Regulatory Reform & Economic Development Subcommittee

Tuesday, October 17, 2023
8:30 AM – 10:30 AM
Webster Hall (212 Knott)

Meeting Packet

Paul Renner
Speaker

Tyler Sirois
Chair

The Florida House of Representatives

Commerce Committee

Regulatory Reform & Economic Development Subcommittee

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Meeting Packet

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8:30 am – 10:30 am
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I. Call to Order

II. Roll Call

III. Welcome and Opening Remarks

IV. Update by the Florida Gaming Control Commission

V. Panel Discussion on Illegal Gaming in Florida

303 House Office Building, 402 South Monroe Street, Tallahassee, FL 32399-1300
(850) 717-4870

Florida Gaming Control Commission

HOUSE SUBCOMMITTEE ON REGULATORY REFORM & ECONOMIC DEVELOPMENT

OCTOBER 17, 2023

LOUIS TROMBETTA, EXECUTIVE DIRECTOR

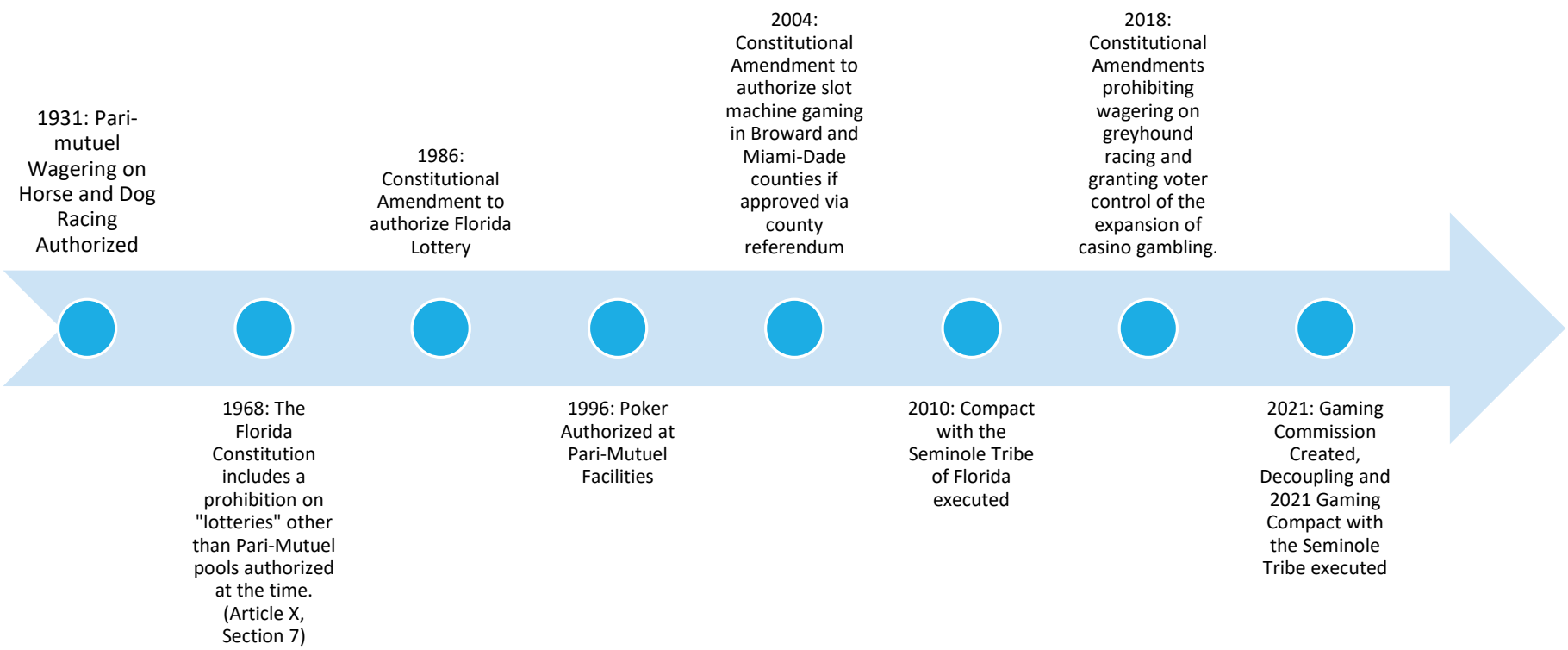
ROSS MARSHMAN, GENERAL COUNSEL

CARL HEROLD, DIRECTOR OF LAW ENFORCEMENT

Roadmap

- Brief History and Overview of Lawful Gambling
- A Closer Look at Slot Machines and Illegal Slot Machine Enterprises
- Harms Caused by Illegal Gaming, Particularly Illegal Slot Machine Gaming
- FGCC Gaming Enforcement Joint Operations

Gambling in Florida Timeline



Gambling in Florida at a Glance



<u>Types of Legal and Regulated Gambling</u>

- State Lottery
- Pari-Mutuel Wagering
- Poker Rooms
- Licensed Slot Facilities
- Charitable Gaming
- Promotions and Sweepstakes
- Bingo
- Indian Gaming

<u>Licensed Slot Facilities Miami-Dade</u>

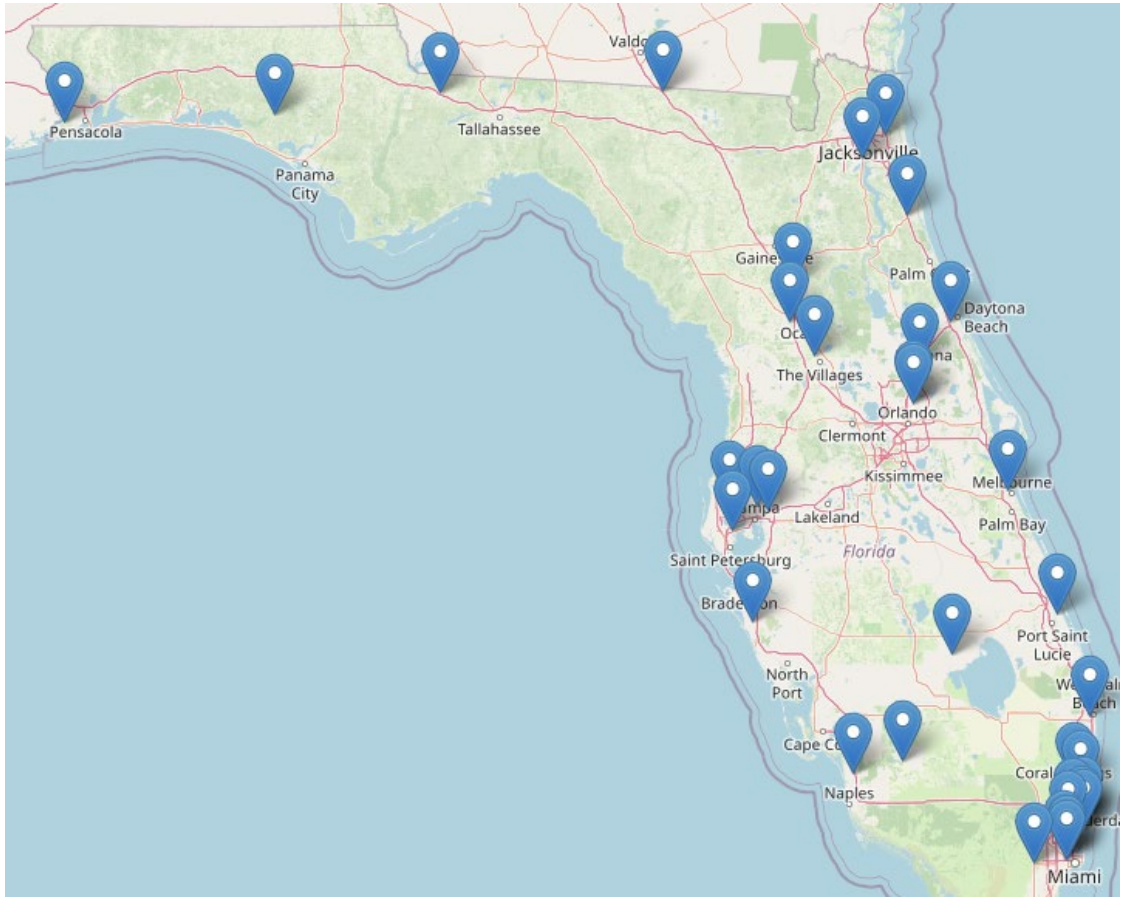
- Calder Casino
- Casino Miami
- Hialeah Park Casino
- Magic City Casino

<u>Licensed Slot Facilities Broward</u>

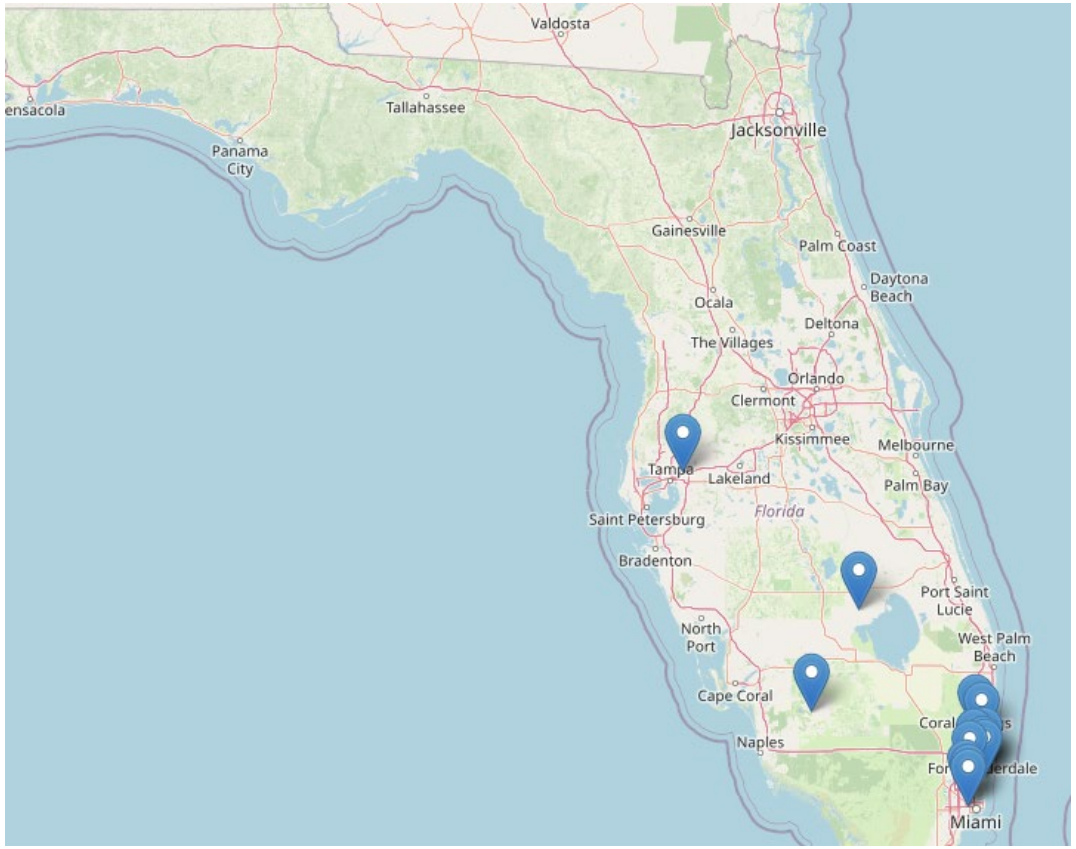
- Gulfstream Park
- Harrah's Pompano Beach
- The Big Easy Casino
- The Casino at Dania Beach

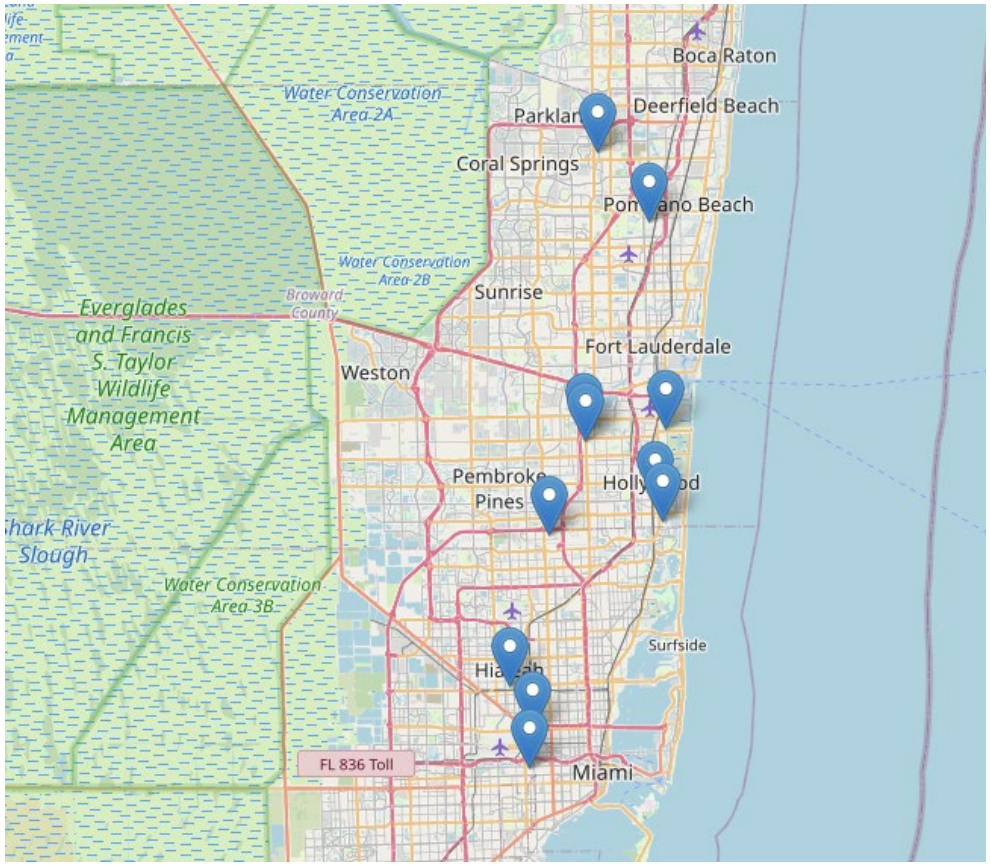
Authorized Gambling in Florida

Fiscal Year 2022/2023 State Revenue Totals		
Revenue Source	**Revenue Amount**	**Percentage**
Pari-Mutuel Activity (39 Licenses)	$6,173,212	2.1%
Cardroom Activity (27 Facilities)	$22,756,621	7.8%
Slot Machine Activity (8 Facilities)	$262,479,968	90.1%
Tribal Activity (7 Facilities)	$0	0%
Total	$291,409,802	



Legal Slot Facilities





What is a Slot Machine?

The current definition, in Section 849.16, Florida Statutes, is quite broad.

Any [a] machine or device, [b] that upon activation is directly or indirectly caused to operate, and [c] the user may receive, or become entitled to receive, [d] a thing of value, or [e] secure additional chances or rights to use such machine.

- The definition:
  - Captures games containing any element of chance ***and*** games of skill.
  - Includes a rebuttable presumption – if the device looks like a slot machine and involves the payment of money and an award of anything in value.

Recent History, 2013

- Allied Veterans of the World.
  - Three-year, multi-state, multi-agency investigation into illegal gambling operations at “internet cafes” associated with Allied Veterans of the World concluded with the arrest of 57 people, and seizure of about 300 bank accounts and around $64.7 million.
- Resulted in an amendment to the definition of a “slot machine.”
  - During its 2013 regular session, the Florida Legislature made several amendments to various provisions of chapter 849, Florida Statutes. These amendments, in part, expanded the definition of a slot machine, captured more forms of gaming, and created a rebuttable presumption that devices that look and play like slot machines are indeed slot machines.
  - Additionally, amendments touched on game promotions and charitable gambling.

Recent History 2014 & 2015

- 2014 -- The amended definition of a slot machine was challenged by family arcade businesses that felt they were unfairly impacted. (e.g., Chuck E' Cheese, Dave and Buster's).
- 2015 -- To give law enforcement additional clarity when it came to distinguishing between "innocent" and "guilty" machines, and to prevent the expansion of casino-style gambling, the Florida Legislature amended Chapter 546, Florida Statutes, and created Section 546.10, Florida Statutes.

Family Amusement Games Act

Defines “innocent machines” as ones having no material element of chance inherent in the game or machine whatsoever.



Type A Device

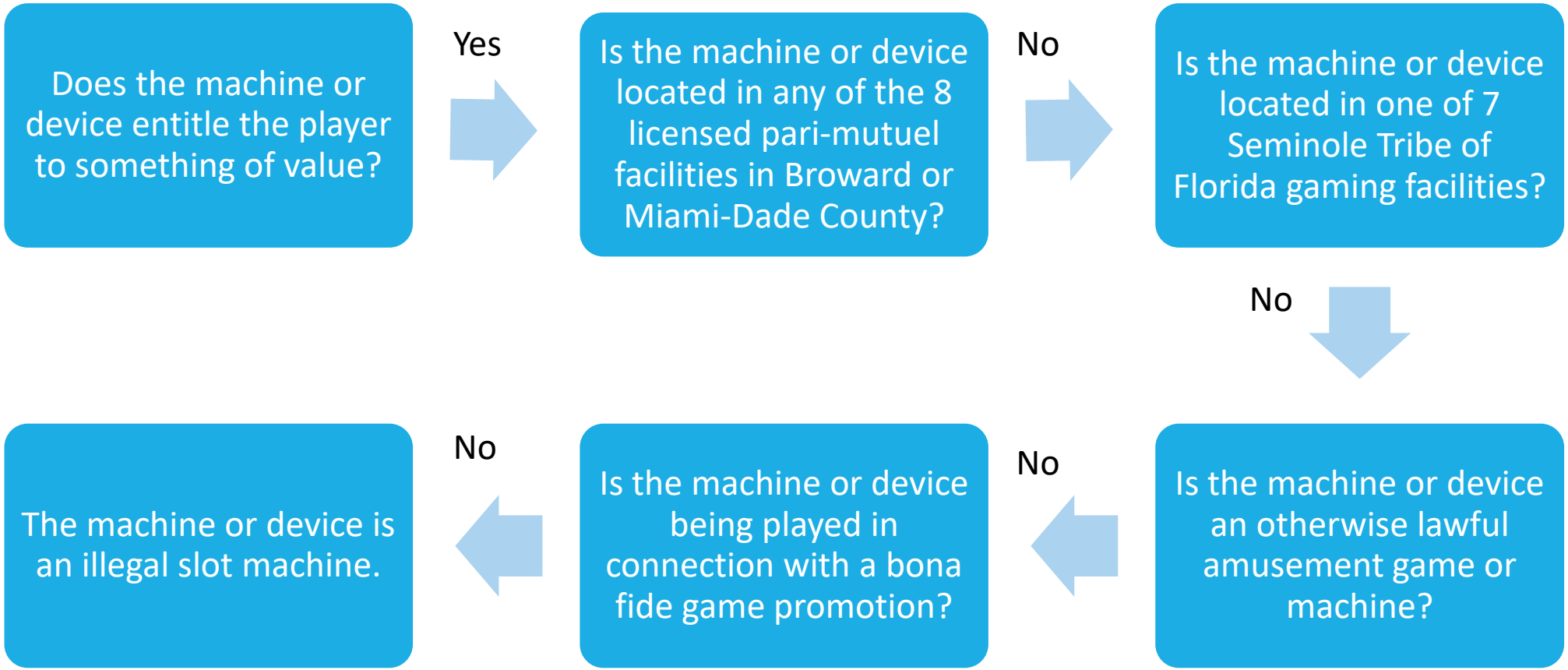


Type B Device



Type C Device

Analysis of Slot Machines?



Illegal Slot Machine Businesses

The FGCC has spent the last year investigating and intelligence gathering about illegal slot machine businesses operating in this state.

Summary of what we have learned:

- The scope of the problem is much larger than initially anticipated.
- There are significant adverse harms associated with the activity.
- Success will require collaborative and coordinated efforts.
- Obstacles will continue to evolve but can be overcome.

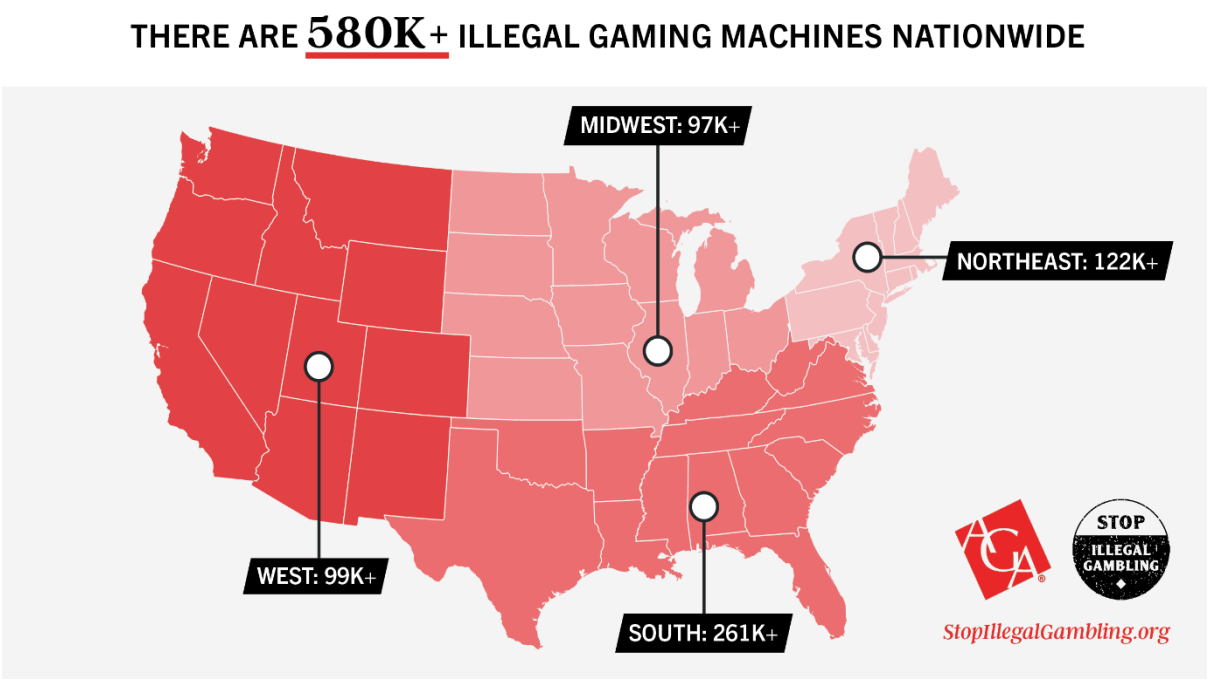
Illegal Slot Machine Businesses

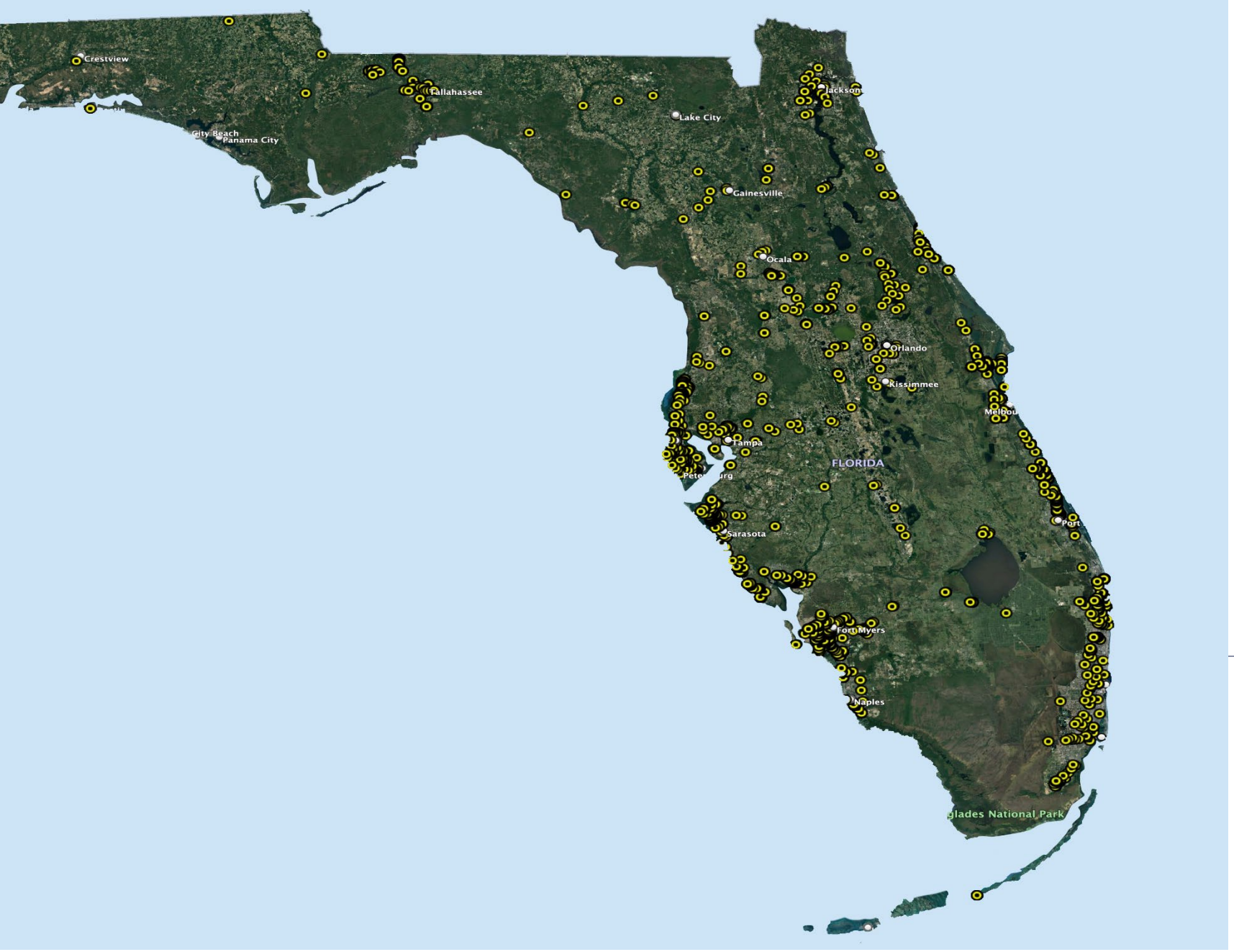




Illegal Slot Machine Businesses: Scope

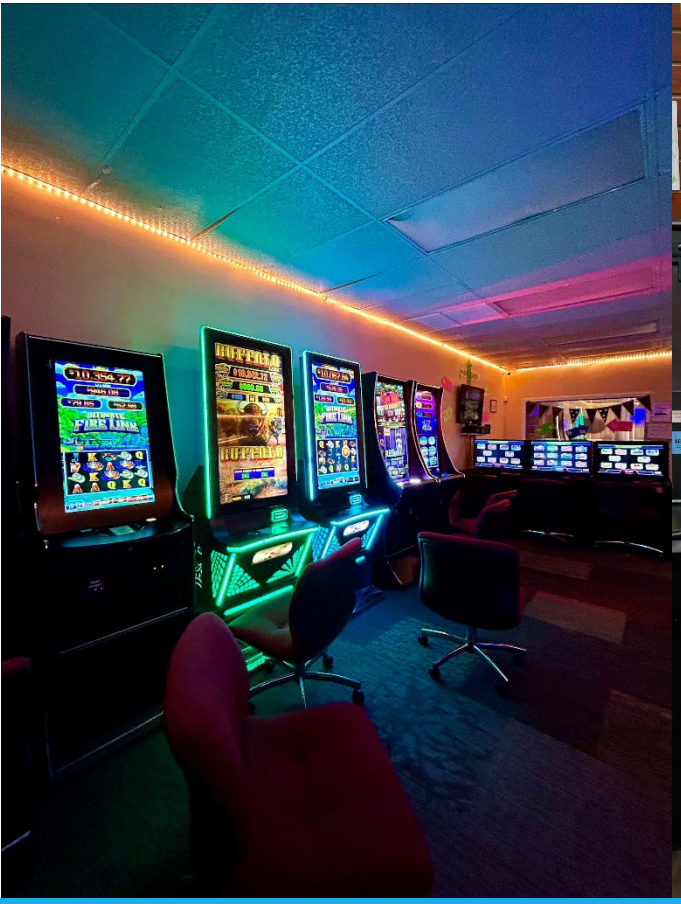
- FGCC
  - From August 2022 through September 2023, the FGCC received 1,561 reports of illegal slot machine gambling activity.
  - Reports are location-based, not machine-based.





Reports of Illegal Activity

Illegal Slot Machines: Traditional Machines

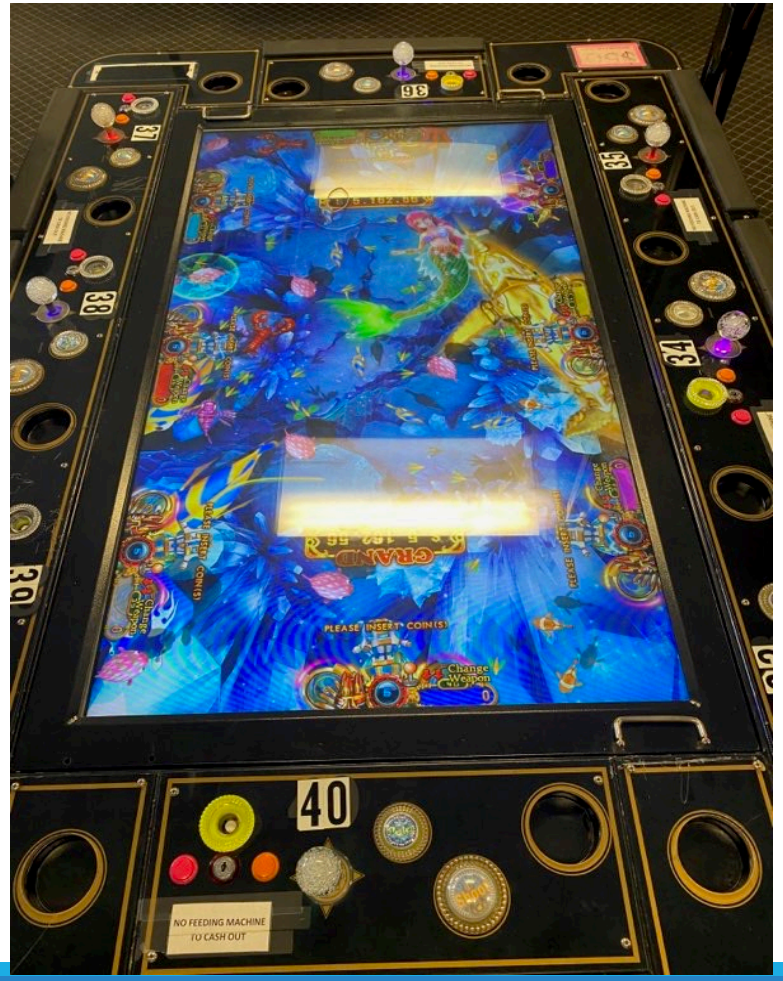


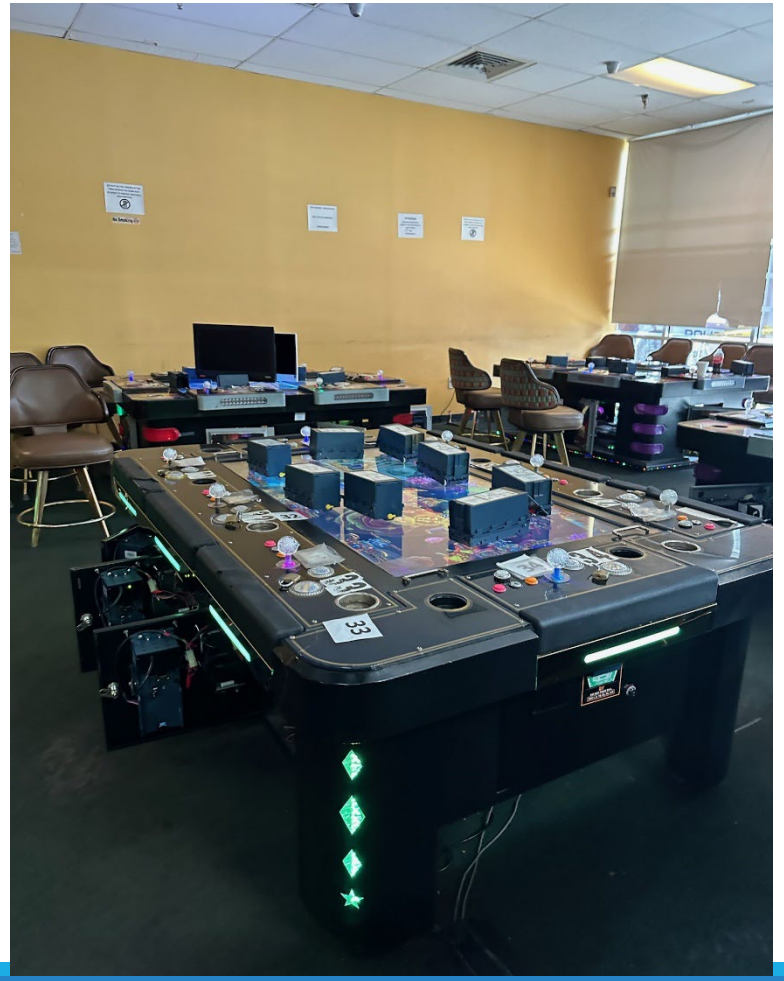






Illegal Slot Machines: Fish Tables







Illegal Slot Machines: “Skill” Based Machines





Relevant Criminal Statutes

Statute	Offense	Responsible Party
§ 546.10(9)	Improper amusement game or machine	Operators
§ 550.155	Purchase of pari-mutuel tickets for hire	Patrons
§ 817.41	Misleading advertising	Operators
§ 849.01	Keeping gambling houses	Operators
§ 849.02	Agents or employees of keeper of gambling house	Employees and agents
§ 849.03	Renting houses for gambling purposes	Landlords
§ 849.08	Gambling	Patrons
§ 849.09	Prohibited lottery	Operators/Patrons
§ 849.10	Printing lottery tickets, etc.	Operators/Property Owners
§ 849.15	Manufacture, sale, possession of slot machines	Operators/Distributors
§ 849.20	Machines and devices are a common nuisance	Operators

Illegal Slot Machines are Harmful

Heightened Risk of Criminal Activity:

Illegal slot machines are regularly associated with many other types of criminal activity.

- Drugs, violence, robberies.
- Organized criminal elements.

Lack of Consumer Protection:

Illegal slot machine businesses do not provide any consumer protection that the public has otherwise come to expect when participating in gambling at a regulated casino.

- Illegal slot machine games are not tested to ensure that the software is legitimate or fair.
- No recourse for players who feel they are cheated.
- There are no responsible gaming protections being followed.

Illegal Slot Machines are Harmful

Impact on State Revenue:

The legislature created a framework where licensed slot machine businesses must pay multi-million-dollar license fees and a 35% tax rate on their gross revenue, which is used to support Florida education. Illegal gaming facilities do not pay these fees or taxes and offer no benefit to the state for the slot machine gaming activities they offer.

Impact on Legal Gaming:

Illegal gaming facilities also have a negative impact on the legal gaming market in Florida. First, dollars spent at these facilities are not taxed the way regulated dollars are, and because they are earned by criminal enterprises, the monies may not end up in the economy at all. Second, the lack of consumer protections may disenfranchise people from going to licensed facilities. They may get a negative impression from the illegal facilities because of the lack of consumer protection and not realize that protections do exist in a regulated environment.

Obstacles

- Size of the Problem
  - Stand-alone arcades
    - 25 – 50+ illegal gaming machines per arcade
  - Bars and Convenience stores
    - 2+ machines
- Knowledge Gap
  - Local Government Partners
  - Law Enforcement Partners
- Continued Resources
- Marketing – “Adult amusement arcade” “Internet Café” to obfuscate both local law enforcement and the public on the legalities of the illegal gaming machines being offered.
  - The use of state amusement tax and local tax stickers being placed on the illegal machines

Successes

- Collaboration with law enforcement agencies
  - Jurisdiction
  - Advice
  - Training
- Communication with cities and counties
- Outreach to other stakeholders
- FGCC Gaming Enforcement Joint Operations

  Six joint operations seized:

  - $1,151,000 in cash
  - $2,000,000+ in real estate
  - 858 illegal slot machines
  - 52 arrests
  - 40 grams of fentanyl and 10 grams of meth
  - ➢ FGCC, Chipley Police Department, Hillsborough Sheriff's Office, Holmes County Sheriff's Office, Manatee County Sheriff's Office, Palm Beach Sheriff's Office, St. Lucie County Sheriff's Office and St. Peterburg Police Department participated



Contact Information

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How Gambling Ads Target & Negatively Impact Populations at Risk for Problem Gambling

Eric Randazzo

Program Consultant

FLORIDA COUNCIL ON COMPULSIVE GAMBLING
888-ADMIT-IT

FCCG
BACKGROUND & MISSION



FCCG PROBLEM GAMBLING PROGRAMS & SERVICES

FLORIDA COUNCIL ON COMPULSIVE GAMBLING 888-ADMIT-IT

The FCCG furnishes many Florida problem gambling specific services:

- Operates the statewide 24/7, Confidential, and Multilingual HelpLine: **888-ADMIT-IT**
- Provides Responsible Gaming & Player Protection Programming (RGPPP) for participating Florida gaming facilities (includes employee training, responsible gaming messaging, signage featuring the helpline, and additional ongoing outreach efforts, such as RGEM and PGAM partnership initiatives)
- Educates mental health, addiction, medical, and other health care professionals through training programs to identify/assess/treat problem gambling
- Develops targeted prevention, education and outreach programs (e.g. adolescents, college students, older adults, etc.) and facilitates statewide outreach through the establishment of community educators and partnerships
- Represents Florida residents on gambling-related issues before local, state and federal policy makers
- Works with legal and judicial entities, as well as law enforcement on gambling related cases
- Sponsors/conducts research on gambling addiction impacts

GAMBLING –VS.– PROBLEM GAMBLING

FLORIDA COUNCIL ON COMPULSIVE GAMBLING 888-ADMIT-IT





How Does Florida Compare?

- Overall prevalence of problem and pathological gambling among Florida adults **2.1%**
- **700,000+** Floridian's considered "At-Risk" problem gamblers

*Source: (Rotunda & Schell, 2012)

HOW HAVE GAMBLING ATTITUDES & EXPERIENCES CHANGED SINCE 2018?

(2021 NGAGE 2.0 SURVEY – NATIONAL SURVEY DATA)

FLORIDA COUNCIL ON COMPULSIVE GAMBLING 888-ADMIT-IT

In 2021, the NCPG's 2nd National Survey on Gambling Attitudes and Gambling Experience (NGAGE 2.0), following NGAGE 1.0 in 2018, became **the first effort to measure national changes in gambling behaviors since the expansion of sports betting was greenlighted by the U.S. Supreme Court.**

The survey found **a rise in problematic gambling** since 2018, especially among **young online sports bettors.** Risk increased most among two already high-risk groups: **younger gamblers (ages 18-44) & sports bettors and those who play daily fantasy sports.**

This spike in problems related to gambling reflects both the **impacts of the COVID-19 Pandemic** and the effects of the **massive expansion of sports betting and online gambling**.

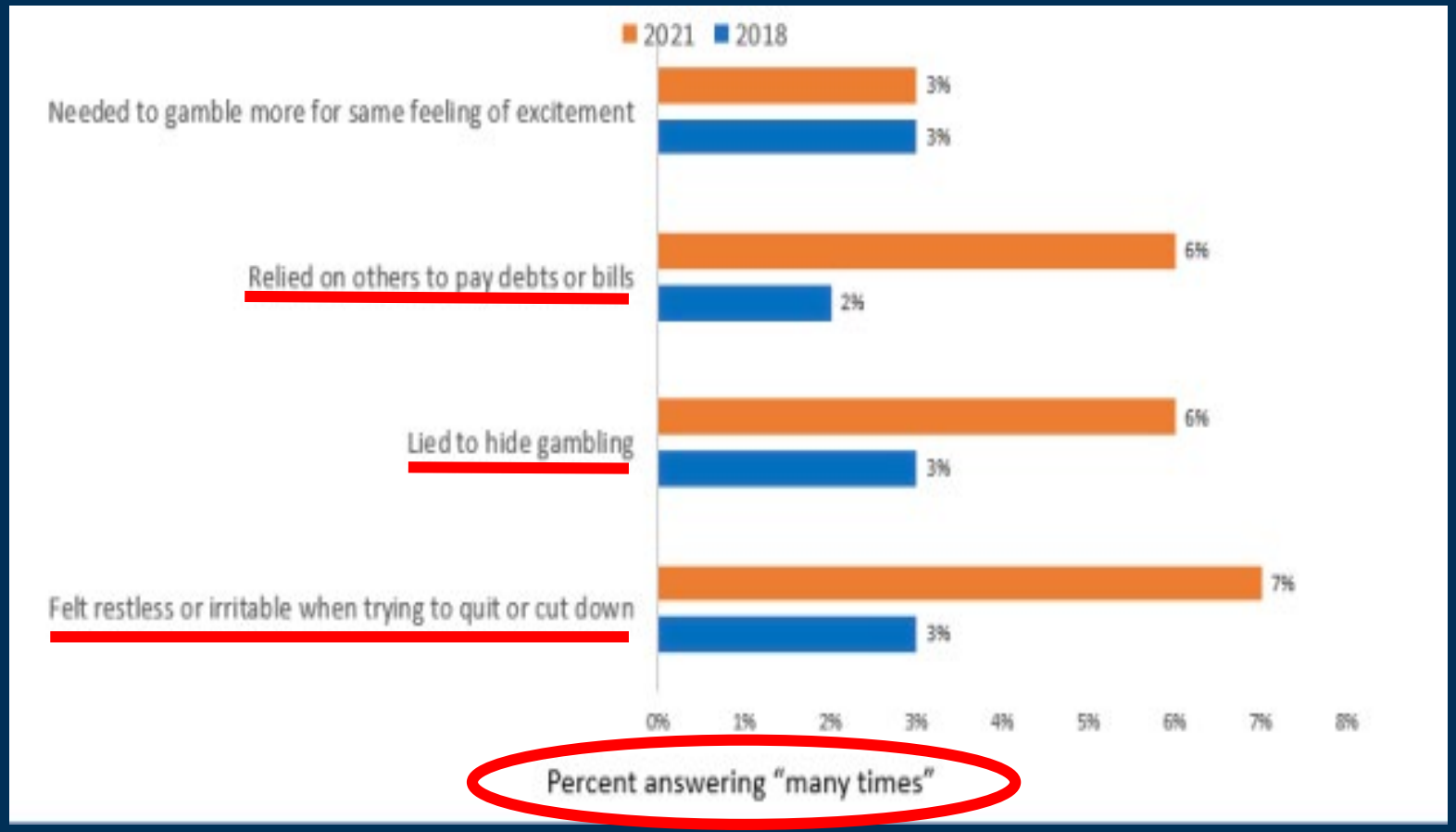
**2021 National Survey of Gambling Attitudes and Gambling Experiences (NGAGE 2.0)*

NOTABLE INCREASES IN ONLINE SPORTS BETTING, RISK, & PROBLEMATIC PLAY

(2021 NGAGE 2.0 SURVEY – NATIONAL SURVEY DATA)

FLORIDA COUNCIL ON COMPULSIVE GAMBLING 888-ADMIT-IT

- ✓ **Between 2018 and 2021, the number of Americans who bet on sports grew by 30%,** representing **an increase of 15.3 million sports bettors in 18 months.**
- ✓ **Between 2018 and 2021, the number of online gambling on sporting events or internet games grew** even more, with **an additional 25.5 million adults more who now gamble this way.**

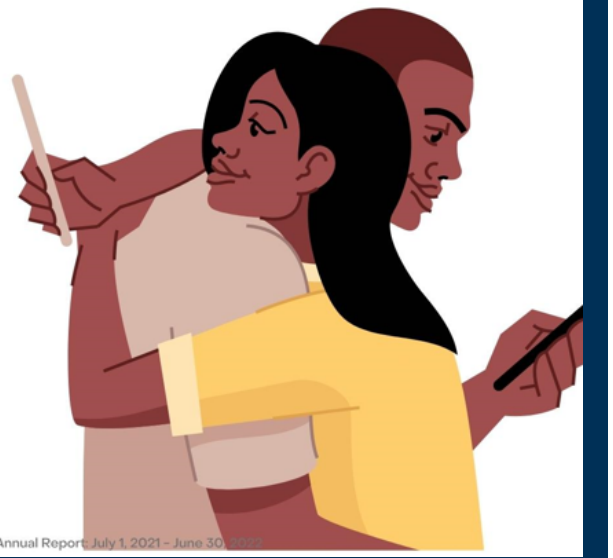


*2021 National Survey of Gambling Attitudes and Gambling Experiences (NGAGE 2.0)

HOW DOES 888-ADMIT-IT HELPLINE DATA COMPARE?

PRIMARY GAMBLING PROBLEM BY AGE & GENDER

When looking at 1,412 HelpLine contacts where the primary gambling problem and age of the gambler were both reported, **fourteen percent (14%) of the total were gamblers 25-year-old or younger.** Of those gamblers in this age bracket, **more than half (51%) reported their primary gambling problem as being online gambling, with online sports betting being the most popular (26%), followed closely by online casino gambling (24%).**



24-Hour 888-ADMIT-IT Problem Gambling HelpLine Annual Report: July 1, 2021 – June 30, 2022

PRIMARY GAMBLING PROBLEM BY AGE & GENDER

This is the only age bracket where online gambling was the most frequently cited type of gambling causing problems, further **demonstrating both the appeal of mobile betting to a younger demographic, and also illustrating the rapid rate at which gambling problems can develop with this type of gambling.**



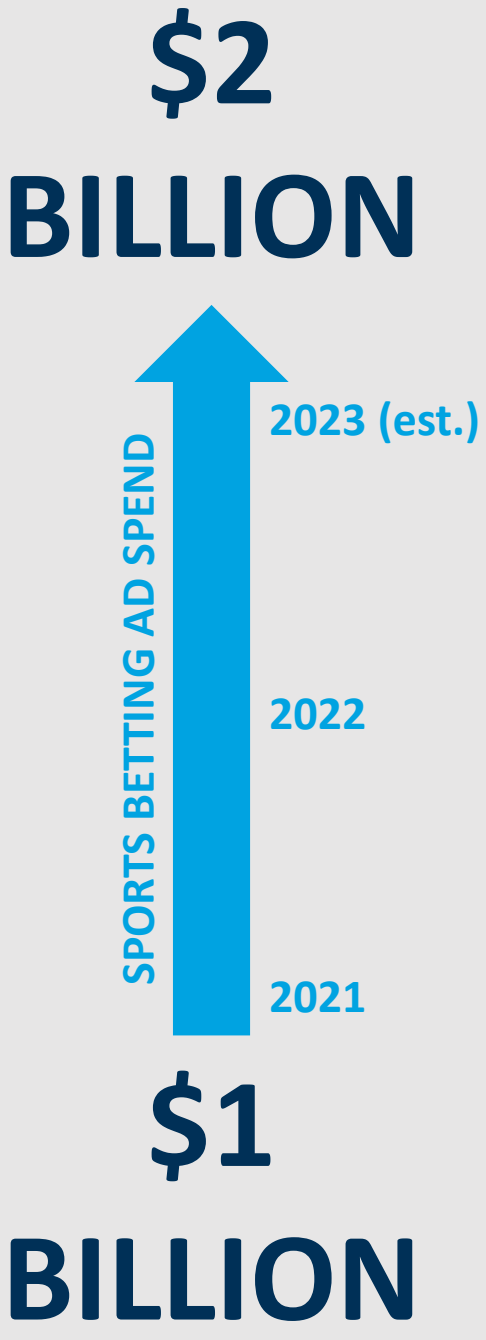
24-Hour 888-ADMIT-IT Problem Gambling HelpLine Annual Report: July 1, 2021 – June 30, 2022

TRENDS IN GAMBLING ADS

- **Celebrity & Social Media Influ… Endorsements**
  - **Familiarity & Trust:** Wh… a … …s a product, it makes it seem as if the prod…t i… …ny, which makes people more likely to conve…
  - **Emotional & As…** …encers naturally evoke an em… …rations through them.
  - **Perceived K…** …ver, Peyton Manning must know… …s also plays into the myth that… …re skill-based.

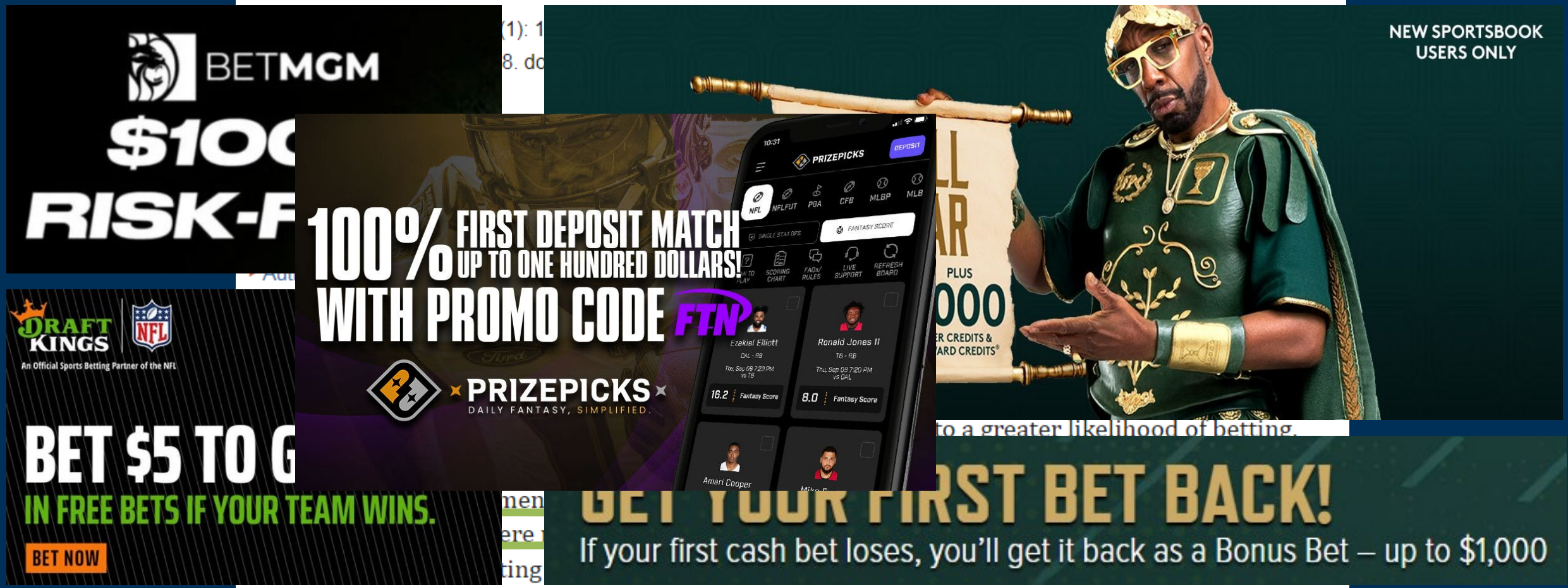
U.S. ad spending for sportsbooks is projected to reach $2 billion (est.) in 2023, up 8% YoY, and a whopping 400% from 2018![1]

- **These ads a… …dults (18-25) and in particular y… …llennials & older adults.**
  - Advertisi… …science, so underage people are also exposed. Likew…, …ts… the geographical target are reached too. **Consider as well that today's TV ads are posted online to YouTube and other social media, increasing reach and also enabling organic reach and sharing beyond the intended target.** Ads are designed to be sensational in hopes of leveraging this & achieving virality. It's no surprise that youth like to watch sports, and that is now a gambling-integrated experience!

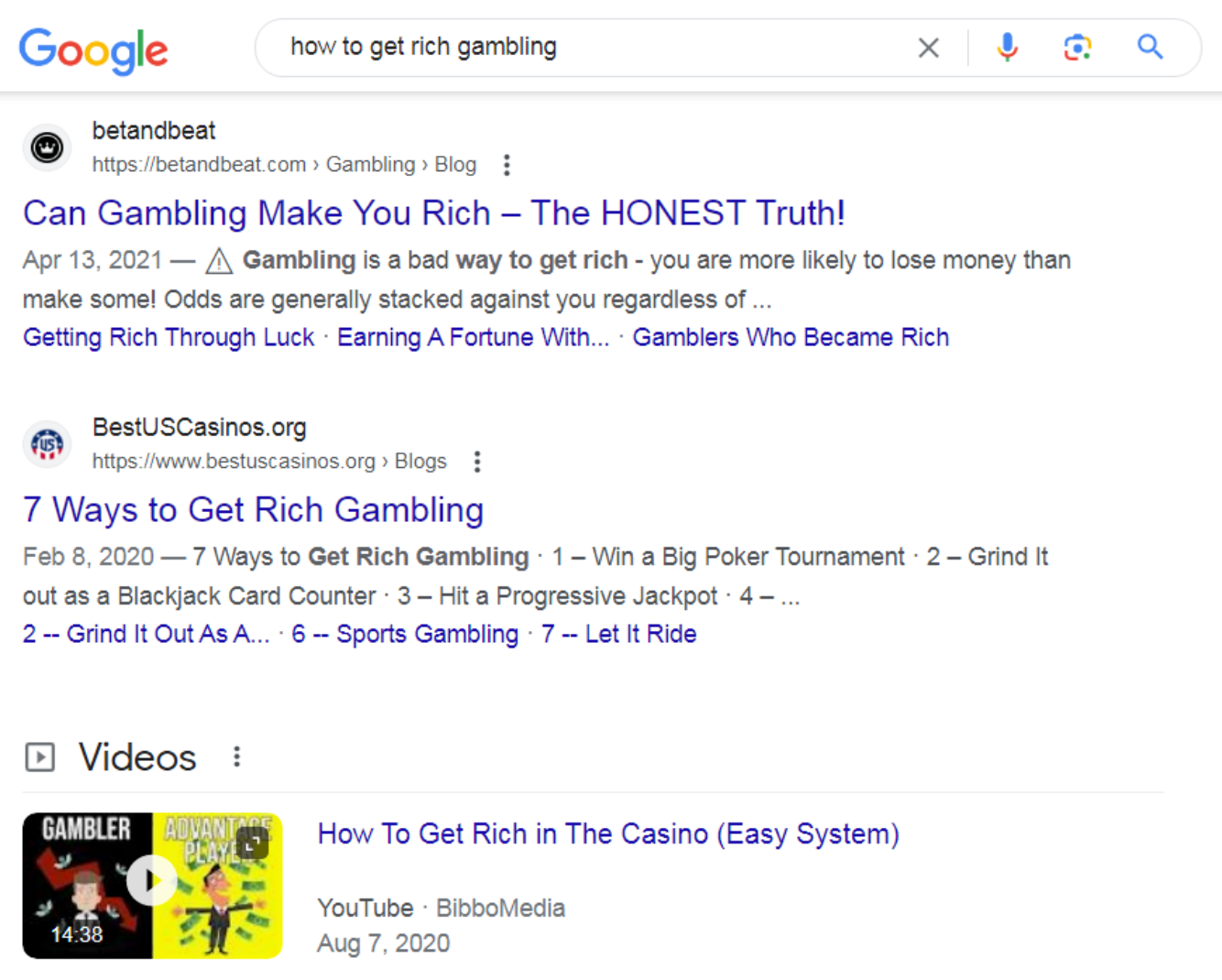


[1]*DISQO report: Making marketing wagers on online sports betting.*

WHAT IMPACT DO GAMBLING ADS HAVE ON GAMBLING BEHAVIOR?

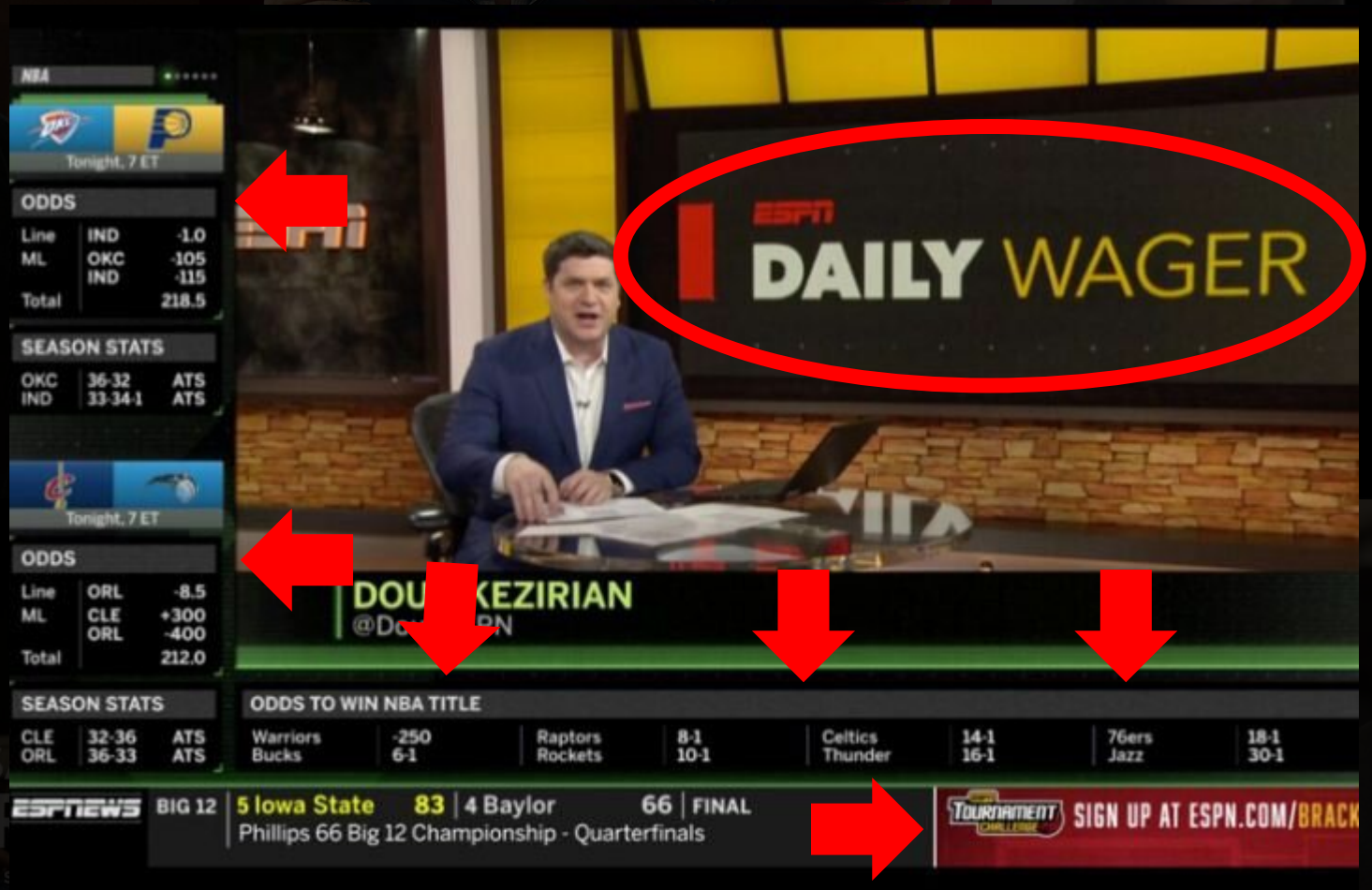


THE ALARMING IMPACTS OF GAMBLING ADVERTISING ON ADOLESCENTS





Watching Sports Became a Different Experience After the Repeal of PASPA in 2018




betr

888-ADMIT-IT IS THE ONLY PROBLEM GAMBLING HELPLINE FOR FLORIDIANS

888-ADMIT-IT is Florida's ONLY Problem Gambling HelpLine.

- NCPG's **national helpline numbers (1-800-GAMBLER, 1-800-522-4700)** have expanded their footprint in our state, in part through a $6 million grant with the NFL and through national operators/advertisers (Caesars, Churchill Downs, William Hill, DraftKings, FanDuel, etc.), but **rely on an ineffective area-code-only call routing system that does not best serve Florida citizens or gambling operators.**

- Promotion of these national helpline numbers **discourages Floridians from ultimately seeking help for themselves or for loved ones, because they will potentially reach the wrong call center instead of FCCG**, depending upon the origin of the area code of the telephone used, and be told that assistance cannot be provided.

THANK YOU!


GAMBLING PROBLEM?
888-ADMIT-IT
CALL OR TEXT • 24/7 • CONFIDENTIAL • MULTILINGUAL
FLORIDA COUNCIL ON COMPULSIVE GAMBLING
gamblinghelp.org