a majority of the condo association's board members after "turnover," which occurs at the earlier of specified events.[40]

Cooperatives

A cooperative, or "co-op," is a form of property ownership created under ch. 719, F.S., in which the real

Effect of Proposed Changes

CS/HB 85 amends s. 95.11, F.S., to modify the time periods within which a construction defect cause of action must be brought. Specifically, the bill:

- Changes the point from which the four-year statute of limitations begins to run for patent defects to the date of the earliest of the:
  - Issuance of a temporary certificate of occupancy;
  - Issuance of a certificate of occupancy;
  - Issuance of a certificate of completion;
  - Construction's abandonment, if not completed; or
  - Completion or termination of the engineer's, architect's or contractor's contract with his or her employer.
- Decreases the statute of repose from ten years to seven years, running from the date of the earliest of the:
  - Issuance of a temporary certificate of occupancy;
  - Issuance of a certificate of occupancy; or
  - Issuance of a certificate of completion.

  However, if none of these certificates are issued, the statute of repose runs from the date of the earlier of the:
  - Construction's abandonment, if not completed; or
  - Completion or termination of the engineer's, architect's, or contractor's contract with his or her employer.

The bill also:

- Specifies that each dwelling unit within a "multi-dwelling building" must be considered its own improvement for purposes of determining the limitations period, consistent with the reasoning of the Fifth DCA in the *Sabal Chase* case, described above.
- Provides that these amendments apply to any construction defect cause of action commenced on or after the bill's effective date, regardless of when the cause of action accrued, except that any such action that would not have been time-barred before these amendments must be commenced on or before July 1, 2024.

Finally, the bill amends s. 553.84, F.S., to limit the cause of action for a Building Code violation to a cause of action for a "material" Building Code violation, defined by the bill as a Building Code violation "that exists within a completed building, structure, or facility which may reasonably result, or has resulted, in physical harm to a person or significant damage to the performance of a building or its systems."[48] This limitation would apply even where the person responsible for a "non-material" Building Code violation knew or should have known that the violation existed and failed to repair it.

The bill provides an effective date of upon becoming a law.

B. SECTION DIRECTORY:

Section 1: Amends s. 95.11, F.S., relating to limitations other than for the recovery of real property.
Section 2: Amends s. 553.84, F.S., relating to statutory civil action.
Section 3: Provides applicability.
Section 4: Provides an effective date of upon becoming a law.

[48] The bill does not specify what amounts to "significant damage," as the term is used in this section, or the degree of physical harm necessary for the violation to rise to the level of "material." *Cf.* s. 553.781, F.S. (using the same definition of "material violation" but for regulatory purposes).

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   None.

2. Expenditures:

   The bill may have an indeterminate impact on state government to the extent that it reduces construction defect claim litigation in the state court system.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   None.

2. Expenditures:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The direct economic impact on the private sector is unknown. However, the bill:

- May leave consumers bearing the costs associated with:
  - Latent construction defects that are not or could not have been discovered within the shortened statute of repose.
  - Building Code violations not amounting to "material" violations where there is no other available cause of action.
- May reduce construction costs for consumers as savings realized by the construction industry due to lowered insurance premiums and litigation costs may be passed on to consumers.
- May reduce financial liability for the construction industry due to lowered insurance premiums and litigation costs.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

   Not applicable. The bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

Due Process

The U.S. Constitution provides that no state shall "deprive any person of life, liberty, or property, without due process of law."[49] Similarly, the Florida Constitution provides that "[n]o person shall be deprived of life, liberty, or property without due process of law..."[50]

Although the right to file a lawsuit is a valid and protected property interest,[51] a plaintiff has no vested right in a statute of limitations or repose in effect when his or her cause of action accrues.[52] A statute of limitations or repose may thus be either initially imposed or reduced by legislation and applied to an existing cause of action so long as the plaintiff still has a reasonable amount of time left in which to enforce his or her right to file a lawsuit.[53]

The bill addresses this issue by giving a plaintiff extra time to bring a suit if his or her right to sue would otherwise be cut off by the bill's changes to s. 95.11(3)(c), F.S.

B. RULE-MAKING AUTHORITY:

Not applicable.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On January 26, 2023, the Civil Justice Subcommittee adopted two amendments and reported the bill favorably as a committee substitute. The committee substitute:

- Gave a plaintiff a set period of time to file a construction defect lawsuit if his or her right to sue had already accrued and would be cut off by changes to s. 95.311(3)(c), F.S., made by the bill.
- Added the word "unit" to clarify that each dwelling unit within a multi-dwelling building must be considered its own improvement for the purposes of determining the limitations periods.

This analysis is drafted to the committee substitute as passed by the Civil Justice Subcommittee.

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[49] U.S. Const. amend. 14.
[50] Art. 1, s. 21, Fla. Const.
[51] *See Polk Cnty BOCC v. Special Disability Trust Fund*, 791 So. 2d 581, 583 (Fla. 1st DCA 2001).
[52] *Lamb By and Through Donaldson v. Volkswagenwerk Aktiengesellschaft*, 631 F. Supp. 1144 (S.D. Fla. 1986), judgment aff'd, 835 F.2d 1369 (11th Cir. 1988).
[53] *Bauld v. J.A. Jones Const. Co.*, 357 So. 2d 401, 403 (Fla. 1978), quoting *Hart v. Bostick*, 14 Fla. 162 (1872); *Walter Denson & Son v. Nelson*, 88 So. 2d 120 (Fla. 1956).

A bill to be entitled

An act relating to causes of action based on improvements to real property; amending s. 95.11, F.S.; revising the time in which an action founded on the design, planning, or construction of an improvement to real property must be commenced; revising the date on which the statute of limitations period begins; providing for the calculation of the statute of limitations period for multi-dwelling buildings; amending s. 553.84, F.S.; defining the term "material violation"; conforming provisions to changes made by the act; providing applicability; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Paragraph (c) of subsection (3) of section 95.11, Florida Statutes, is amended to read:

95.11 Limitations other than for the recovery of real property.—Actions other than for recovery of real property shall be commenced as follows:

(3) WITHIN FOUR YEARS.—

(c)1. An action founded on the design, planning, or construction of an improvement to real property, with the time running from ~~the date of actual possession by the owner,~~ the

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

date of the issuance of a temporary certificate of occupancy, the date of the issuance of a certificate of occupancy, the date of the issuance of a certificate of completion, the date of abandonment of construction if not completed, or the date of completion of the contract or termination of the contract between the professional engineer, registered architect, or licensed contractor and his or her employer, whichever date is earliest ~~latest~~; except that, when the action involves a latent defect, the time runs from the time the defect is discovered or should have been discovered with the exercise of due diligence.

2. In any event, the action must be commenced within 7 ~~10~~ years after the date of ~~actual possession by the owner, the date of~~ the issuance of a temporary certificate of occupancy, the date of the issuance of a certificate of occupancy, or the date of the issuance of a certificate of completion, whichever date is earliest. If a temporary certificate of occupancy, a certificate of occupancy, or a certificate of completion has not been issued, the action must be commenced within 7 years after the date of abandonment of construction if not completed~~,~~ or the date of completion of the contract or termination of the contract between the professional engineer, registered architect, or licensed contractor and his or her employer, whichever date is earliest ~~latest~~.

3. However, counterclaims, cross-claims, and third-party claims that arise out of the conduct, transaction, or occurrence

set out or attempted to be set out in a pleading may be commenced up to 1 year after the pleading to which such claims relate is served, even if such claims would otherwise be time barred.

4. With respect to actions founded on the design, planning, or construction of an improvement to real property, if such construction is performed pursuant to a duly issued building permit and if a local enforcement agency, state enforcement agency, or special inspector, as those terms are defined in s. 553.71, has issued a final certificate of occupancy or certificate of completion, then as to the construction which is within the scope of such building permit and certificate, the correction of defects to completed work or repair of completed work, whether performed under warranty or otherwise, does not extend the period of time within which an action must be commenced. Completion of the contract means the later of the date of final performance of all the contracted services or the date that final payment for such services becomes due without regard to the date final payment is made.

5. Notwithstanding any provision of this section to the contrary, each dwelling unit within a multi-dwelling building must be considered its own improvement for purposes of determining the limitations period set forth in this paragraph.

Section 2. Section 553.84, Florida Statutes, is amended to read:

CODING: Words stricken are deletions; words underlined are additions.

553.84 Statutory civil action.—Notwithstanding any other remedies available, any person or party, in an individual capacity or on behalf of a class of persons or parties, damaged as a result of a material violation of this part or the Florida Building Code~~,~~ has a cause of action in any court of competent jurisdiction against the person or party who committed the material violation; however, if the person or party obtains the required building permits and any local government or public agency with authority to enforce the Florida Building Code approves the plans, if the construction project passes all required inspections under the code, and if there is no personal injury or damage to property other than the property that is the subject of the permits, plans, and inspections, this section does not apply unless the person or party knew or should have known that the material violation existed. For purposes of this section, the term "material violation" means a Florida Building Code violation that exists within a completed building, structure, or facility which may reasonably result, or has resulted, in physical harm to a person or significant damage to the performance of a building or its systems.

Section 3. The amendments to s. 95.11(3)(c), Florida Statutes, made by this act apply to any action commenced on or after the effective date of this act, regardless of when the cause of action accrued, except that any action that would not have been barred under s. 95.11(3)(c), Florida Statutes, before

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

the amendments made by this act must be commenced on or before July 1, 2024. If the action is not commenced by July 1, 2024, and is barred by the amendments to s. 95.11(3)(c), Florida Statutes, made by this act, then the action is barred.

Section 4. This act shall take effect upon becoming a law.

REGULATORY REFORM AND ECONOMIC DEVELOPMENT SUBCOMMITTEE

CS/HB 85 by Rep. Snyder
Causes of Action Based on Improvements to Real Property

AMENDMENT SUMMARY
February 7, 2023

Amendment 1 by Rep. Snyder (line 22):

- Removes a trigger for starting the timeline for the statute of limitations, and
- Removes a definition.

Amendment No.1

COMMITTEE/SUBCOMMITTEE ACTION	
ADOPTED	__ (Y/N)
ADOPTED AS AMENDED	__ (Y/N)
ADOPTED W/O OBJECTION	__ (Y/N)
FAILED TO ADOPT	__ (Y/N)
WITHDRAWN	__ (Y/N)
OTHER	_____

Committee/Subcommittee hearing bill: Regulatory Reform & Economic Development Subcommittee

Representative Snyder offered the following:

Amendment

Remove lines 22-70 and insert:

(3) WITHIN FOUR YEARS.—

(c) An action founded on the design, planning, or construction of an improvement to real property, with the time running from ~~the date of actual possession by the owner,~~ the date the authority having jurisdiction issues ~~of the issuance of~~ a temporary certificate of occupancy, a certificate of occupancy, a certificate of completion, or the date of abandonment of construction if not completed, ~~or the date of completion of the contract or termination of the contract between the professional engineer, registered architect, or~~

~~licensed contractor and his or her employer,~~ whichever date is earliest ~~latest~~; except that, when the action involves a latent defect, the time runs from the time the defect is discovered or should have been discovered with the exercise of due diligence. In any event, the action must be commenced within 7 ~~10~~ years after the date ~~of actual possession by the owner, the date of the issuance of~~ the authority having jurisdiction issues a temporary certificate of occupancy, a certificate of occupancy, or a certificate of completion, or the date of abandonment of construction if not completed, whichever date is earliest ~~the date of abandonment of construction if not completed, or the date of completion of the contract or termination of the contract between the professional engineer, registered architect, or licensed contractor and his or her employer, whichever date is latest~~. However, counterclaims, cross-claims, and third-party claims that arise out of the conduct, transaction, or occurrence set out or attempted to be set out in a pleading may be commenced up to 1 year after the pleading to which such claims relate is served, even if such claims would otherwise be time barred. With respect to actions founded on the design, planning, or construction of an improvement to real property, if such construction is performed pursuant to a duly issued building permit and if a local enforcement agency, state enforcement agency, or special inspector, as those terms are defined in s. 553.71, has issued a final temporary certificate

of occupancy, certificate of occupancy or certificate of completion, then as to the construction which is within the scope of such building permit and certificate, the correction of defects to completed work or repair of completed work, whether performed under warranty or otherwise, does not extend the period of time within which an action must be commenced. ~~Completion of the contract means the later of the date of final performance of all the contracted services or the date that final payment for such services becomes due without regard to the date final payment is made.~~ Notwithstanding any provision of this section to the

Florida Office of Economic
and Demographic Research

Florida Gaming and the Lottery: Economics, Status and Impact

February 7, 2023

Presented by:



The Florida Legislature
Office of Economic and
Demographic Research
850.487.1402
http://edr.state.fl.us

Basic Tax Base --- Simplistic Form

Handle - Prizes = Net Win

The total sum wagered or bet by participating gamblers on any particular race or game is known as the handle. This is the initial source of all non-investment revenue.

The amount returned to the class of participating gamblers in the form of winnings.

The amount initially retained by the gambling provider. Represents the loss to the entire class of gamblers and is sometimes called "Gross Gaming Revenue" or GGR.



Taxes, Revenue Sharing, Expenses (which can include licenses) and **Profits** *usually come out of Net Win, although taxes may be calculated against the handle. Cardroom gross receipts are a special case.*

Taxes can also be levied more directly against patrons in the form of admissions taxes.

Underlying Economic Premises...

- The money for gambling expenditures comes from somewhere; it is not created:
  - *Recreational budget from discretionary income that could be spent on other items.*
  - *Savings or other investments.*
  - *For problem gamblers, dollars essential to subsistence.*

- Some or all of the jobs, wages and tax revenues attributed to gambling enterprises may be simply transferred from elsewhere. In other words, if the money was spent elsewhere in Florida, it would also generate jobs, wages and potential tax revenues from that expenditure.
  - *Moving activity from one place to another is simply churn without overall statewide gain.*
  - *For jobs, a statewide increase only exists to the extent that the individuals are otherwise unemployable or they are moving in from outside the state to take the jobs*

- In terms of the economy, there are different economic effects based on the type of gambler. Generally:
  - *Residents in the normal course of daily activity—displacement (-) or neutral (=).*
  - *Tourists who would have come to Florida regardless—displacement (-) or neutral (=).*
  - *Residents who would have otherwise left the state to gamble—removal of a leakage (+).*
  - *Tourists coming into the state to gamble who otherwise would not have—new revenue (+).*

  The various gaming alternatives will have different mixes of gamblers.

Secondary Premises...

- The specific location of new facilities matters. Pari-mutuel facilities with slot machines typically draw on their nearby market area (i.e., the local resident population).

- A local economic gain doesn't necessarily translate into a statewide gain. Activity may be pulled from another area of the state.

- It makes a difference where equipment and supplies are purchased (in-state or out-of-state).

- It matters where the profits go (in-state or out-of-state).

- Financed capital investment for infrastructure is initially positive as the dollars are infused, but later becomes a drain as repayments of the principal and interest remove dollars.

Key Economic Consideration...

- Cannibalization—creating demand for one product at the expense of another; substitution of one purchase for another. It can be detected through:
  - The shifting among state revenue sources when the gambling product is a substitute purchase replacing the purchase of another good which would have been taxed in a different manner. (+ or – depending on the difference in tax rates)
  - The shifting among gambling products that are substitutes for each other. (+ or - depending on the difference in tax rates)
  - The shifting between a nontaxable purchase to a taxed gambling product. (+)

Activity Nested at Tribal Facilities...

- After multiple attempts, the Governor and the Seminole Tribe of Florida executed an agreement on April 7, 2010, that was ratified by the Legislature by Chapter 2010-29, L.O.F., and approved by the United States Secretary of the Interior.

- The 2010 Compact had 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 would have been 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. In FY 2021-22, slots were present in six of the seven facilities: Broward (2 sites), Hillsborough, Collier, Glades and Hendry counties.

- 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 General Revenue Fund received 100 percent of the revenue share; however, 3 percent was subsequently distributed to the affected local governments.

2010 Indian Gaming Compact...

- 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. 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 for the 2010 Compact.

2021 Indian Gaming Compact...

- The Governor and the Seminole Tribe of Florida signed a new Compact on April 23, 2021, with an amendment on May 17, 2021. It was subsequently ratified in Special Session by CS/SB 2-A, which was approved by the Governor on May 25, 2021. Most importantly, the 2021 Compact authorized sports betting, to begin no earlier than October 15, 2021.

- On August 11, 2021, the Department of Interior, Bureau of Indian Affairs, published a notice entitled "Indian Gaming; Approval by Operation of Law of Tribal-State Class III Gaming Compact in the State of Florida" in the Federal Register. This notice officially triggered the first revenue sharing cycle under the terms of the new Compact beginning on September 1, 2021. By operation, the 2010 Compact was superseded.

- In addition to the previously authorized games, the 2021 Compact authorizes craps & roulette, sports betting, and fantasy sports contests. It also establishes a new bracket structure for revenue sharing 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 new Compact also includes a schedule of guaranteed minimum payments that applied to the first five revenue sharing cycles.

2021 Indian Gaming Compact Continued...

- The State of Florida began receiving Indian Gaming payments under the 2021 Compact in October of 2021.

- The U.S. District Court for the District of Columbia set aside federal approval of the 2021 Compact on November 22, 2021.
  - Currently, the case is being appealed. The United States Court of Appeals for the D.C. Circuit held the Oral Argument on December 14, 2022.

- Other than sports betting, craps and roulette, Indian Gaming activity continues to take place.

- While the Seminole Tribe of Florida had elected to continue revenue sharing with the State of Florida after the ruling, it subsequently discontinued those payments in March 2022. It is currently unknown when or if these payments will resume into state accounts. Therefore, revenue sharing will only become relevant again if or when the 2021 Compact is reinstated. At this time, however, the Revenue Estimating Conference projects that there will be no collections from Indian Gaming within the next five years.

- Formerly, the Department of Business and Professional Regulation, Division of Pari-Mutuel Wagering, had administered the Compact. As of July 1, 2022, the State Compliance Agency became the Florida Gaming Control Commission.

Historical Indian Gaming Receipts (GR)

	Total Received	Total Received in GR by Year	Reserve within GR (not separately escrowed)	Total Excluding Banked Card Game Receipts held in Reserve by Year	Release of Reserve (not Escrow)	Total after Release of Bank Card Game Receipts held in Reserve by Year	Local Distribution by Year	
FY 2007/08	60,416,667	-		-		-	-	
FY 2008/09	77,083,333	-		-		-	-	
FY 2009/10*	150,000,000	287,500,000		287,500,000		287,500,000	-	2007 Compact
FY 2010/11**	140,416,667	140,416,667	-	140,416,667	-	140,416,667	750,000	
FY 2011/12	150,000,000	150,000,000	-	150,000,000	-	150,000,000	3,750,000	
FY 2012/13	226,083,337	226,083,337	-	226,083,337	-	226,083,337	4,500,000	
FY 2013/14	237,312,301	237,312,301	-	237,312,301	-	237,312,301	6,990,000	
FY 2014/15	255,610,619	255,610,619	-	255,610,619	-	255,610,619	7,119,369	
FY 2015/16	272,840,413	272,840,413	57,500,000	215,340,413	-	215,340,413	7,670,819	
FY 2016/17	288,840,354	288,840,354	166,540,354	122,300,000	-	122,300,000	6,300,000	
FY 2017/18***	341,803,426	341,803,426	9,800,000	332,003,426	233,840,354	565,843,780	10,550,424	
FY 2018/19	257,994,274	257,994,274	-	257,994,274	-	257,994,274	10,254,103	2010 Compact
FY 2019/20	-	-	-	-	-	-	7,154,828	*(lagged distribution)*
FY 2020/21	-	-	-	-	-	-	-	
Total	**2,458,401,391**	**2,458,401,391**	**233,840,354**	**2,224,561,037**	**233,840,354**	**2,458,401,391**	**65,039,543**	

* Formally "escrowed" amount released and shown in GR by CFO's office in June 2010.

** The total amount received in FY 2010-11 includes $2,916,666.67 that is associated with a final payment from the 2007 Compact. It was received in December 2010. Payments under the 2010 Compact began in August 2010, although it recognized some actions that occurred prior to its effective date.

*** The Reserve was released in August 2017, and thereafter separate catch-up payments were made to local distributions to reflect their share of the Reserve ($7,019,

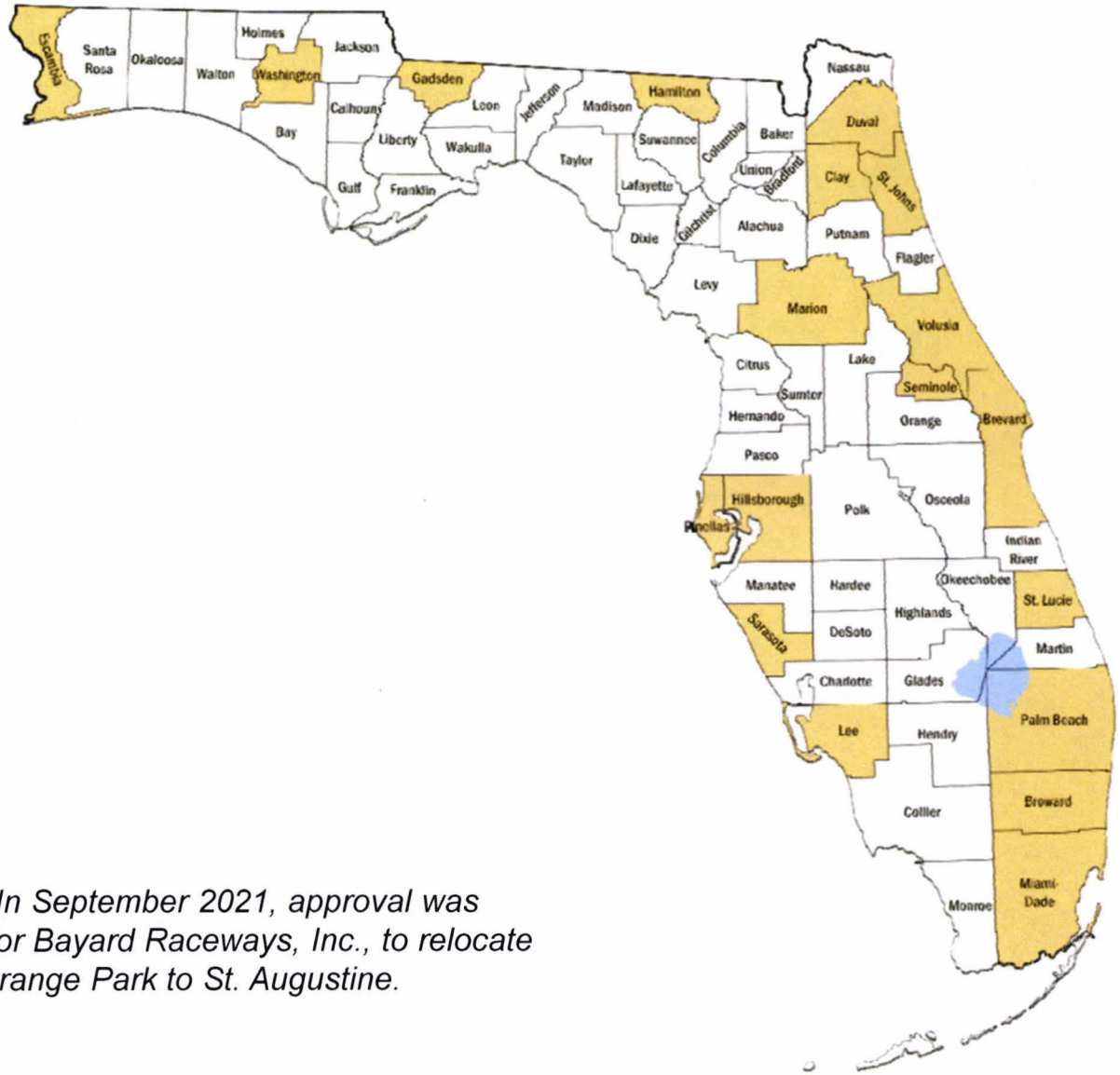
As of January 2022, expected fiscal year payments from the 2021 Compact were: (millions)

FY 2021/22	337.5
FY 2022/23	463.5
FY 2023/24	481.4
FY 2024/25	498.8
FY 2025/26	516.2
FY 2026/27	533.1

For the 2021 Compact, payments were received for only five months: October 2021 through February 2022 (millions):

FY 2021/22	187.5	55.6%

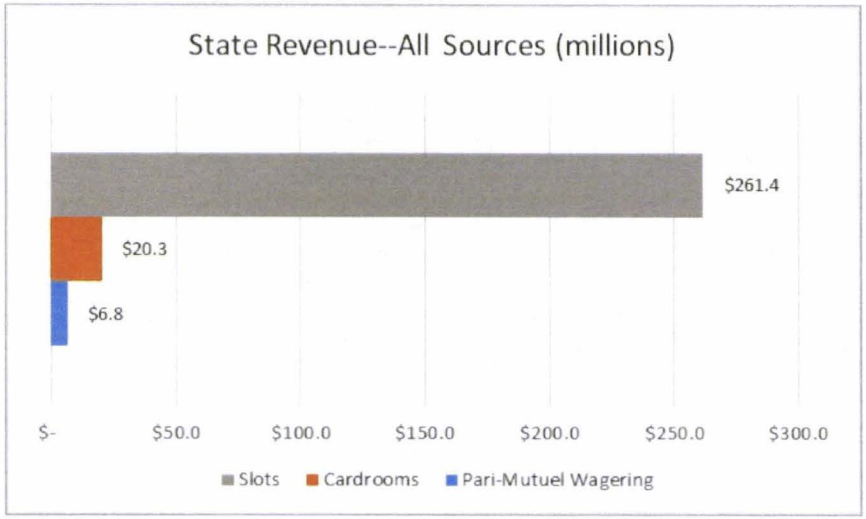
Counties With Active Pari-Mutuel Permits



Note: In September 2021, approval was given for Bayard Raceways, Inc., to relocate from Orange Park to St. Augustine.

Activity Nested at Pari-Mutuel Facilities...

FY 2021-22...All Sources	State Revenue	Share
Pari-Mutuel Wagering	$ 6.8	2.3%
Cardrooms	$ 20.3	7.0%
Slots	$ 261.4	90.6%
TOTAL	$ 288.5	100.0%



- In FY 2021-22, there were 38 permitholders in 29 discrete locations throughout the state authorized to conduct traditional **pari-mutuel wagering**. The industry operated 721 racing and gaming days for thoroughbred horses, harness horses, and jai alai; none were held for quarterhorse racing.

- **Cardrooms** are generally authorized for licensed pari-mutual facilities throughout Florida, but were only operated at 24 facilities in FY 2021-22.

- **Slot machine gaming** was operating at 8 pari-mutuel facilities in Broward and Miami-Dade counties in FY 2021-22.

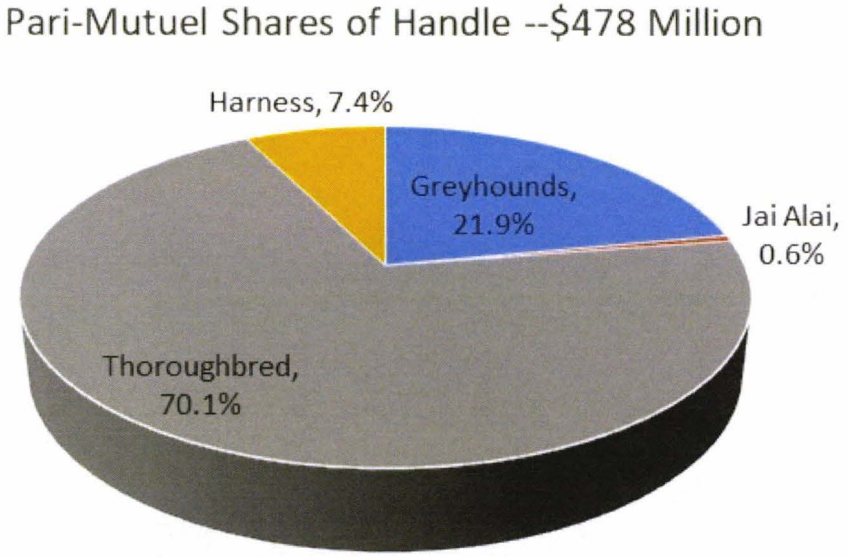
- During FY 2021-22, a total of $288.5 million in state revenues was collected from pari-mutuel activities, cardrooms, slot machine gaming, and their associated licenses, fees and fines.

Pari-Mutuel Wagering...

The pari-mutuel handle comes from the following types of wagering: live on-track; simulcast (out-of-state); intertrack (Florida); and intertrack simulcast (rebroadcast). No activity was related to quarter horse racing in 2021-22.

Pari-mutuel wagering has a complex revenue structure that includes occupational licenses, daily license fees, taxes on admission, taxes on handle, tax credits and tax exemptions, but totaled approximately 1.41% of the handle in FY 2021-22.

Of the $6.8 million in state revenue, $5.9 million (87%) was related to performances, and $0.9 million was related to licenses, etc.



PARI-MUTUEL HANDLE AND STATE REVENUE SUMMARY

Fiscal Year	*Number of Racing/Gaming Days*	*Total Paid Attendance*	*Total Pari-Mutuel Handle*	*Total State Revenue (1)*	*State Revenue as a Percent of Handle*
2012/2013	3,628	430,707	$ 872,272,660	$13,200,709	1.51%
2013/2014	3,582	383,864	$ 850,136,735	$13,785,681	1.62%
2014/2015	3,441	377,660	$ 779,336,136	$12,589,460	1.62%
2015/2016	3,416	348,081	$ 740,622,948	$11,832,484	1.60%
2016/2017	3,415	333,620	$ 717,555,785	$10,926,426	1.52%
2017/2018	3,149	318,621	$ 688,030,290	$8,519,787	1.24%
2018/2019	2,742	203,219	$ 653,757,703	$9,478,392	1.45%
2019/2020	2,176	132,243	$ 452,660,865	$6,673,808	1.47%
2020/2021	1,288	35,861	$ 449,239,684	$7,224,825	1.61%
2021/2022	721	57,988	$ 477,966,334	$6,751,163	1.41%

Source: Florida Gaming Control Commission, Annual Report for Fiscal Year 2021-2022

Cardrooms...

- There were 829 cardroom tables in operation in FY 2021-22.

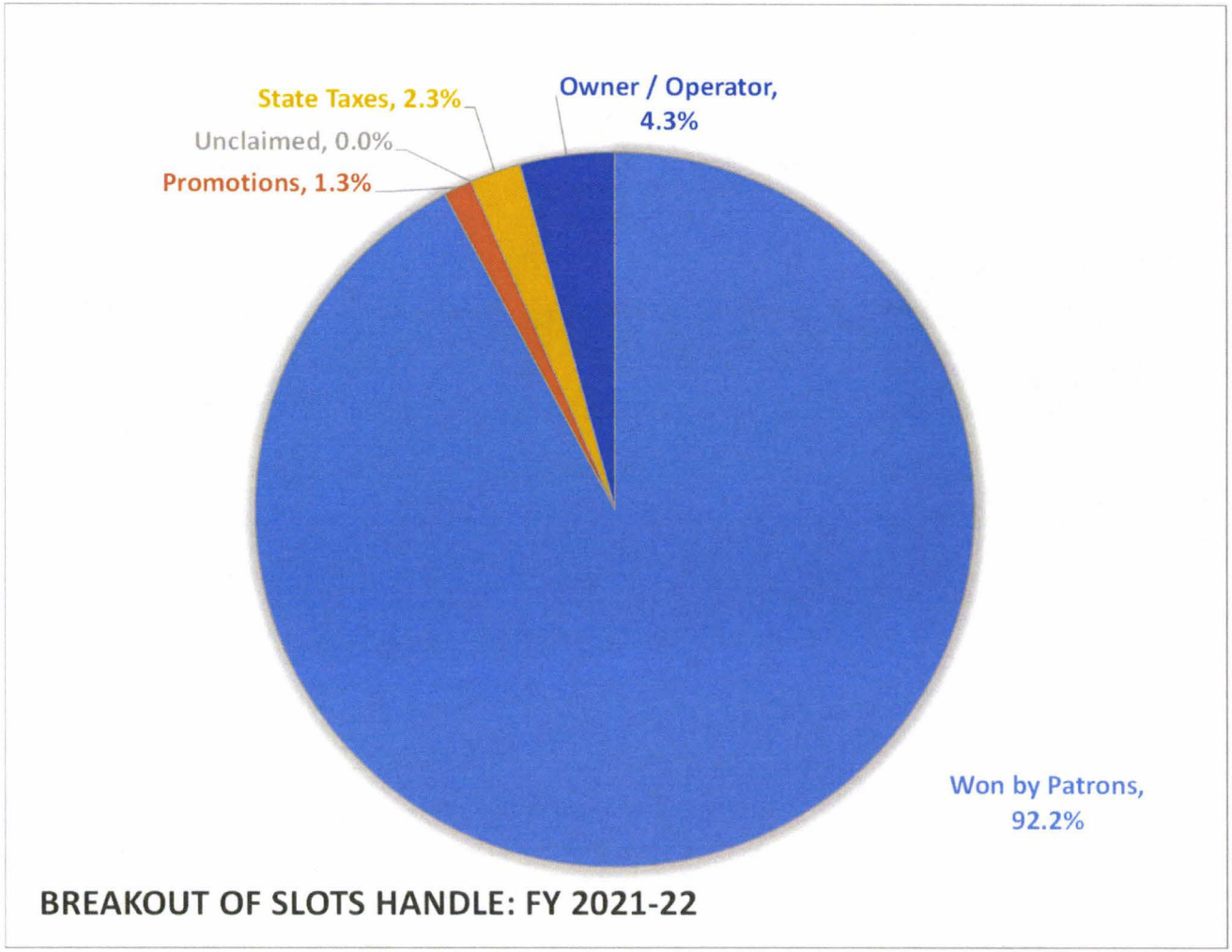
- The core tax structure is based on table fees ($1000 per table) and gross receipts taxes (10% of the monthly gross receipts), with additional revenue from occupational licenses. One-half of the cardroom taxes goes to the General Revenue Fund, and one-quarter of the moneys deposited in the Pari-Mutuel Wagering Trust Fund is distributed to the counties and municipalities that approved the cardroom.

- Of the $20.3 million in total state revenue, $20.1 million (99%) was related to Table Fees and Taxes on Gross Receipts, and $0.1 million was related to licenses, etc.

CARDROOM GROSS RECEIPTS AND STATE REVENUE SUMMARY

Fiscal Year	Total Cardroom Gross Receipts	Gross Receipts Tax	Table Fees Collected [A]	Total State Revenue (Gross Receipts Tax plus Table Fees)	Total State Revenue as a Percent of Gross Receipts
2012/2013	$132,690,415	$13,269,045	$810,000	$14,079,045	10.61%
2013/2014	$136,163,616	$13,615,464	$788,000	$14,403,464	10.58%
2014/2015	$135,888,902	$13,589,789	$755,000	$14,344,789	10.56%
2015/2016	$147,298,438	$14,729,654	$774,000	$15,503,654	10.53%
2016/2017	$156,914,074	$15,692,825	$805,000	$16,497,825	10.51%
2017/2018	$167,950,581	$16,795,063	$786,000	$17,587,063	10.47%
2018/2019	$172,085,233	$17,208,523	$824,000	$18,032,523	10.48%
2019/2020	$132,392,085	$13,239,209	$796,000	$14,035,209	10.60%
2020/2021	$151,179,359	$15,117,936	$782,000	$15,899,936	10.52%
2021/2022	$193,312,344	$19,331,234	$829,000	$20,160,234	10.43%

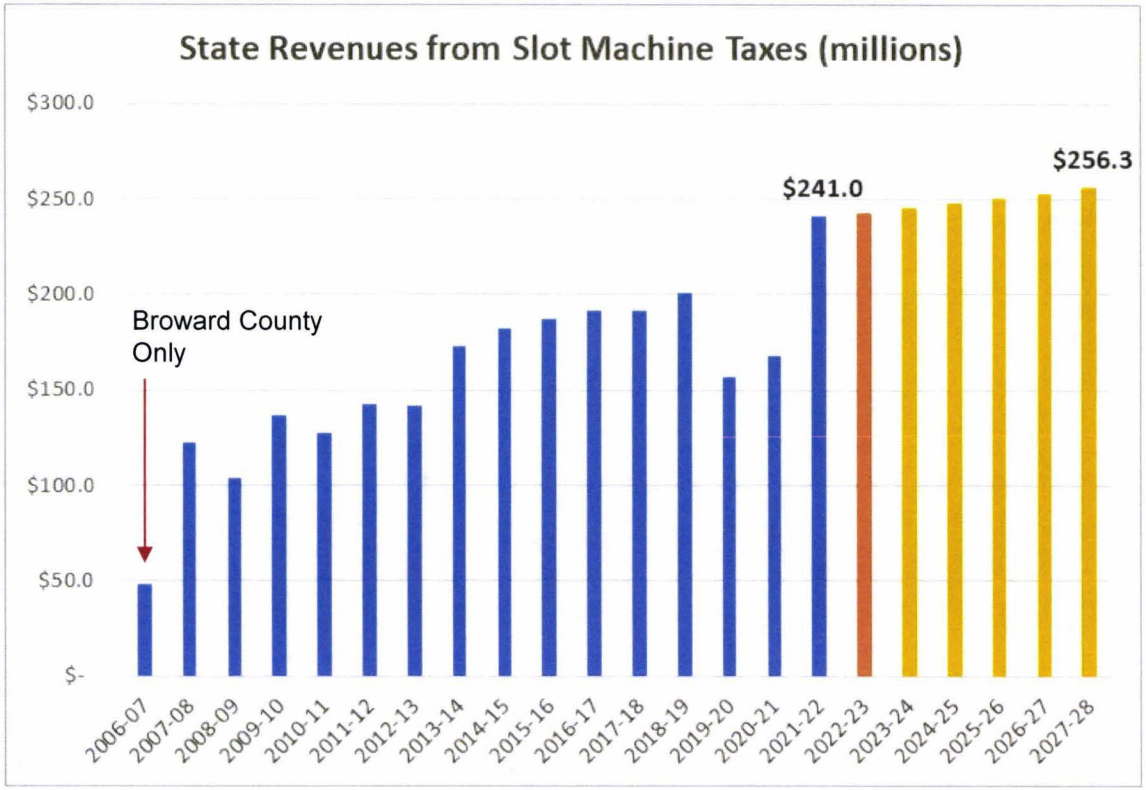
Source: Florida Gaming Control Commission, Annual Report for Fiscal Year 2021-2022



EDR Estimate of Amount Wagered in FY 2021-22 (billions)

9.692	Won by Patrons	92.2%
0.135	Promotions	1.3%
0.001	Unclaimed	0.0%
0.241	State Taxes (Official)	2.3%
0.448	Owner / Operator	4.3%
10.516	Amount Wagered	100.0%

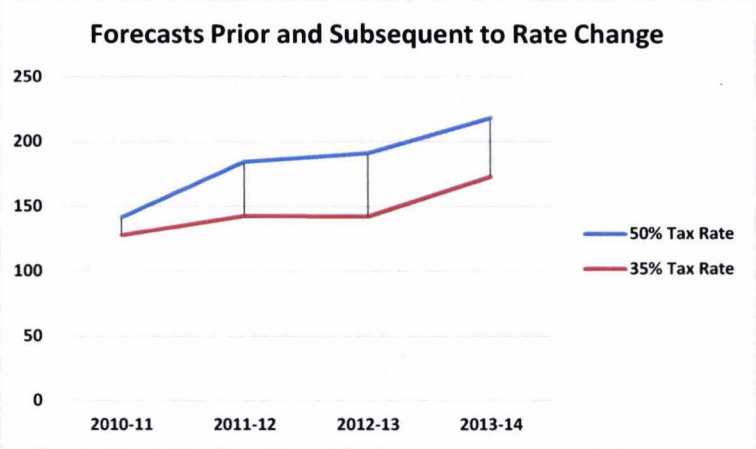
Net Win or
Net Slot Machine Revenue
= 6.6%



One-hundred percent of slot machine tax collections go to the Educational Enhancement Trust Fund. The slot machine tax rate was 50% in FY 2006-07 through FY 2009-10, and was reduced to 35% beginning in Fiscal Year 2010-11. The state switched from weekly to monthly collections of slot machine taxes in FY 2012-13, which causes the FY 2012-13 revenues to appear artificially low. In addition to the tax receipts of $241 million, revenues from several fees (Compulsive / Addictive Gambling; facility and occupational licenses) brought total state revenues to $261.4 million.

Tax Rate Change...

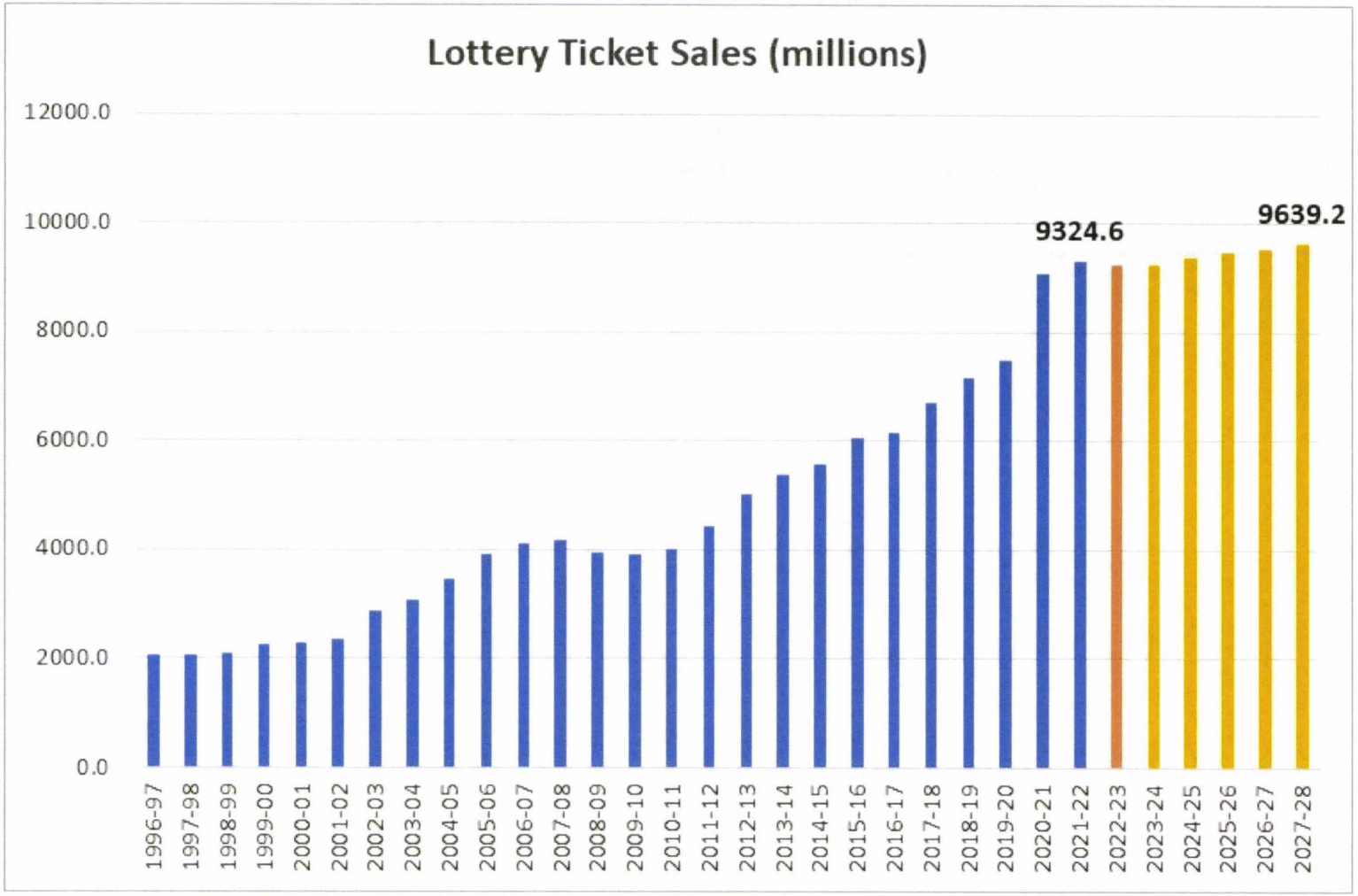
During the 2010 Session, CS/SB 622 (Ch. 2010-29, LOF) passed which reduced the slots tax rate from 50% to 35% effective July 1, 2010. The Revenue Estimating Conference developed a new methodology to evaluate the change, assuming a non-recurring loss for three years and then a break-even point in the 4th year (meaning tax receipts at 35% in FY 2013-14 would equal the prior forecast for that year at 50%).



The underlying assumption was that activity would increase to the point where the rate change was revenue neutral by the fourth year—due to greater capital investments, promotions and prizes. Overall, net income would have had to increase by 43% for the change to have been revenue neutral. It did not.

Tax	Feb-10	Impact Rate Chg	Other Changes	Post-Session '10	Actual	Difference
2006-07	48.2	0.0	0.0	48.2	48.2	
2007-08	122.3	0.0	0.0	122.3	122.3	
2008-09	104.4	0.0	-0.3	104.1	104.1	
2009-10	129.6	0.0	0.0	129.6	136.4	
2010-11	166.7	-25.0	0.0	141.7	127.7	-14.0
2011-12	189.4	-14.2	9.1	184.3	142.7	-41.6
2012-13	193.8	-8.7	5.9	191.0	142.2	-48.8
2013-14	199.0	0.0	19.1	218.1	173.1	-45.0

Activity Nested Statewide...

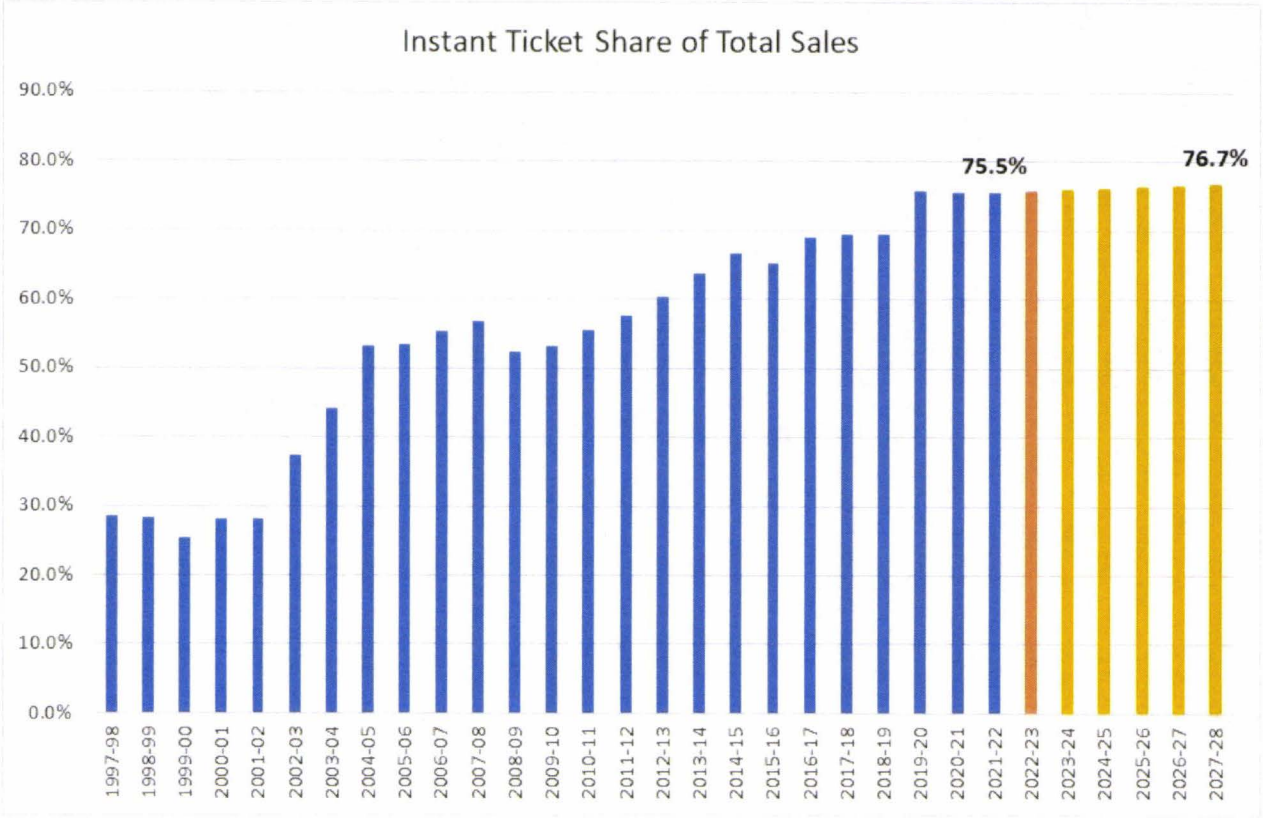


The Florida Lottery is a special case of gaming since the state is also the operator.

Florida Lottery...

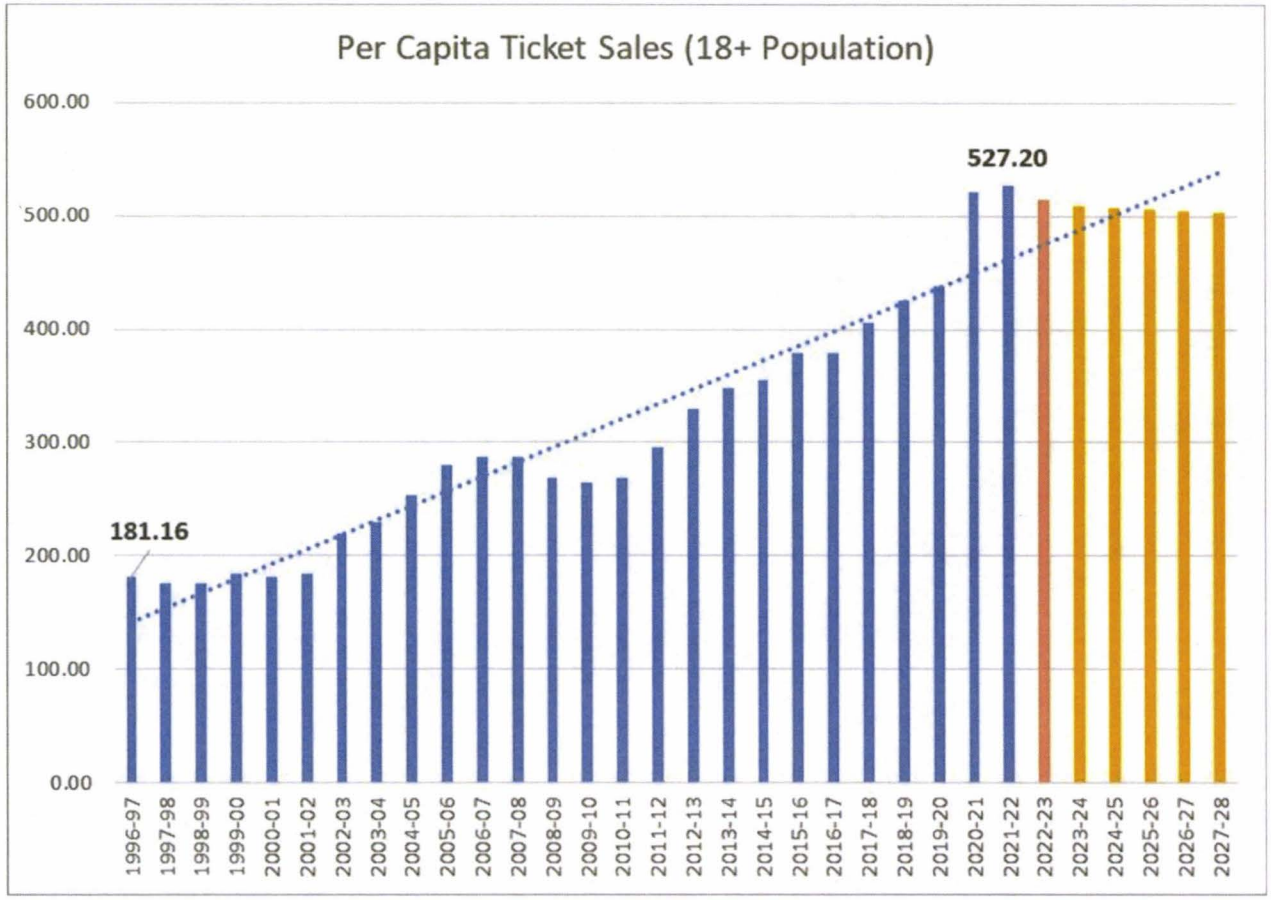
EDR's Analysis of FY 2021-22 Lottery Financial Report...

Handle	Prizes	Net System Costs	EEFT Total
9324.6	6245.5	745.7	2333.5
	67.0%	8.0%	25.0%



The Florida Lottery's "handle" in FY 2021-22 was $9.32 billion. From the collective players' perspective, the effective loss on their expenditure was 33.0 percent.

The share to EETF varies by the type of game: after transfers for prizes, fees, admin costs, and unclaimed prizes, net transfers to the EETF equal approximately 38.10% of terminal game ticket sales and 18.48% of scratch-off ticket sales. The share of total ticket sales arising from instant games has significantly increased over time.



- Per capita Lottery ticket sales have increased dramatically, while the number of retailers has stayed relatively stable (13,461 in 2022). Both the trend line and the inflation-adjusted level for FY 1996-97 ($320.13) suggest that the 2021-22 experience of $527.20 is remarkable.

- According to the Department of Lottery the largest segments of players in 2022 were male (52%), aged 55+ (39%), and college-educated (44%), with incomes of $70,000 or more per year (39%).

Across All Forms of Gaming...

FY 2021-22...Handle & Net Win*	Handle (All Wagering)	Share	Per Capita (18+)	Estimated Net Win
Indian Gaming	$ 20,047,200,000	49.4%	$ 1,133.44	$ 2,505,900,000
Pari-Mutuel Wagering	$ 477,966,334	1.2%	$ 27.02	$ 31,545,778
Cardrooms	$ 193,312,344	0.5%	$ 10.93	$ 30,929,975
Slots	$ 10,515,608,040	25.9%	$ 594.54	$ 689,341,437
Lottery	$ 9,324,628,000	23.0%	$ 527.20	$ 3,079,173,000
TOTAL	$ 40,558,714,718	100.0%	$ 2,293.14	$ 6,336,890,190

*EDR projections. Indian Gaming was based on the 2010 Compact, prior to sports betting. In some cases, Net Win is adjusted to reflect current law.

Local Government Annual Revenue Distributions: Indian Gaming and Cardrooms

Indian Gaming = 10 Years; Cardrooms = 12 Years)

Local Government	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	TOTAL
Brevard County	54,911	51,858	50,704	53,398	54,495	64,595	66,451	67,850	75,251	63,968	70,374	92,215	**766,072**
Broward County	266,966	630,247	709,506	987,425	999,661	1,054,925	889,530	1,407,582	1,360,778	931,196	63,511	148,554	**9,449,880**
City of Coconut Creek	53,543	287,966	360,826	644,959	643,824	696,763	571,136	992,154	960,205	712,369	0	0	**5,923,743**
City of Coral Springs	11,682	62,829	78,726	140,718	140,471	152,021	124,611	216,470	209,499	155,426	0	0	**1,292,453**
City of Dania Beach	27,263	134,216	157,082	225,199	229,582	245,547	201,191	336,034	325,554	218,439	0	0	**2,100,108**
City of Gretna	0	20,104	25,950	21,425	23,080	27,513	30,032	29,227	27,198	18,913	12,598	21,775	**257,815**
City of Hialeah	0	0	0	0	104,492	106,775	102,084	96,419	99,064	69,724	53,800	80,285	**712,643**
City of Hollywood	149,944	738,189	863,952	1,238,596	1,262,703	1,350,510	1,106,551	1,848,188	1,790,550	1,201,413	0	0	**11,550,596**
City of Jacksonville	0	63,252	182,702	189,640	195,813	257,846	270,125	290,156	287,440	249,418	345,125	387,428	**2,718,945**
City of Margate	8,275	44,504	55,764	99,675	99,500	107,681	88,266	153,333	148,395	110,093	0	0	**915,488**
City of Parkland	1,947	10,472	13,121	23,453	23,412	25,337	20,769	36,079	34,917	25,904	0	0	**215,410**
Collier County	54,975	265,088	313,631	491,171	504,511	582,789	510,122	890,584	879,704	635,490	0	0	**5,128,065**
Escambia County	55,828	55,273	49,987	44,969	47,121	53,152	52,697	52,731	50,266	35,697	36,572	52,099	**586,392**
Florida City	0	0	0	0	0	0	549	24,552	26,565	15,971	0	0	**67,637**
Glades County	14,175	75,563	92,427	139,983	139,802	149,794	118,198	202,564	200,972	160,291	0	0	**1,293,769**
Hallandale Beach	123,827	126,489	128,057	134,100	143,166	146,394	138,946	113,894	121,681	87,406	78,515	81,171	**1,423,645**
Hamilton County	12,974	7,468	7,057	5,805	5,143	150	0	0	0	0	0	0	**38,597**
Hendry County	150	113	507	1,289	866	932	750	225	0	0	0	0	**4,831**
Hillsborough County	401,784	1,637,211	1,949,921	3,015,375	3,087,440	3,295,179	2,705,201	4,374,852	4,257,309	2,944,676	83,746	100,219	**27,852,912**
Jefferson County	9,994	4,323	0	0	0	0	0	0	0	0	0	0	**14,316**
Lee County	77,690	81,130	82,681	87,245	86,383	96,929	97,592	100,312	107,158	81,747	120,170	145,386	**1,164,423**
Marion County	46,834	46,899	45,396	46,087	43,612	43,613	71,571	88,453	95,878	83,042	97,221	141,047	**849,652**
Miami-Dade County	147,277	173,847	202,179	238,881	116,103	108,650	107,683	110,586	120,734	92,704	87,235	137,128	**1,643,008**
Orange City	0	0	0	0	0	0	34,864	134,084	148,739	119,347	163,710	192,038	**792,783**
Palm Beach County	161,223	157,663	164,759	157,132	157,624	178,508	183,388	199,262	207,934	160,327	153,408	212,153	**2,093,383**
Pinellas County	107,071	113,673	108,834	109,688	107,204	110,456	114,798	117,517	121,765	95,362	112,420	135,100	**1,353,889**
Sarasota County	65,864	65,365	62,988	66,889	70,833	78,425	77,698	74,510	71,906	52,289	63,043	84,030	**833,840**
St. Johns County	70,804	51,273	6,109	0	0	0	0	0	0	0	0	0	**128,187**
St. Lucie County	40,889	36,427	33,764	36,959	31,331	29,822	31,458	38,590	47,821	26,984	22,461	13,425	**389,931**
Town of Davie	27,263	134,216	157,082	225,199	229,582	245,547	201,191	336,034	325,554	218,439	0	0	**2,100,108**
Town of Orange Park	132,821	127,839	80,745	90,806	93,829	103,223	139,484	147,755	142,198	115,547	158,112	194,043	**1,526,402**
Voluisa County	130,385	135,656	130,163	135,737	138,323	157,691	159,674	121,491	112,817	89,085	114,023	136,580	**1,561,627**
Washington County	57,883	54,056	43,922	40,129	38,188	41,259	44,990	48,319	47,315	38,461	53,696	61,727	**569,946**
Total by Fiscal Year	2,314,240	5,393,208	6,158,542	8,691,933	8,818,093	9,512,025	8,261,603	12,649,807	12,405,168	8,809,729	1,889,742	2,416,404	**87,320,495**

Cardrooms:	22,280,952	25.5%
Indian Gaming:	65,039,543	74.5%

Florida Gaming
Control Commission

Florida Gaming Control Commission

HOUSE SUBCOMMITTEE ON REGULATORY REFORM & ECONOMIC DEVELOPMENT

FEBRUARY 7, 2023

LOUIS TROMBETTA, EXECUTIVE DIRECTOR

Mission:

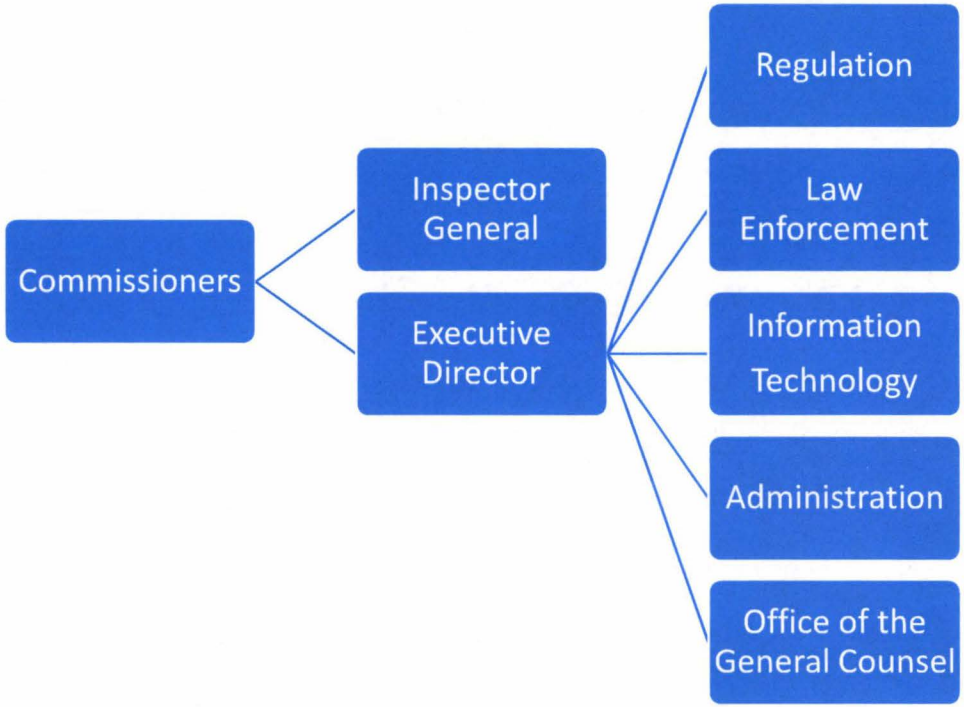
Preserve and protect the integrity of gaming activities through fair regulation, licensing, effective criminal investigation, and enforcement

- **Overview**:
  - Created during 2021 Legislative Special Session
  - Five-Member Commission

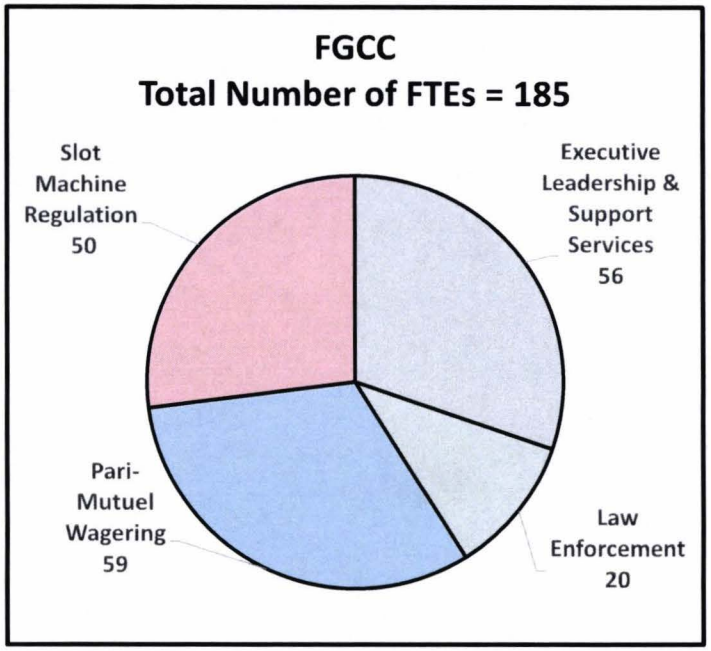
- **Goals**:
  - Provide efficient regulation of licensed activity.
  - Investigate, support, and provide information to oppose criminal gambling elements in the State of Florida.
  - Protect the health and safety of Floridians.
  - Secure state revenues.

- **Duties** - Exercises all regulatory and enforcement powers in:
  - Licensed Pari-Mutuel Activities:
    - Horseracing
    - Jai Alai
    - Cardrooms
    - Slot Machine Gaming
  - Oversight of Gaming Compacts
  - Criminal Gambling Prohibitions

Organizational Structure



FGCC 22/23 Budget: $27,708,426

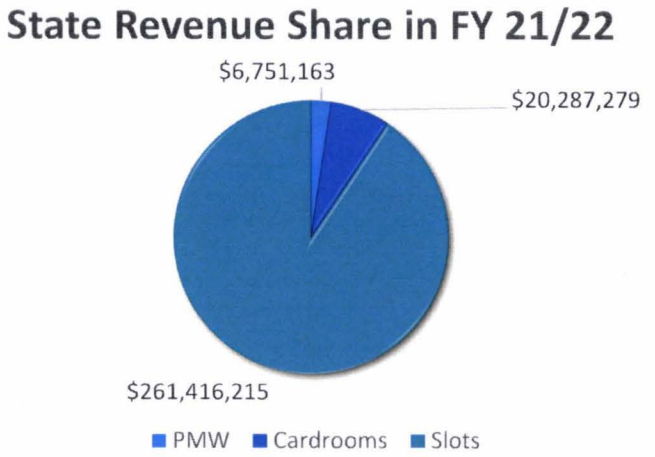


The Commission

- Located within the Attorney General's Office
- Led by 5 commissioners serving together as the agency head
  - 1 with law enforcement background
  - 1 legal background
  - 1 accounting background
- Commissioners hold meetings and take final agency action as needed.
  - Over 90 Final Order issues since July 1, 2022
  - Oversee the FGCC's two subject matter Divisions – (1)Regulation and (2)Law Enforcement

Regulation: The Division of Pari-Mutuel Wagering

- The Division of Pari-Mutuel Wagering conducts all the regulated activities of the commission.
- Formerly a Division within DBPR, on July 1, 2022, the Division of Pari-Mutuel Wagering moved from DBPR into the FGCC.
- There are several regulated gaming activities in the state:
  - Horse racing,
  - Jai-alai,
  - Cardrooms, and
  - Slot machines.
- Main Duties include:
  - Issuance of licenses – individuals and businesses
  - Compliance investigations
  - Animal safety
  - Gaming integrity
  - Revenue accounting and collection
  - Compact oversight.



Law Enforcement

- The FGCC also oversees a Division of Law enforcement with authority throughout the state to take action to enforce the state's criminal gambling prohibitions.

- FGCC Law Enforcement has prioritized communicating, collaborating, and working with the Law Enforcement Community.

- The Law Enforcement Division has already succeeded by:
  - Working with local municipalities to prevent ordinances from going into effect which would have attempted to allow local licensing of potentially illegal devices.
  - Responding to complaints about illegal gambling throughout the state.
  - Providing resources to local law enforcement

Support Divisions: Administration, IT, and OGC

The FGCC's regulatory and law enforcement divisions are supported by an IT, Admin and OGC team.

- Administration:
  - The Division of Administration provides all the support in the areas of finance, accounting, budget, HR, Contract Services, Travel and other related administrative areas. Administration is working to implement agency wide policies and procedures, secure new office space for our main Tallahassee office and our satellite law enforcement agents.
- Information Technology:
  - The IT team supports all of the FGCC's technical needs. As the FGCC is a combination of new systems and a former division of DBPR, IT is responsible for both establishing new systems and migrating the old documents and systems over from DBPR. The IT team is currently working to help move the FGCC onto an independent network, separate from DBPR, while upgrading our systems and maintaining additional security features for our law enforcement agents.
- Office of General Counsel:
  - The FGCC also has a team of in-house attorneys that provide most of the legal work for the commission. The OGC provides a range of support from general legal counsel for the commission, regulatory action, law enforcement, and administration.

Additional Information

Statistics: https://fgcc.fl.gov/pmw/statistics/

Annual Reports: https://fgcc.fl.gov/pmw/annual-reports/

Report illegal gambling: https://fgcc.fl.gov/file-a-complaint/

Contact us: https://fgcc.fl.gov/contact/

THE FLORIDA LOTTERY

House Regulatory Reform and Economic Development Subcommittee

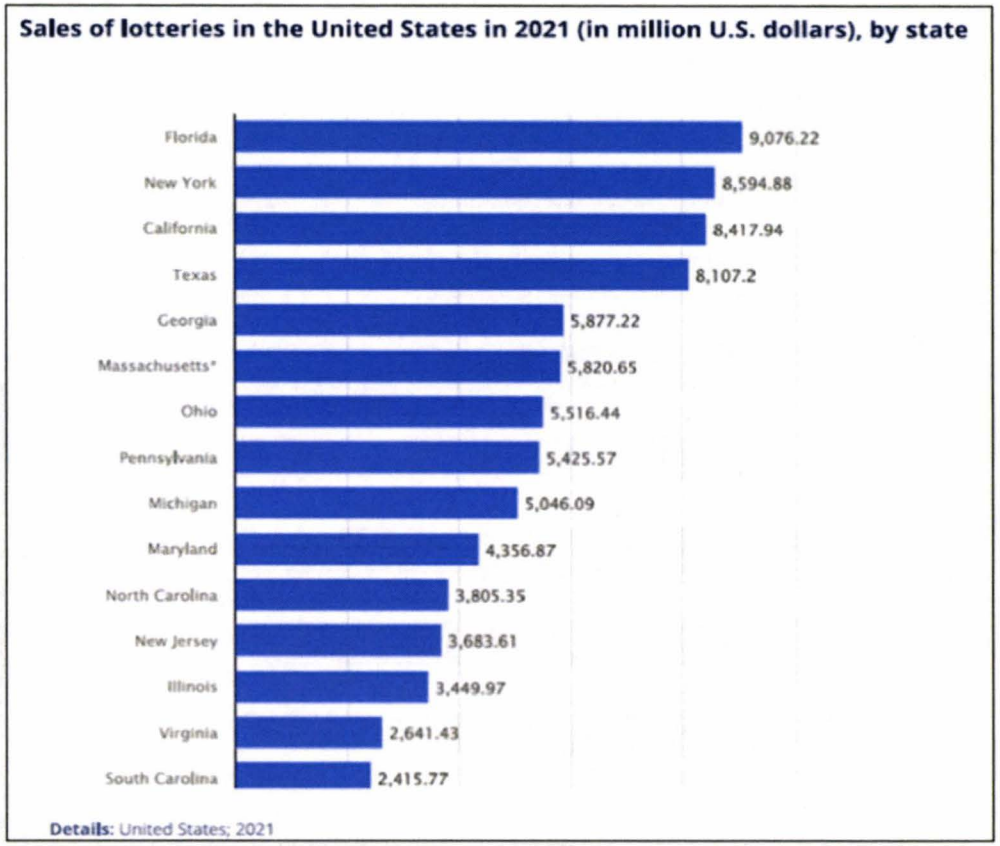
Feb 7, 2023



THE FLORIDA LOTTERY

MISSION:

- Enhance education in Florida by maximizing transfers to the Educational Enhancement Trust Fund (EETF)
- Operate as much as possible as a business enterprise



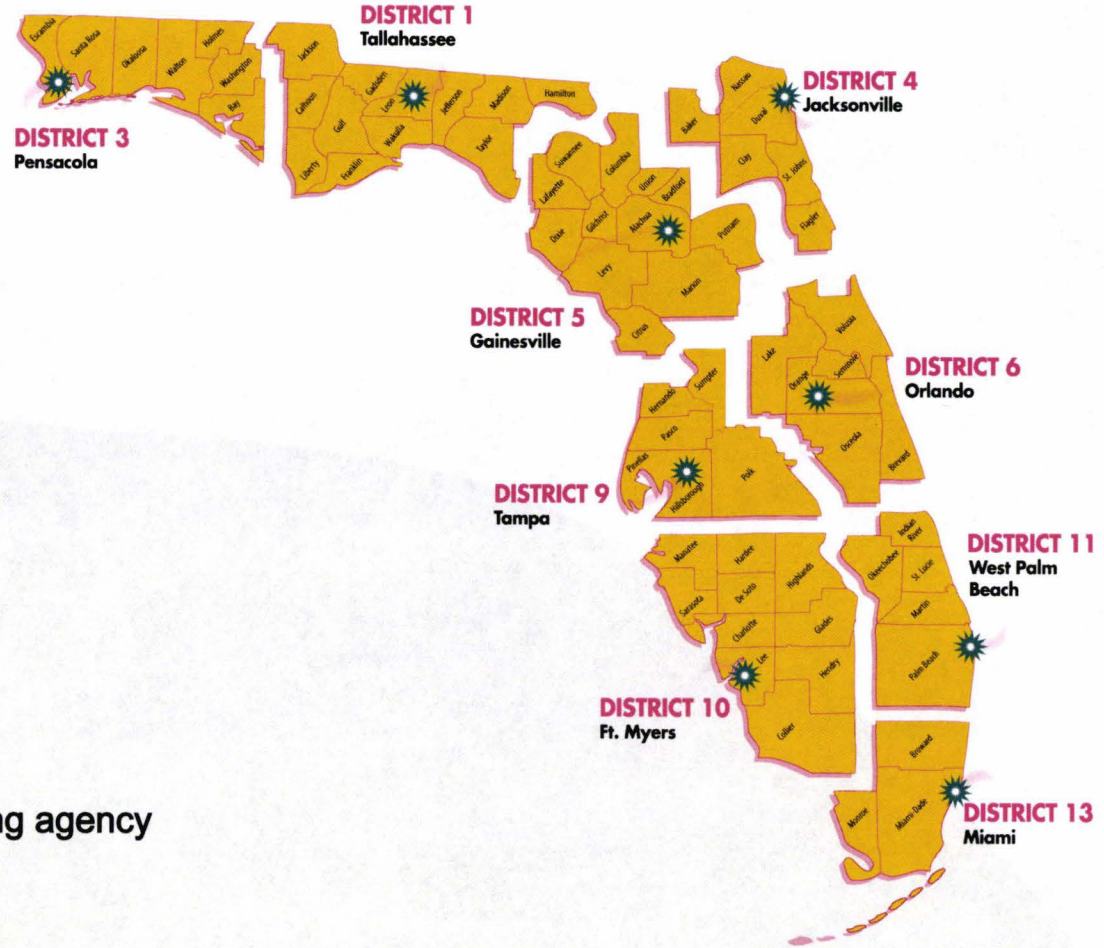
The Lottery's Greatest Asset:

LOTTERY EMPLOYEES

- Best games in the country
- Respect / leadership in the industry
- Superior brand recognition
- Exceptionally talented group

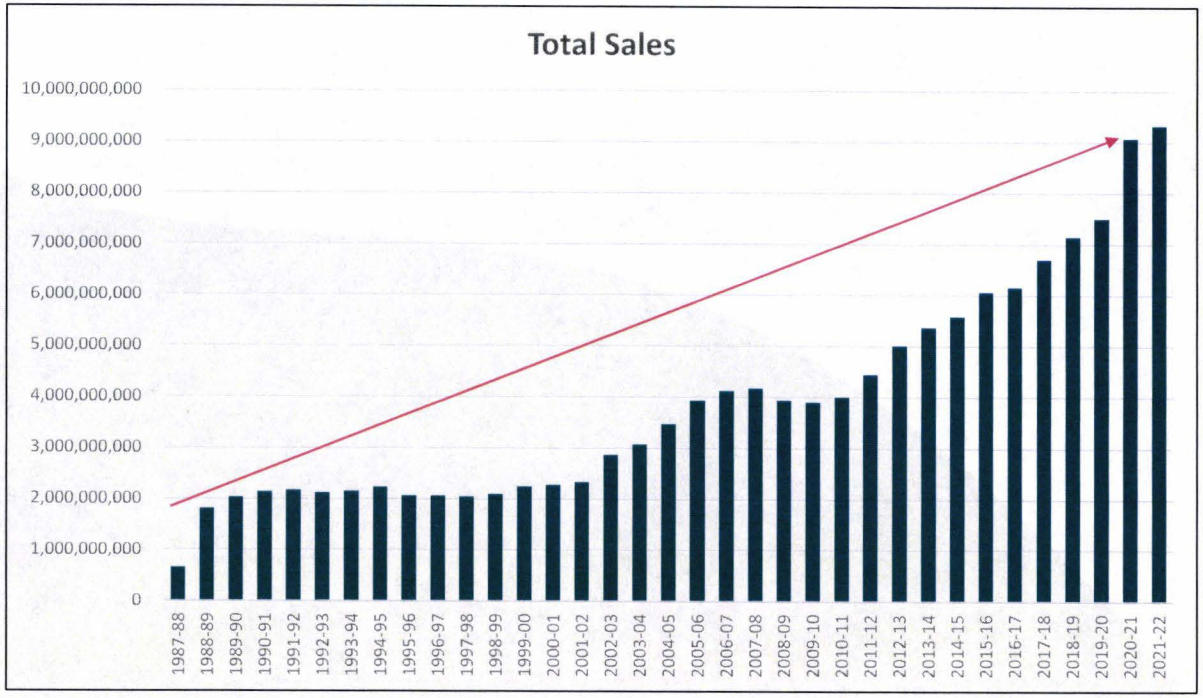
THE FLORIDA LOTTERY

- Established in 1986 by the Constitutional Amendment approved by Florida's voters
- First scratch -off ticket was sold in 1988
- 418.5 FTE
- 9 District Offices
- Revenue -generating and self -supporting agency



Ticket Sales Continue to Increase

- **Number #1 Lottery in U.S. in ticket sales**
- **$9 Billion+ ticket sales over the past 2 Fiscal Years**
- **Steady increase year -over -year for the past decade**



Best Games Available



FLORIDA MEGA MILLIONS with MEGAPLIER

JACKPOT TRIPLE PLAY with COMBO

PICK 2 3 4 5 PLUS FIREBALL

FLORIDA POWERBALL DOUBLE PLAY POWERPLAY

CASH POP

GROUPER

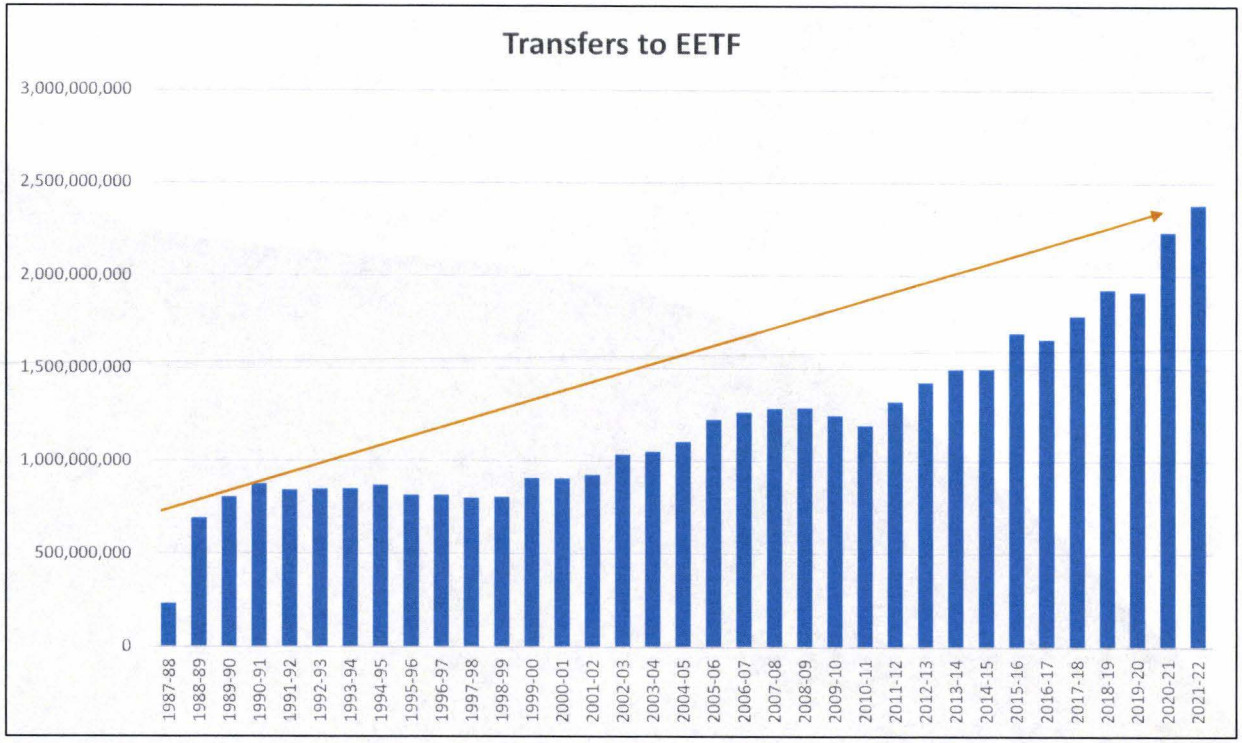
FLORIDA LOTTO XTRA

FANTASY 5 with extra match

FLORIDA LOTTERY CASH 4LIFE

Support for Post -Secondary Education

- $1 Billion+ to education over the past 21 consecutive Fiscal Years
- $2 Billion+ to education over the past 2 consecutive Fiscal Years
- $43 Billion+ to education since start -up



Creating Brighter Futures for Students and Families

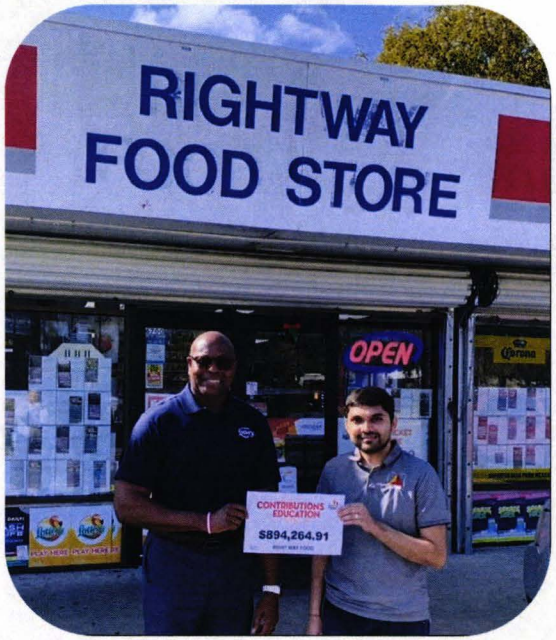
950,000+ BRIGHT FUTURES

Nearly one million students have attended college in Florida with Bright Futures scholarships.



Creating Winning Partnerships

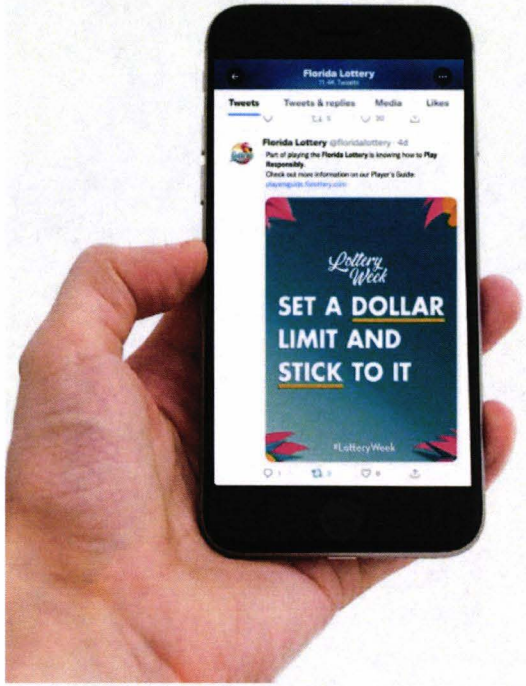
13,449 Retailers



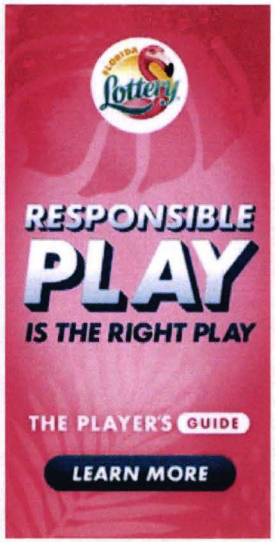
Community Outreach and Partnerships

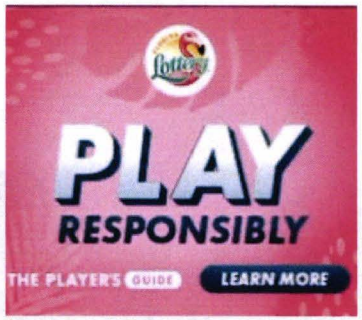


Play Responsibly



Digital banners on external website



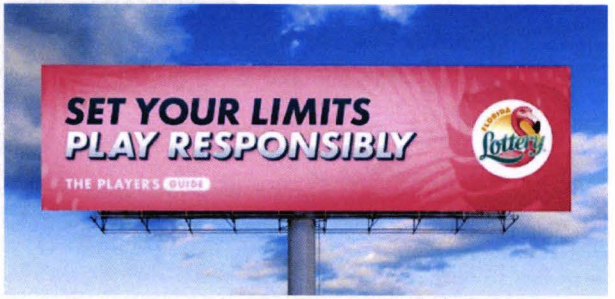




TV Spot



Digital billboards



Division of Security

- An accredited, fully authorized law enforcement agency that protects the integrity of the Florida Lottery and ensures the statutory responsibilities in Chapter 24, Florida Statutes are upheld.

- The Division employs 27 full -time staff and 9 OPS employees in nine district offices across the state.

Division of Security

- Background Investigations
- Criminal Investigations
- Draw Management
- Emergency Management
- Facilities Security
- Forensic Laboratory
- Intelligence Services
- Safety Services





Lottery Integrity

Retailer Compliance Operations & Inspections

- Proactive, unannounced visits to Lottery retailers as a part of the Retailer Integrity Program
- Undercover compliance operations based on random selection, complaints, and suspected illicit activity

Forensic Investigations

- Agents conduct scientific analysis of tickets using advanced technology in the forensic lab
- Analysis can lead to players receiving their winnings

Lottery Integrity

Criminal Investigations

- Done in conjunction with local and state law enforcement partners
- Can result in arrests

Background Investigations & Intelligence

- Background investigations are conducted on all retailers, as well as Lottery employees and vendors
- Intelligence staff review lost and stolen tickets

Floridians Always Win





QUESTIONS?

THANK YOU!
FROM THE FLORIDA LOTTERY