

CHAPTER 98-401

Committee Substitute for House Bill No. 3663

An act relating to jai alai permitholders; amending s. 550.01215, F.S.; allowing any jai alai permitholder to apply, during a specified period, for licensure to conduct performances in fiscal year 1998-1999; requiring the Division of Pari-mutuel Wagering to issue the license within a specified period of time; amending s. 550.09511, F.S.; qualifying the provision that jai alai permitholders should pay their fair share of taxes on pari-mutuel wagering; providing that the amount of taxes on handle and admissions which is imposed on such a permitholder should not exceed the permitholder's operating earnings and that permitholders may apply any excess amount against future taxes due; defining the term "operating earnings"; providing an effective date.

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

Section 1. Subsection (10) is added to section 550.01215, Florida Statutes, to read:

550.01215 License application; periods of operation; bond, conversion of permit.—

(10) Notwithstanding any other provision of this section, any jai alai permitholder may apply for a license, or for an amendment of its license, to conduct performances for fiscal year 1998-1999 if the date of the application is later than June 30, 1998, and earlier than July 11, 1998. The division must issue such a license within 15 days after receiving the application.

Section 2. Subsection (1) of section 550.09511, Florida Statutes, is amended to read:

550.09511 Jai alai taxes; abandoned interest in a permit for nonpayment of taxes.—

(1)(a) Pari-mutuel wagering at jai alai frontons in this state is an important business enterprise, and taxes derived therefrom constitute a part of the tax structure which funds operations of the state. Jai alai permitholders should pay their fair share of these taxes to the state. As further prescribed in paragraph (b), this business interest should not be taxed to such an extent as to cause any fronton which is operated under sound business principles to be forced out of business. Due to the need to protect the public health, safety, and welfare, the gaming laws of the state provide for the jai alai industry to be highly regulated and taxed. The state recognizes that there exist identifiable differences between jai alai permitholders based upon their ability to operate under such regulation and tax system.

(b) Under the taxation system set forth in this section, which is based upon revenues instead of profits, a jai alai permitholder should pay its fair share of taxes to the state, but it should not be subjected to taxes that might

cause it to operate at a loss, impair its ability to service debt or to maintain its fixed assets, or otherwise jeopardize its existence and the jobs of its employees. Any jai alai permitholder that has incurred state taxes on handle and admissions in an amount that exceeds its operating earnings in a fiscal year that ends during or after the 1997-1998 state fiscal year is entitled to credit the excess amount of the taxes against state pari-mutuel taxes due and payable after June 30, 1998, during its next ensuing meets. As used in this paragraph, the term "operating earnings" means total revenues from pari-mutuel operations net of state taxes and fees less total expenses but excluding from expenses any deductions for interest, depreciation and amortization, payments to affiliated entities other than for reimbursement of expenses related to pari-mutuel operations, and any increase in an officer's or director's annual compensation above the amount paid during calendar year 1997.

Section 3. This act shall take effect July 1, 1998.

Became a law without the Governor's approval June 4, 1998.

Filed in Office Secretary of State June 3, 1998.