

INITIATIVE FINANCIAL INFORMATION STATEMENT

Authorizes Miami-Dade and Broward County Voters to Approve Slot Machines in Parimutuel Facilities

SUMMARY OF INITIATIVE FINANCIAL INFORMATION STATEMENT

There is no fiscal impact for state and local governments resulting from this amendment alone. However, significant costs and revenues may result for state government and for the governments of Miami-Dade and Broward counties, if the voters in one or both counties act favorably on the referendum, and if the Legislature chooses to tax the revenues resulting from the activity.

State Government Revenue Impact- Revenues to the state would result from the Legislature's decision to tax slot machine activity. It is estimated that by the third year of activity, the range of tax revenues raised would be from \$250 million to \$600 million, assuming that both counties pass the referenda, and that the Legislature taxes the activity at a typical tax rate between 30% and 50%. There would be a reduction in sales tax collections (between \$30 million and \$45 million), due to a shift in spending from items subject to the sales tax to spending on slot machines. Additionally, there would be a reduction in revenues from the sale of lottery tickets (between \$40 and \$55 million), as spending on slot machines displaces some spending on lottery tickets. The overall effect on state revenues is expected to be an increase in revenue ranging from \$200 million to \$500 million. Should only Miami-Dade County pass the referendum, the estimated increase would be between \$70 million and \$200 million. If only Broward County passes the referendum, the estimated increase would be between \$100 million and \$300 million.

Although the amendment contemplates taxation of slot machine revenues, should the Legislature choose not to tax this activity, there would be a state revenue loss of \$70 million to \$100 million from the sales tax and lottery.

Local Government Revenue Impact- Local governments statewide would experience a loss in revenues from the sales tax of between \$5 million and \$8 million. Revenues to local governments in Miami-Dade and Broward counties would likely increase due to increased tourism and recreational activity. Nearby local governments would experience a reduction in tourism and recreational activity if the availability of slot machines makes Miami-Dade and Broward counties more attractive as tourism destinations. This effect would be reduced, however, if the availability of slot machines attracts tourists who would have otherwise chosen destinations outside of Florida, or who would have chosen day cruises or casinos located on Indian reservations as gambling destinations. The combined impact of these effects cannot be determined at this time.

State and Local Government Cost Impact- Anticipated costs to the state and to local governments in Miami-Dade and Broward counties would be twofold. There would be administrative costs associated with overseeing the operation of the facilities containing the slot machines. In addition, research indicates that when gambling becomes more accessible, there are typically increases in problem gambling. Costs associated with problem gambling, while not quantifiable, may be significant, and would come in the form of increased law enforcement costs, mental health and addiction treatment costs, and possible increases in unemployment compensation costs, among others.