



Select Committee on Gaming

Thursday, March 13, 2014
10:30 AM – 12:00 PM
Morris Hall (17 HOB)

ACTION PACKET

Committee Meeting Notice

HOUSE OF REPRESENTATIVES

Select Committee on Gaming

Start Date and Time: Thursday, March 13, 2014 10:30 am

End Date and Time: Thursday, March 13, 2014 12:00 pm

Location: Morris Hall (17 HOB)

Duration: 1.50 hrs

Workshop on the following:

HB 1383 Gaming by Schenck

PCB SCOG 14-01 Voter Control of Gambling Expansion

NOTICE FINALIZED on 03/11/2014 16:17 by Hodgins.Sandra

COMMITTEE MEETING REPORT

Select Committee on Gaming

3/13/2014 10:30:00AM

Location: Morris Hall (17 HOB)

Summary:

Select Committee on Gaming

Thursday March 13, 2014 10:30 am

HB 1383 Workshopped

PCB SCOG 14-01 Voter Control of Gambling Expansion
Workshopped

COMMITTEE MEETING REPORT

Select Committee on Gaming

3/13/2014 10:30:00AM

Location: Morris Hall (17 HOB)

Attendance:

	<i>Present</i>	<i>Absent</i>	<i>Excused</i>
Robert Schenck (Chair)	X		
Frank Artiles	X		
Jim Boyd	X		
Jason Brodeur	X		
Janet Cruz	X		
Jose Diaz	X		
Erik Fresen	X		
Reggie Fullwood	X		
Matt Gaetz	X		
Joseph Gibbons	X		
Doug Holder	X		
Clay Ingram	X		
Charles McBurney	X		
Jared Moskowitz	X		
Kathleen Peters	X		
Elizabeth Porter	X		
David Richardson	X		
Cynthia Stafford	X		
James Waldman	X		
Ritch Workman	X		
Dana Young	X		
Totals:	21	0	0

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Select Committee on Gaming

3/13/2014 10:30:00AM

Location: Morris Hall (17 HOB)

Workshop

HB 1383:

Workshopped

PCB SCOG 14-01 Voter Control of Gambling Expansion

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COMMITTEE MEETING REPORT

Select Committee on Gaming

3/13/2014 10:30:00AM

Location: Morris Hall (17 HOB)

Presentation/Workshop/Other Business Appearances:

HB 1383 - Gaming

Kottkamp, Jeff (Lobbyist) - Information Only

Florida Greyhound Association

Tallahassee FL

Phone: (239) 297-9741

HB 1383 - Gaming

Bevis, Brewster (Lobbyist) - Information Only

Vice President, External Relations, Associated Industries of Florida

516 N. Adams St.

Tallahassee FL 32301

Phone: (850) 224-7173

HB 1383 - Gaming

Cory, Jack (Lobbyist) - Information Only

Florida Greyhound Association

PO Box 21237

Sarasota FL 34276

Phone: (850) 893-0995



"I'd like to use this letter as an opportunity to articulate what No Casinos opposes....."

2. *"We oppose "decoupling" for several reasons. For too long pari--mutuel permits have been regarded by those who hold them as a birthright to whatever forms of gambling become fashionable. They are not, and should not be treated as such. The constitutional grandfathering and local referenda that allow each pari--mutuel permit authorize only one thing – the live performance of horse racing, dog racing, or jai alai. That is the legal, constitutional and political basis of their permits, and pari--mutuels should not exist without these live events.*

As Senator Tom Lee pointed out at a recent committee meeting, shifts in the economy and market demand for products over time has meant the end of many time--honored industries and businesses. Pari--mutuels should not be propped up with an expansion of gambling when the marketplace has decided their time is up. There is nothing free-- market about that. *Preserving live pari--mutuel events was the stated reason behind the legislature's approval of card rooms, full card simulcast betting, and big pari--mutuel tax cuts in 1996, and the legislative sweeteners that have followed ever since.*

Allowing pari--mutuels to eliminate live events while continuing the forms of gambling that were intended by the legislature to save the live events, would be more than just ironic – it would make their promise to legislators yet another big lie from the gambling industry.

But our most important practical concern is that decoupling would lead to permit portability, and give rise to countless Genting/Gulfstream type arrangements in the future. If your intent is to eliminate loopholes, know that allowing decoupling would create one of the biggest gambling loopholes ever.

However, if decoupling is permitted, then existing pari--mutuel permits should be put out to a public proposal and bid process, and be valid only after amending the provision of the constitution that grandfathers pari--mutuel pools in existence prior to 1968. "

Yonkers Raceway in New York, and then rebroadcast that signal to other Florida pari-mutuel facilities. Again, it involves only Florida-to-Florida facilities.¹⁵¹

The largest single category of simulcasting involves the export of signals from Florida pari-mutuels to out-of-state facilities. Gulfstream, for example, would send its signal to Yonkers. No information is available from PMW for this category, which is often called out-of-state generated simulcast revenue. The reason is because PMW does not track it. We note that other racing jurisdictions, such as New Jersey, do so. Without these data, it is not possible to offer a complete picture of simulcasting in Florida.

With the advent of simulcasting, live handle in Florida has accounted for less and less of total handle. By FY 2000, it accounted for 37.4 percent of total handle. Three years later, the figure fell to 29.7 percent, and for FY 2012 it was down to 24.3 percent.¹⁵²

d. Impact of Advance Deposit Wagering ("ADW")

Advance Deposit Wagering allows patrons to wager on racing (greyhound and horses) electronically. Patrons establish an account with an ADW company, and deposit money into the account prior to making any wagers. They can then place wagers from a computer, a home telephone or even a mobile phone.

ADW companies have flourished in recent years primarily due to convenience. A gambler never has to leave his or her house to make a bet, and can do so from just about anywhere. In addition, the low overhead associated with ADWs enables these companies to offer rebates to customers based on their betting volume. Since the ADWs command so much betting volume, they are able to negotiate take-out rates with host tracks that are quite favorable. The amount wagered through an ADW is funneled into the wagering pool of a host track, but Kent Stirling, executive director of the Florida Horsemen's Benevolent and Protective Association, said the track and horsemen are often forced to split between 6 cents and 9 cents of every dollar wagered through an ADW as opposed to 20 cents if the bet were made at a Florida racetrack on a live race.¹⁵³

Those ADW rebates can be as much as 12 percent of what a gambler wagers. Rob Wyre, general manager of the Isle of Capri at Pompano Park, told Spectrum racetracks cannot compete with the ADW rebates. "What's really frustrating is we see people come to the track and place their bets through ADW," he added.

¹⁵¹ Ibid.

¹⁵² Ibid.

¹⁵³ Interview with Kent Stirling, executive director of the Florida Horsemen's Benevolent and Protective Association, May 17, 2013.

The problem is exacerbated at the thoroughbred tracks in South Florida, as both Calder and Gulfstream are owned by companies that operate ADWs. According to Stirling, **the television sets at Calder urge patrons to place their bets through an ADW.**

Most of the ADW firms have established themselves in Oregon through a hub network. **At a time when handle across the country and especially in Florida has been decimated, the ADWs have flourished.** Greyhound racing lobbyist Jack Cory said that the greyhounds are hurt much more by the Oregon hubs than horse racing. He noted that at least with horse racing, some of that Oregon-hub money is split with the horsemen. The dog owners get nothing, he said. And, like the thoroughbreds, **some greyhound racetracks operate their own ADWs. These greyhound facilities encourage their patrons to place bets on live races through their ADWs, depriving the dog owners of revenues if the bet had been made at the track.**

Cory argues the handle is better than that painted by PMW annual reports as those reports fail to capture the Oregon-hub betting and the out-of-state generated handle, which is sizable.

The Oregon hub opened for business in 2000. Its total handle that year was just under \$2 million. **In 2012, it had mushroomed to \$2.24 billion. From 2007 to 2012, handle increased 47 percent.** During the same time period, total pari-mutuel handle in Florida fell 41 percent and simulcasting handle (where patrons came to a Florida track and wagered on races held at other Florida tracks) fell by 59 percent.¹⁵⁴ Other Florida handle sectors sustained significant declines as well. Live handle at Florida pari-mutuels fell 46 percent from 2007 to 2012.

Kentucky, another major racing state, is looking to tax the ADW companies on bets made in that state. A bill that passed a House subcommittee in February places a tax of 0.5 percent on Internet and telephone wagers made by Kentucky residents. The state will get 15 percent of the revenue, and racetracks and purse accounts would get the remaining 85 percent. Kentucky expects the tax to generate as much as \$400,000 a year.¹⁵⁵

Florida pari-mutuels have also been adversely impacted by wagering through offshore outlets or tribal hubs that are not captured by regulatory agencies at all. With the Oregon hubs, there is some revenue going back to the host thoroughbred and harness track and also to the state. But with the offshore hubs, the pari-mutuels and the state receive nothing. ACRI says there is good evidence that such handle amounted to more than \$1 billion in recent seasons.¹⁵⁶

¹⁵⁴ Oregon Racing Commission, http://www.oregon.gov/Racing/docs/Hub_Data/2013_quarterly_hub_handle_report.pdf (accessed May 17, 2013) and review of Florida PMW Annual Reports.

¹⁵⁵ Tom Lamarra, "Kentucky ADW Bill Clears House Committee," Bloodhorse.com, February 14, 2013, <http://www.bloodhorse.com/horse-racing/articles/76198/kentucky-adw-tax-clears-house-committee>.

¹⁵⁶ Association of Racing Commissioners International, *Pari-Mutuel Racing 2010*, p.1.

Unreported Wagers a Losing Bet for Florida

By Jeff Kottkamp

Greyhound racing has a rich history in the Sunshine State. The first greyhound race track opened in Florida over 100 years ago. Our state quickly became the nation's unofficial capital of the sport. Greyhound racing became one of the most popular spectator sports in America.

While some of Florida's smaller tracks have closed in recent years, greyhound racing as an industry is still very much alive. In fact, it was recently reported that live attendance and wagering at Florida's greyhound racetracks increased in 2013. Florida continues to be the leading state in the nation for live greyhound racing in both attendance and in wagering.

The state started collecting taxes on greyhound races (as well as horse races) in 1931 to help offset budget shortfalls during the Great Depression. Since then, more than \$73 billion has been wagered in Florida at pari-mutuel tracks with the state collecting \$4.35 billion in taxes.

Over the last ten years the reported amount wagered, as well as the revenue to the state, from greyhound races and other pari-mutuel activities has seen a significant decline. It appears that a large percentage of the decline is the result of wagers that are being diverted by Advanced Deposit Wagering or ADW.

Last year's Gambling Impact Study commissioned by the Florida Legislature determined that most ADW firms have established themselves in Oregon through a hub network which opened in 2000. The amount wagered through the hub has dramatically increased from \$2 million its first year to \$2.24 billion in 2012. From 2007 to 2012 the amount wagered using the ADW hub increased 47% while at the same time the reported amount of live wagers at Florida's pari-mutuels fell a corresponding 46%.

It has been conservatively estimated that the amount wagered that is currently reported to the state is less than half of the actual amount being bet at Florida's pari-mutuel facilities (ADW accounts for the other half of wagers being placed). That also means that the state is not collecting taxes on roughly 50% of the money being wagered in Florida (about \$1 billion) as a result of Advanced Deposit Wagering.

Greyhound Tax Credits for Fiscal Year 2012/2013

Permitholder	Exemption Credit	DLF Credit	Outs Credit	Transfer IN	Transfer Out	Total Credit
140 Associated Outdoor Clubs, Inc.	360,000	251,840	67,022	450,000		1,128,862
141 Bet Miami Greyhounds/Biscayne	360,000	67,360	27,339			454,699
142 Southwest Florida Enterprises, Inc. d/b/a Bonita-Ft. Myers	360,000	303,840	108,170			772,010
143 Daytona Beach Kennel Club, Inc.	360,000	281,360	92,591			733,951
144 Hartman & Tyner, Inc.	360,000	71,800	10,505			442,105
145 Jacksonville Kennel Club, Inc.	360,000	133,680	35,491	70,000		599,171
146 Jefferson County Kennel Club	500,000	142,080	18,238		600,000	60,318
148 Orange Park Kennel Club, Inc.	360,000	129,920	40,692	40,000		570,612
149 Investment Corp. of Palm Beach	360,000	413,120	161,286	757,500		1,691,906
150 Pensacola Greyhound Track, Inc.	500,000	175,680	23,012		525,000	173,692
151 St. Petersburg Kennel Club, Inc.	360,000	247,200	79,973	400,000		1,087,173
152 SOKC, LLC (Penn National Gaming, Inc.)	360,000	189,040	21,629		63,600	507,669
153 Sarasota Kennel Club, Inc.	360,000	203,600	62,099		100,000	525,699
154 Washington County Kennel Club, Inc.	500,000	144,480	57,253		550,000	151,733
155 West Flagler Associates, Ltd.	360,000	166,640	24,994			551,634
157 Bayard Raceways, Inc.	360,000	220,320	60,648	375,000		1,015,968
158 Penn Sanford, LLC (Penn Natinal Gaming, Inc.)	360,000	199,040	18,231		68,900	608,371
171 License Acquisitions, LLC	360,000	139,680	34,223	175,000		708,903
175 West Volusia Racing, Inc.	360,000	185,440	22,150			567,590
176 Melbourne Greyhound	360,000	74,800	5,072		360,000	79,872
TOTAL	7,620,000	3,740,720	970,619	2,267,500	2,267,500	12,331,339

Washington County to License Acquisitions \$100,000

Washington County to Investment Corp. of Palm Beach \$200,000

Washington County to St. Petersburg \$200,000

Washington County to Associated Outdoor \$50,000

Jefferson County to Associated Outdoor \$400,000

Jefferson County to St. Petersburg \$200,000

Melbourne Greyhound to License Acquisitions \$75,000

Melbourne Greyhound to Investment Corp. of Palm Beach \$285,000

Penn Sanford to Investment Corp. of Palm Beach \$68,900

SOKC to Investment Corp. of Palm Beach \$63,600

Pensacola to Jacksonville \$70,000

Pensacola to Bayard Raceways \$375,000

Pensacola to Orange Park \$40,000

Pensacola to Investment Corp. of Palm Beach \$40,000

Sarasota to Investment Corp. of Palm Beach \$100,000

TOTAL STATE REVENUE FROM PERFORMANCES

Fiscal Year 2012/2013

	LIVE			SIMULCAST			ITW	ITW SIM	CHARITY PERFORMANCES	TOTAL TAXES and FEES COLLECTED ^(A)
	Tax on Handle	Daily License Fee	Total Live Taxes and Fees Collected	Tax on Handle	Daily License Fee	Total Simulcast Taxes and Fees Collected	Tax on Handle	Tax on Handle	Daily License Fee	
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,640	
Greyhound Racing Associations										
Daytona Beach Kennel Club, Inc.										\$17,640
Derby Lane (St. Petersburg Kennel Club, Inc.)	139,312	61,120	200,432	0	0	0	167,707	0	14,400	382,539
Ebro Greyhound Park	26,912	40,400	67,312	0	0	0	0	0	6,400	73,712
Flagler Dog Track	54,170	77,600	131,770	55,185	53,000	108,185	109,728	337,017	13,480	700,180
H&T Gaming, Inc., d/b/a Mardi Gras Racetrack	4,837	7,200	12,037	46,876	19,572	66,448	8,171	100,684	9,700	197,040
Jacksonville Kennel Club, Inc.	23,492	13,200	36,692	0	0	0	39,107	0	14,400	90,199
Jefferson County Kennel Club, Inc.	2,290	15,980	18,270	0	0	0	0	0	0	18,270
License Acquisitions, LLC, d/b/a Palm Beach Greyhound Racing	10,099	6,000	16,099	0	0	0	17,588	0	14,400	48,087
Mardi Gras Racetrack and Gaming Center	9,178	7,920	17,098	9,883	4,500	14,383	10,409	21,312	9,700	72,902
Melbourne Greyhound Park, LLC	313	2,158	2,471	0	0	0	0	0	0	2,471
Naples-Fl. Myers Greyhound Track	162,523	103,040	265,563	0	0	0	113,062	0	9,920	388,545
Orange Park Kennel Club, Inc.	8,151	6,880	15,031	0	0	0	14,477	0	14,400	43,908
Palm Beach Kennel Club	235,925	118,960	354,885	0	0	0	325,960	0	14,400	695,245
Penn Sanford, LLC, d/b/a Sanford-Orlando Kennel Club	0	0	0	0	0	0	0	0	14,400	14,400
Pensacola Greyhound Racing, LLP	17,805	36,095	53,900	0	0	0	0	0	0	53,900
SOKC, LLC, d/b/a Sanford-Orlando Kennel Club	37,881	29,985	67,866	0	0	0	21,339	0	7,600	96,805
Sarasota Kennel Club, Inc.	4,807	2,720	7,527	0	0	0	396	0	8,320	16,243
St. Johns Greyhound Park	55,553	30,000	85,553	0	0	0	83,118	0	14,400	183,071
Tampa Greyhound Track	60,971	30,000	90,971	0	0	0	74,363	0	14,400	179,734
West Volusia Racing, Inc.	3,888	6,000	9,888	0	0	0	2,771	0	17,400	30,059
Total Greyhound Tracks	\$858,107	\$595,258	\$1,453,365	\$111,944	\$77,072	\$189,016	\$988,196	\$459,013	\$215,360	\$3,304,960

*Taken from Page 12 from the 82nd Annual Report of the Division of Pari-Mutuel Wagering

Florida Department of Business & Professional Regulation

Division of Pari-Mutuel Wagering

82nd Annual Report

Fiscal Year 2012-2013



Rick Scott
Governor



Ken Lawson
Secretary

Leon M. Biegalski
Director



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Florida Department of Business & Professional Regulation

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The TRUE status of greyhound racing in Florida: Florida’s Department of Business and Professional Regulation (DBPR) monitors wagering revenue for all pari-mutuel facilities in Florida, including greyhound tracks. These wagering totals are published monthly. The Florida Greyhound Association (FGA) reviews these totals to track the fiscal status of greyhound racing in Florida. Comparing the greyhound “handles”, monies wagered for races at pari-mutuel facilities in Florida, the totals for January 2014 to January 2013 demonstrate a general trend of **increased wagering** for greyhound racing, including the Live Handle and Total Handle.

Greyhound Wagering Information; Jan 2014 compared to Jan 2013

Greyhound wagering: Live Handle **increased by 2.6%** and Total Handle **increased by 0.9%**.

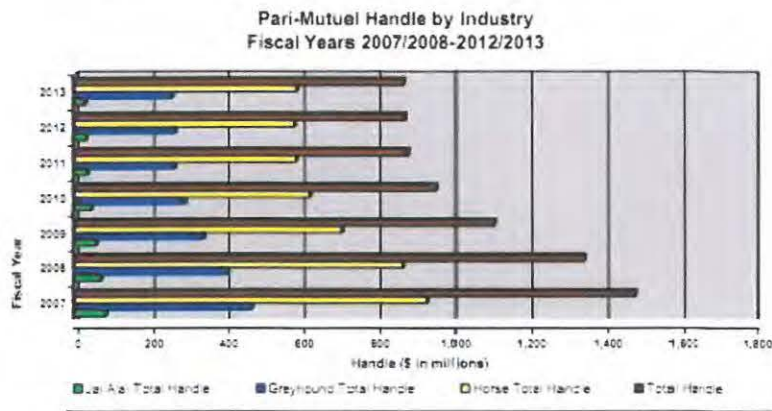
Greyhound Track specifics

- Sanford Orlando Live Handle **increased by 10.7%**, and Total Handle **increased by 13.7%**
- Naples Live Handle **increased by 9.0%**, and Total Handle **increased by 0.8%**
- Daytona Live Handle **increased by 6.3%** and Total Handle **increased by 11.2%**
- Palm Beach Live Handle **increased by 1.8%**, and Total Handle **increased by 3.9%**
- Jacksonville/Orange Park Live Handle **increased by 9.4%**, and Total Handle **increased by 5.9%**
- Sarasota Live Handle **increased by 3.1%**, and Total Handle **increased by 1.0%**
- Hollywood Live Handle **increased by 2.9%**, and Total Handle down by 5.6%
- Derby Lane Live Handle down by 6.2%, and Total Handle down by 7.6%

In the fiscal year 2012/13, the total Pari-Mutuel Handle in Florida (incl. greyhounds, horses and jai alai) was \$872,272,660, which contributed over \$13 million in revenue for Florida.

Greyhound racing is important to Florida’s economy!

HISTORICAL PARI-MUTUEL WAGERING ACTIVITY



Greyhound racing’s wagering has remained consistent in recent years, and current trends demonstrate its popularity in Florida, in spite of competition from cardroom and casino operations. The FGA will continue to protect live greyhound racing in Florida and preserve the legacy of the greyhound breed!