# Of Loc*	Avg units	Location	Win Amount	Percent
119	287	2.4	316,613,000	16.16%	115	365	3.2	273,805,000	17.14%
120	363	3.0	398,105,000	15.12%	117	452	3.9	388,985,000	19.07%
123	367	3.0	395,855,000	15.22%	119	456	3.8	381,212,000	18.93%
125	367	2.9	379,203,000	14.88%	119	447	3.8	363,551,000	17.37%
126	368	2.9	383,399,000	14.69%	120	445	3.7	320,623,000	16.70%
129	384	3.0	378,404,000	13.71%	125	460	3.7	340,886,000	17.90%
130	381	2.9	368,613,000	13.64%	124	446	3.6	339,975,000	17.53%
129	389	3.0	370,073,000	13.72%	124	449	3.6	375,897,000	19.20%
132	394	3.0	387,257,000	12.36%	123	467	3.8	342,982,000	15.70%
Avg		3.0	1.10		Avg		3.7	0.86	
		GGR	Per Unit	Per Loc			GGR	Per Unit	Per Loc
FY 19-20	1,959.24		6.83	16.46	FY 19-20	1,597.46		4.38	13.89
FY 18-19	2,632.97		7.25	21.94	FY 18-19	2,039.77		4.51	17.43
FY 17-18	2,600.89		7.09	21.15	FY 17-18	2,013.80		4.42	16.92
FY 16-17	2,548.41		6.94	20.39	FY 16-17	2,092.98		4.68	17.59
FY 15-16	2,609.93		7.09	20.71	FY 15-16	1,919.90		4.31	16.00
FY 14-15	2,760.06		7.19	21.40	FY 14-15	1,904.39		4.14	15.24
FY 13-14	2,702.44		7.09	20.79	FY 13-14	1,939.39		4.35	15.64
FY 12-13	2,697.33		6.93	20.91	FY 12-13	1,957.80		4.36	15.79
FY 11-12	3,133.15		7.95	23.74	FY 11-12	2,184.60		4.68	17.76
Avg			7.15		Avg			4.43	

	Combo Total	Growth
2011-12	730,239,000	
2012-13	745,970,000	2.2%
2013-14	708,588,000	-5.0%
2014-15	719,290,000	1.5%
2015-16	704,022,000	-2.1%
2016-17	742,754,000	5.5%
2017-18	777,067,000	4.6%
2018-19	787,090,000	1.3%
	Average:	1.1%

Each Site Net Win*...	3.29	Craps (3 units)
	3.44	Roulette (4 Units)
One Location:	6.73	
Two Locations:	13.46	
Three Locations:	20.20	
Four Locations:	26.93	
Five Locations:	33.66	
Six Locations:	40.39	
Seven Locations:	47.13	

\*Assumes FY 2019-20 Per Unit essentially =s FY 2018-19, with 2.06% growth in FY 2020-21.

Handle Calculation...

	Net Win at 5
2019-20	34,503,904.1
2020-21	35,214,684.6
2021-22	35,890,806.5
2022-23	36,565,553.7
2023-24	37,227,390.2
2024-25	37,901,206.0
2025-26	38,587,217.8

## REVENUE ESTIMATING CONFERENCE

**Tax:** Pari-mutuel Taxes and Fees

**Issue:** Decoupling – Harness, Quarter Horse, and Jai Alai Permitholders

**Bill Number(s):** HB7055

☒ **Entire Bill**

☐ **Partial Bill:**

**Sponsor(s):** Commerce Committee and Rep. Latvala

**Month/Year Impact Begins:** July 1, 2021

**Date of Analysis:** 5/6/2021

### Section 1: Narrative

#### a. Current Law:

- In accordance with s. 550.615, F.S., any track or fronton licensed under this chapter are required to have conducted a full schedule of live races or games as defined in s.550.002 (11), F.S., in the preceding year in order to be eligible for intertrack wagering.
- Section 550.09511(4), F.S., provides that a jai alai permitholder conducting fewer than 100 live performances in any calendar year shall pay to the state the same aggregate amount of live daily license fees, admission tax, and tax on live handle as such permitholder paid to the state during the most recent prior calendar year in which the jai alai permitholder conducted at least 100 performances.
- Cardroom license renewal requires that a permitholder conduct at least 90 percent of the live performances conducted in the year the initial cardroom license application was issued or the prior state fiscal year if the permitholder ran a full schedule of live performances. A harness permitholder must have requested to conduct a minimum of 140 live performances during the state fiscal year immediately prior thereto.
- In accordance with s. 551,104, F.S., the slot machine licensee is required to conduct a minimum number of live races or games as defined in Section 550.002 (11), F.S., in order to be eligible for an initial slot license and its annual renewal.
- Section 550.1645, F.S., provides that jai alai permitholders conducting live performances that have unclaimed, uncashed, or abandoned pari-mutuel tickets that are over a year old, shall escheat to the state. Those funds are to be deposited into the State School Trust Fund within the Department of Education and are to be used for the support and maintenance of public free schools.

#### b. Proposed Change:

- Requires that a thoroughbred permitholder must conduct live racing. In addition, the bill provides that a greyhound permitholder may not conduct live racing; jai alai permitholders, harness permitholders, and quarter horse permitholders may elect to not conduct live races or games. For greyhound permitholders and those permitholders that elect not to conduct live racing or games, the permitholder:
  - Retains its permit;
  - Is a pari-mutuel facility as defined in s. 550.002(23), F.S.;
  - Is eligible but not required to be a guest track for the purpose of intertrack and simulcast wagering; if a harness permitholder, to be a host track for the purposes of intertrack wagering and simulcasting pursuant to ss. 550.3551, 550.615, 550.625, and 550.6305.
- Removes the requirement that a greyhound permitholder, jai alai permitholder, harness permitholder, and quarterhorse permitholder must have conducted a full schedule of live racing in the preceding year to be eligible to conduct intertrack wagering if certain criteria is met.
- Amends s. 550.09511, F.S., removing the requirement that a jai alai permitholder conducting fewer than 100 live performances in any calendar year shall pay to the state the same aggregate amount of live daily license, admission tax, and tax on live handle as such permitholder paid to the state during the most recent prior calendar year in which the jai alai permitholder conducted at least 100 performances.

## REVENUE ESTIMATING CONFERENCE

**Tax:** Pari-mutuel Taxes and Fees

**Issue:** Decoupling – Harness, Quarter Horse, and Jai Alai Permitholders

**Bill Number(s):** HB7055

- Amends s. 849.086, F.S., providing for greyhound permitholders, and those jai alai permitholders, harness permitholders, or quarterhorse permitholders that elect not to conduct live racing or games to remain eligible for a cardroom license.
- Removes the requirement that greyhound permitholders, and those jai alai permitholders, harness permitholders, or quarterhorse permitholders that elect not to conduct live racing or games that have been issued a slot machine license continue to be eligible for a slot machine license pursuant to s. 551.104(3), F.S.

### Section 2: Description of Data and Sources

Pari-Mutuel Revenue Estimating Conference Results from April 2021

### Section 3: Methodology (Include Assumptions and Attach Details)

April 2021 REC estimates were based on the following number of permitholders conducting live races or games for FY 21-22, and annually thereafter:

- 10 Jai Alai permitholders,
- 5 Quarterhorse permitholders,
- 1 Harness (standardbred) permitholder, and
- 3 Thoroughbred permitholders.

### JAI ALAI TAXES/FEEES AND ESCHEATED TICKETS:

- High estimate assumes all jai alai permitholders will elect to no longer conduct live games.
- Medium estimate assumes one jai alai permitholder will continue to conduct live games at current level and all others will elect to no longer conduct live games.
- Low estimate assumes two jai alai permitholders will continue to conduct live games at current levels and all others will elect to no longer conduct live games.
- All estimates eliminate the estimated additional taxes/fees due in accordance with s. 550.09511(4), F.S.

### QUARTERHORSE FOR ALL YEARS:

- All estimates assume that all quarterhorse permitholders will elect to no longer conduct live racing.

### HARNESS:

- High estimate assumes that the harness permitholder will no longer conduct live racing beginning in Fiscal Year 2021/2022, but continues to be a host for the purpose of intertrack and simulcast wagering of out-of-state harness racing. Beginning in Fiscal Year 2021/2022, forward:
  - 50% recapture of live handle to simulcast handle and applying an effective tax rate of 0.5%
  - 50% recapture of intertrack handle to intertrack wagering simulcast (ITWS) and applying an effective tax rate of either 3.3% or 0.5% based on % of handle allocation.
- Medium and low estimate assume that the harness permitholder will conduct live harness racing for Fiscal Year 2021/2022, and continue to be a host for the purpose of intertrack and simulcast wagering of out-of-state harness racing. Beginning in Fiscal Year 2022/2023, forward:
  - 50% recapture of live handle to simulcast handle and applying an effective tax rate of 0.5%
  - 50% recapture of intertrack handle to intertrack wagering simulcast (ITWS) and applying an effective tax rate of either 3.3% or 0.5% based on % of handle allocation to each effective tax rate.

### THOROUGHBRED FOR ALL YEARS:

All estimates assume no changes to current April 2021, estimates and that Thoroughbred permitholders that are currently conducting live racing will continue to run at current levels; to ensure eligibility to conduct intertrack wagering, maintain cardroom licensure, and slot licensure if applicable.

# REVENUE ESTIMATING CONFERENCE

**Tax:** Pari-mutuel Taxes and Fees

**Issue:** Decoupling – Harness, Quarter Horse, and Jai Alai Permitholders

**Bill Number(s):** HB7055

## Section 4: Proposed Fiscal Impact PMWTF/GR

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(\$566,110)	(\$566,110)	(\$381,114)	(\$514,590)	(\$334,314)	(\$467,790)
2022-23	(\$565,765)	(\$565,765)	(\$514,245)	(\$514,245)	(\$467,445)	(\$467,445)
2023-24	(\$565,466)	(\$565,466)	(\$513,946)	(\$513,946)	(\$467,146)	(\$467,146)
2024-25	(\$565,207)	(\$565,207)	(\$513,687)	(\$513,687)	(\$466,887)	(\$466,887)
2025-26	(\$564,982)	(\$564,982)	(\$513,462)	(\$513,462)	(\$466,662)	(\$466,662)

## SCHOOL FUND

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	-	(\$29,935)	-	(\$22,165)	-	(\$18,774)
2022-23	(\$29,935)	(\$29,935)	(\$22,165)	(\$22,165)	(\$18,774)	(\$18,774)
2023-24	(\$29,935)	(\$29,935)	(\$22,165)	(\$22,165)	(\$18,774)	(\$18,774)
2024-25	(\$29,935)	(\$29,935)	(\$22,165)	(\$22,165)	(\$18,774)	(\$18,774)
2025-26	(\$29,935)	(\$29,935)	(\$22,165)	(\$22,165)	(\$18,774)	(\$18,774)

### List of affected Trust Funds:

PARI-MUTUEL WAGERING TRUST FUND (PMWTF)

GENERAL REVENUE

STATE SCHOOL FUND

## Section 5: Consensus Estimate (Adopted: 05/03/2021): The Conference adopted the low estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	0.0	0.0	(0.4)	(0.5)	0.0	0.0	(0.4)	(0.5)
2022-23	0.0	0.0	(0.5)	(0.5)	0.0	0.0	(0.5)	(0.5)
2023-24	0.0	0.0	(0.5)	(0.5)	0.0	0.0	(0.5)	(0.5)
2024-25	0.0	0.0	(0.5)	(0.5)	0.0	0.0	(0.5)	(0.5)
2025-26	0.0	0.0	(0.5)	(0.5)	0.0	0.0	(0.5)	(0.5)

## IMPACT FOR CS for SB7080 and HB7055

		2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
ADOPTED ESTIMATES ALL PARI-MUTUEL TAXES/FEES @ APRIL 2021 REC (Thoroughbred, Harness, Quarterhorse, and Jai Alai)		4,605,549	4,546,470	4,557,096	4,533,093	4,474,949
HARNESS	Harness Live Handle April 2021 REC	2,174,748	2,146,759	2,122,436	2,101,276	2,082,847
	Harness Live Tax April 2021 REC (100% handle @0.5%)	10,874	10,734	10,612	10,506	10,414
	Harness Live Daily License Fees April 2021 REC	107,000	107,000	107,000	107,000	107,000
	Adopted Harness Total Live Tax and Live Daily License Fees @ April 2021 REC	117,874	117,734	117,612	117,506	117,414
	Harness Intertrack Handle April 2021 REC	1,429,740	1,411,296	1,395,348	1,381,534	1,369,515
	Adopted Harness Intertrack Tax @ April 2021 REC (approx. 88.91% of handle @ 3.3% and 11.09% of handle @ 0.5%)	42,410	41,863	41,389	40,980	40,623
	ADOPTED TOTAL ESTIMATES FOR HARNESS LIVE/INTERTRACK TAXES/DAILY LICENSE FEES @ APRIL 2021 REC	160,283	159,596	159,002	158,486	158,037
	50% recapture of Harness Live Handle to Simulcast	1,087,374	1,073,380	1,061,218	1,050,638	1,041,424
	Estimate of tax (100% recapture live handle @ 0.5%)	5,437	5,367	5,306	5,253	5,207
	50% recapture of Harness Intertrack Handle to ITWS	714,870	705,648	697,674	690,767	684,757
	Estimate of tax (approx. 88.91% of recapture intertrack handle @ 3.3% and 11.09% of recapture intertrack handle @ 0.5%)	21,371	21,095	20,857	20,650	20,471
	(Loss/Gain) of Harness Live Tax/Intertrack Tax/Live Daily License Fees	(133,476)	(133,134)	(132,839)	(132,583)	(132,360)
JAI ALAI	ADPOTED ESTIMATES FOR JAI ALAI TAXES AND FEES @ APRIL 2021 REC	248,240	248,240	248,240	248,240	248,240
	Loss from Jai Alai (if none conduct live games)	(248,240)	(248,240)	(248,240)	(248,240)	(248,240)
	Loss from Jai Alai (if 1 continues to conduct live games)	(196,720)	(196,720)	(196,720)	(196,720)	(196,720)
	Loss from Jai Alai (if 2 continues to conduct live games)	(149,920)	(149,920)	(149,920)	(149,920)	(149,920)
	Loss from Jai Alai additional Taxes/Fees deposited into Misc Receipts (s. 550.09511, F.S.)	(104,500)	(104,500)	(104,500)	(104,500)	(104,500)
QH	ADPOTED ESTIMATES FOR ALL QUARTERHORSE TAXES AND FEES @ APRIL 2021 REC	79,894	79,891	79,887	79,884	79,882
	Loss from Quarterhorse (if none conduct live races)	(79,894)	(79,891)	(79,887)	(79,884)	(79,882)

### NET ESTIMATES

Low gain/(loss) TOTAL (No quarterhorse continues to conduct live races, harness continues to conduct live races in FY 21/22 only, and 2 jai alai continues to conduct live games in FY 21/22-Foward. In addition, beginning in FY 22/23, forward, 50% recapture of harness live/simulcast).

2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
(334,314)	(467,445)	(467,146)	(466,887)	(466,662)

Middle gain/(loss) TOTAL (No quarterhorse continues to conduct live races, harness continues to conduct live races in FY2021/2022 only, and 1 jai alai continues to conduct live games in FY 21/22-Forward. In addition, beginning in FY 22/23, forward, 50% recapture of harness live/simulcast).

(381,114)	(514,245)	(513,946)	(513,687)	(513,462)
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High gain/(loss) TOTAL (beginning FY 21/22, forward no jai alai, quarterhorse, or harness would continue to conduct live races or games. In addition, 50% recapture of harness live/simulcast handle in all years).

(566,110)	(565,765)	(565,466)	(565,207)	(564,982)
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JAI ALAI ESCHEATED TICKETS STATE SCHOOL FUND	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Loss from Jai Alai (if none conduct live games)		(29,935)	(29,935)	(29,935)	(29,935)
Loss from Jai Alai (if 1 continues to conduct live games)		(22,165)	(22,165)	(22,165)	(22,165)
Loss from Jai Alai (if 2 continues to conduct live games)		(18,774)	(18,774)	(18,774)	(18,774)

## REVENUE ESTIMATING CONFERENCE

**Tax:** Pari-mutuel Taxes and Fees

**Issue:** Decoupling – Harness, Quarter Horse, Jai Alai, and those Thoroughbred permitholders provided an exception.

**Bill Number(s):** CS for SB7080

☒ **Entire Bill**

☐ **Partial Bill:**

**Sponsor(s):** Regulated Industries

**Month/Year Impact Begins:** July 1, 2021

**Date of Analysis:** 5/6/2021

### Section 1: Narrative

#### a. Current Law:

- In accordance with s. 550.615, F.S., any track or fronton licensed under this chapter are required to have conducted a full schedule of live races or games as defined in s.550.002 (11), F.S., in the preceding year in order to be eligible for intertrack wagering.
- Section 550.09511(4), F.S., provides that a jai alai permitholder conducting fewer than 100 live performances in any calendar year shall pay to the state the same aggregate amount of live daily license fees, admission tax, and tax on live handle as such permitholder paid to the state during the most recent prior calendar year in which the jai alai permitholder conducted at least 100 performances.
- Cardroom license renewal requires that a permitholder conduct at least 90 percent of the live performances conducted in the year the initial cardroom license application was issued or the prior state fiscal year if the permitholder ran a full schedule of live performances. A harness permitholder must have requested to conduct a minimum of 140 live performances during the state fiscal year immediately prior thereto.
- In accordance with s. 551,104, F.S., the slot machine licensee is required to conduct a minimum number of live races or games as defined in Section 550.002 (11), F.S., in order to be eligible for an initial slot license and its annual renewal.
- Section 550.1645, F.S., provides that jai alai permitholders conducting live performances that have unclaimed, uncashed, or abandoned pari-mutuel tickets that are over a year old, shall escheat to the state. Those funds are to be deposited into the State School Trust Fund within the Department of Education and are to be used for the support and maintenance of public free schools.

#### b. Proposed Change:

- Requires that a thoroughbred permitholder must conduct live racing, unless provided an exception in the newly amended language in s. 550.5251, F.S. In addition, the bill provides that a greyhound permitholder may not conduct live racing; jai alai permitholders, harness permitholders, and quarter horse permitholders may elect to not conduct live races or games. For greyhound permitholders and those permitholders that elect not to conduct live racing or games, the permitholder:
  - Retains its permit;
  - Is a pari-mutuel facility as defined in s. 550.002(23), F.S.;
  - Is eligible but not required to be a guest track for the purpose of intertrack and simulcast wagering; if a harness permitholder, to be a host track for the purposes of intertrack wagering and simulcasting pursuant to ss. 550.3551, 550.615, 550.625, and 550.6305.
- Removes the requirement that a greyhound permitholder, jai alai permitholder, harness permitholder, and quarterhorse permitholder must have conducted a full schedule of live racing in the preceding year to be eligible to conduct intertrack wagering if certain criteria is met.
- Amends s. 550.09511, F.S., removing the requirement that a jai alai permitholder conducting fewer than 100 live performances in any calendar year shall pay to the state the same aggregate amount of live daily license, admission tax, and tax on live handle as such permitholder paid to the state during the most recent prior calendar year in which the jai alai permitholder conducted at least 100 performances.

## REVENUE ESTIMATING CONFERENCE

**Tax:** Pari-mutuel Taxes and Fees

**Issue:** Decoupling – Harness, Quarter Horse, Jai Alai, and those Thoroughbred permitholders provided an exception.

**Bill Number(s):** CS for SB7080

- Amends s. 849.086, F.S., providing for greyhound permitholders, and those jai alai permitholders, harness permitholders, or quarterhorse permitholders that elect not to conduct live racing or games to remain eligible for a cardroom license.
- Removes the requirement that greyhound permitholders, and those jai alai permitholders, harness permitholders, or quarterhorse permitholders that elect not to conduct live racing or games that have been issued a slot machine license continue to be eligible for a slot machine license pursuant to s. 551.104(3), F.S.

### Section 2: Description of Data and Sources

Pari-Mutuel Revenue Estimating Conference Results from April 2021

### Section 3: Methodology (Include Assumptions and Attach Details)

April 2021 REC estimates were based on the following number of permitholders conducting lives races or games for FY 21-22, and annually thereafter:

- 10 Jai Alai permitholders,
- 5 Quarterhorse permitholders,
- 1 Harness (standardbred) permitholder, and
- 3 Thoroughbred permitholders.

### JAI ALAI TAXES/FEES AND ESCHEATED TICKETS:

- High estimate assumes all jai alai permitholders will elect to no longer conduct live games.
- Medium estimate assumes one jai alai permitholder will continue to conduct live games at current level and all others will elect to no longer conduct live games.
- Low estimate assumes two jai alai permitholders will continue to conduct live games at current levels and all others will elect to no longer conduct live games.
- All estimates eliminate the estimated additional taxes/fees due in accordance with s. 550.09511(4), F.S.

### QUARTERHORSE FOR ALL YEARS:

- All estimates assume that all quarterhorse permitholders will elect to no longer conduct live racing.

### HARNESS:

- High estimate assumes that the harness permitholder will no longer conduct live racing beginning in Fiscal Year 2021/2022, but continues to be a host for the purpose of intertrack and simulcast wagering of out-of-state harness racing. Beginning in Fiscal Year 2021/2022, forward:
  - 50% recapture of live handle to simulcast handle and applying an effective tax rate of 0.5%
  - 50% recapture of intertrack handle to intertrack wagering simulcast (ITWS) and applying an effective tax rate of either 3.3% or 0.5% based on % of handle allocation.
- Medium and low estimate assume that the harness permitholder will conduct live harness racing for Fiscal Year 2021/2022, and continue to be a host for the purpose of intertrack and simulcast wagering of out-of-state harness racing. Beginning in Fiscal Year 2022/2023, forward:
  - 50% recapture of live handle to simulcast handle and applying an effective tax rate of 0.5%
  - 50% recapture of intertrack handle to intertrack wagering simulcast (ITWS) and applying an effective tax rate of either 3.3% or 0.5% based on % of handle allocation to each effective tax rate.

### THOROUGHBRED FOR ALL YEARS:

All estimates assume no changes to current April 2021, estimates and that Thoroughbred permitholders that are currently conducting live racing will continue to run at current levels; to ensure eligibility to conduct intertrack wagering, maintain cardroom licensure, and slot licensure if applicable.



## REVENUE ESTIMATING CONFERENCE

**Tax:** Pari-mutuel Taxes and Fees

**Issue:** Decoupling – Harness, Quarter Horse, Jai Alai, and those Thoroughbred permitholders provided an exception.

**Bill Number(s):** CS for SB7080

### Section 4: Proposed Fiscal Impact

#### PMWTF/GR

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(\$566,110)	(\$566,110)	(\$381,114)	(\$514,590)	(\$334,314)	(\$467,790)
2022-23	(\$565,765)	(\$565,765)	(\$514,245)	(\$514,245)	(\$467,445)	(\$467,445)
2023-24	(\$565,466)	(\$565,466)	(\$513,946)	(\$513,946)	(\$467,146)	(\$467,146)
2024-25	(\$565,207)	(\$565,207)	(\$513,687)	(\$513,687)	(\$466,887)	(\$466,887)
2025-26	(\$564,982)	(\$564,982)	(\$513,462)	(\$513,462)	(\$466,662)	(\$466,662)

#### SCHOOL FUND

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	-	(\$29,935)	-	(\$22,165)	-	(\$18,774)
2022-23	(\$29,935)	(\$29,935)	(\$22,165)	(\$22,165)	(\$18,774)	(\$18,774)
2023-24	(\$29,935)	(\$29,935)	(\$22,165)	(\$22,165)	(\$18,774)	(\$18,774)
2024-25	(\$29,935)	(\$29,935)	(\$22,165)	(\$22,165)	(\$18,774)	(\$18,774)
2025-26	(\$29,935)	(\$29,935)	(\$22,165)	(\$22,165)	(\$18,774)	(\$18,774)

#### List of affected Trust Funds:

PARI-MUTUEL WAGERING TRUST FUND (PMWTF)

GENERAL REVENUE

STATE SCHOOL FUND

### Section 5: Consensus Estimate (Adopted: 05/03/2021): The Conference adopted the low estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	0.0	0.0	(0.4)	(0.5)	0.0	0.0	(0.4)	(0.5)
2022-23	0.0	0.0	(0.5)	(0.5)	0.0	0.0	(0.5)	(0.5)
2023-24	0.0	0.0	(0.5)	(0.5)	0.0	0.0	(0.5)	(0.5)
2024-25	0.0	0.0	(0.5)	(0.5)	0.0	0.0	(0.5)	(0.5)
2025-26	0.0	0.0	(0.5)	(0.5)	0.0	0.0	(0.5)	(0.5)

## IMPACT FOR CS for SB7080 and HB7055

		2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
ADOPTED ESTIMATES ALL PARI-MUTUEL TAXES/FEEES @ APRIL 2021 REC (Thoroughbred, Harness, Quarterhorse, and Jai Alai)		4,605,549	4,546,470	4,557,096	4,533,093	4,474,949
HARNESS	Harness Live Handle April 2021 REC	2,174,748	2,146,759	2,122,436	2,101,276	2,082,847
	Harness Live Tax April 2021 REC (100% handle @0.5%)	10,874	10,734	10,612	10,506	10,414
	Harness Live Daily License Fees April 2021 REC	107,000	107,000	107,000	107,000	107,000
	Adopted Harness Total Live Tax and Live Daily License Fees @ April 2021 REC	117,874	117,734	117,612	117,506	117,414
	Harness Intertrack Handle April 2021 REC	1,429,740	1,411,296	1,395,348	1,381,534	1,369,515
	Adopted Harness Intertrack Tax @ April 2021 REC (approx. 88.91% of handle @ 3.3% and 11.09% of handle @ 0.5%)	42,410	41,863	41,389	40,980	40,623
	ADOPTED TOTAL ESTIMATES FOR HARNESS LIVE/INTERTRACK TAXES/DAILY LICENSE FEES @ APRIL 2021 REC	160,283	159,596	159,002	158,486	158,037
	50% recapture of Harness Live Handle to Simulcast	1,087,374	1,073,380	1,061,218	1,050,638	1,041,424
	Estimate of tax (100% recapture live handle @ 0.5%)	5,437	5,367	5,306	5,253	5,207
	50% recapture of Harness Intertrack Handle to ITWS	714,870	705,648	697,674	690,767	684,757
	Estimate of tax (approx. 88.91% of recapture intertrack handle @ 3.3% and 11.09% of recapture intertrack handle @ 0.5%)	21,371	21,095	20,857	20,650	20,471
	(Loss/Gain) of Harness Live Tax/Intertrack Tax/Live Daily License Fees	(133,476)	(133,134)	(132,839)	(132,583)	(132,360)
JAI ALAI	ADPOTED ESTIMATES FOR JAI ALAI TAXES AND FEES @ APRIL 2021 REC	248,240	248,240	248,240	248,240	248,240
	Loss from Jai Alai (if none conduct live games)	(248,240)	(248,240)	(248,240)	(248,240)	(248,240)
	Loss from Jai Alai (if 1 continues to conduct live games)	(196,720)	(196,720)	(196,720)	(196,720)	(196,720)
	Loss from Jai Alai (if 2 continues to conduct live games)	(149,920)	(149,920)	(149,920)	(149,920)	(149,920)
	Loss from Jai Alai additional Taxes/Fees deposited into Misc Receipts (s. 550.09511, F.S.)	(104,500)	(104,500)	(104,500)	(104,500)	(104,500)
QH	ADPOTED ESTIMATES FOR ALL QUARTERHORSE TAXES AND FEES @ APRIL 2021 REC	79,894	79,891	79,887	79,884	79,882
	Loss from Quarterhorse (if none conduct live races)	(79,894)	(79,891)	(79,887)	(79,884)	(79,882)

### NET ESTIMATES

Low gain/(loss) TOTAL (No quarterhorse continues to conduct live races, harness continues to conduct live races in FY 21/22 only, and 2 jai alai continues to conduct live games in FY 21/22-Foward. In addition, beginning in FY 22/23, forward, 50% recapture of harness live/simulcast).

2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
(334,314)	(467,445)	(467,146)	(466,887)	(466,662)

Middle gain/(loss) TOTAL (No quarterhorse continues to conduct live races, harness continues to conduct live races in FY2021/2022 only, and 1 jai alai continues to conduct live games in FY 21/22-Forward. In addition, beginning in FY 22/23, forward, 50% recapture of harness live/simulcast).

(381,114)	(514,245)	(513,946)	(513,687)	(513,462)
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High gain/(loss) TOTAL (beginning FY 21/22, forward no jai alai, quarterhorse, or harness would continue to conduct live races or games. In addition, 50% recapture of harness live/simulcast handle in all years).

(566,110)	(565,765)	(565,466)	(565,207)	(564,982)
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JAI ALAI ESCHATED TICKETS STATE SCHOOL FUND	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Loss from Jai Alai (if none conduct live games)		(29,935)	(29,935)	(29,935)	(29,935)
Loss from Jai Alai (if 1 continues to conduct live games)		(22,165)	(22,165)	(22,165)	(22,165)
Loss from Jai Alai (if 2 continues to conduct live games)		(18,774)	(18,774)	(18,774)	(18,774)