

Miami Herald

DeSantis signs gaming compact with Seminole Tribe, opening Florida to sports betting



Gov. Ron DeSantis signed a \$500 million gaming compact with the Seminole Tribe of Florida that would bring mobile sports betting to Florida. The Legislature will meet in a special session in May to consider its approval.
SEMINOLE HARD ROCK

By Mary Ellen Klas Herald/Times Tallahassee bureau

April 23, 2021

Gov. Ron DeSantis on Friday signed a \$500 million gaming compact with the Seminole Tribe of Florida that would bring mobile sports betting to the state of Florida and allow for Las Vegas-style casinos at all tribal facilities.

If approved, anyone who is over age 21 and located within the state of Florida and has the app on their mobile device, could place a bet on any professional and collegiate sports team and individual performance, motor sports event and Olympic competition.

All bets would be routed through the Seminole Tribe, which will be the exclusive operator of the digital sports books in Florida for the next 30 years. In return the Tribe agrees to pay the state a minimum of \$500 million in annual payments, an amount that escalates as its market and profits expand.

The agreement, however, must first be ratified by the Florida Legislature and approved by the U.S. Department of Interior before it can take effect. The governor and House and Senate leaders have set aside the week of May 17 for a special session to deal with the issue, and the governor expects the federal government to approve the compact by August.

Before signing the agreement at about 11:30 a.m. in the governor's office, DeSantis and Seminole Tribe of Florida Chairman Marcellus Osceola Jr. both called the deal "historic."

"The agreement we are about to sign is going to be life changing for our tribe," Osceola said, according to recordings provided to the Herald/Times by the two journalists who were invited to attend the ceremony.

He said the Tribe's 4,300 members and their business enterprises employ over 20,000 people in the state. "We are truly happy for the chance that we've been given to be here today and put this behind us for the next 30 years."

If approved, Florida would become the most populous state in the nation to offer mobile sports betting, which has now been authorized in 29 states.

DeSantis called it a "win-win" because mobile sports betting "is going on anyways," with betting opportunities from overseas operators. By allowing the state to make the Tribe the sole provider, the Tribe can share the revenue from it with the state and the state can regulate the betting activities, he said.

"We also just trust the Tribe to be the ones doing that rather than stuff that's offshore," DeSantis said, joking that he hopes to go to the Tribe's Seminole Hard Rock Casino in Tampa by August, "and place a wager on the Bucs repeating as Super Bowl champion."

Provisions to move licenses to new sites

The agreement allows the transfer of slot machine licenses within Miami-Dade and Broward counties, language that opens the door to former President Donald Trump purchasing an existing slot machine license and transferring it to his golf resort in Doral.

The Tribe also would not object to moving an existing license within 15 miles of an existing casino in Broward County. That language would allow Jeffrey Soffer, the real estate mogul, to transfer his casino permit to the Fontainebleau Hotel on Miami Beach, a concept known as portability, without the Tribe's approval. However, such a move will require legislative approval in a separate

parimutuel bill, which may be harder to achieve. Soffer owns the Big Easy in Hallandale Beach, which used to be Hollywood Dog Track.

Under the plan, the Seminole Tribe would guarantee a minimum of \$500 million a year in annual revenue for the next 30 years, a significant expansion over the 15-year agreements in the past. The agreement is expected to produce over \$6 billion over the next decade, DeSantis said.

The proposal opens the door for massive expansion of the Tribe's gaming empire, which now consists of seven casinos, including the Hard Rock Hotel & Casinos near Hollywood and Tampa. The agreement would give the Tribe the exclusive right to operate craps and roulette at all of its casinos and to build three more casinos on existing tribal property, expected at its sites near Hollywood, Tampa and Brighton, northwest of Lake Okeechobee in Glades County.

More importantly, the Tribe would operate as a mobile sports betting hub for all bets placed. Bets are received and processed by servers located at tribal casinos. Existing casinos and parimutuel poker rooms would be allowed to have their own brand on the mobile sports app, allowing them to take 60% of the revenues from those bets, but all bets will be placed through the Tribe's servers.

Proposition bets on plays and players, known as "prop bets," which are allowed in other states, would not be allowed on collegiate sports, but they would be allowed for professional sports. Sports teams would not be allowed to get a piece of the bets, but the proposition bets are expected to generate fan enthusiasm.

"We have been pursuing this since the U.S. Supreme Court approved sports betting in 2018, and we are excited at the entertainment opportunities that it will provide to our fans and the community," said Ron Book, lobbyist for the Miami Dolphins and Magic City Casino.

The Tribe would take a cut out of every sports bet placed, but parimutuels and the Tribe could negotiate with companies such as Barstool, DraftKings and FanDuel to operate their online retail betting books.

Duration 1:18

The Seminole Hard Rock Hotel & Casino is opening the world's first guitar-shaped hotel. The world's first guitar-shaped hotel at the Seminole Hard Rock Hotel & Casino opened October 24th. By Pedro Portal

A big, new draw for Florida tourism

As the deal was signed, analysts were already swooning over the economic impact.

"The new revenue that will be generated with sports betting and expanded table games really positions Florida to be a global gaming mecca that rivals Las Vegas, Monaco and Macau because of Florida's unique access to the global marketplace, hospitality industry and skill sets," said John

Boyd, of the Boyd Company, a New Jersey-based gaming development consultant for several global gaming companies.

“I think this is really, really a big catalyst for a lot of exciting development activity and synergies with Florida’s booming tech industry.”

At the end of the 75-page compact agreement, they have also agreed they can return to the bargaining table in 36 months to consider amending the compact to authorize the Tribe to operate mobile gaming for not only sports betting but “all types of Covered Games online or via mobile devices to players physically located in the State.”

The Tribe would not be the only beneficiary of the deal, however. The agreement would inject needed cash into Florida’s ailing parimutuel industry by allowing it to operate mobile sports betting on existing sites in exchange for 60% of the proceeds.

And, in a major concession to the 26 racetracks, jai-alai frontons and racinos around the state, the Tribe would agree to drop its objection to having existing parimutuels operate designated-player card games, a hybrid between blackjack and poker which the Tribe considers competition to its blackjack operations.

DeSantis said that the designated-player card games will be monitored by the state if legislators pass a new Gaming Control Commission, and the compact provides limits on the number of tables allowed for those games.

“It was something we compromised on,” he said, adding that if there is a violation in the future, the Tribe won’t cease all payments but instead have its payments reduced.

The special session is also expected to include legislation to establish a Gaming Control Commission and to decouple greyhound, jai-alai, harness, and quarter horse racing from racinos, Senate President Wilton Simpson said. Decoupling means there would no longer be a requirement to continue live races or jai-alai matches.

Simpson also attended the private compact signing ceremony on Friday. The Trilby Republican, who is considering a run for agriculture commissioner, has made achieving a gaming compact and bringing sports betting to the state a top priority of his term.

“Gaming, in one form or another, is a voter-approved legacy industry in our state that has contributed billions of dollars to our economy for education, health care and infrastructure, while providing hundreds of thousands of jobs to Floridians over the course of nearly 100 years,” Simpson said in a statement to legislators. “In my view, we have a responsibility to update our laws to reflect current realities of this heavily regulated industry and to ensure those laws are properly enforced.”

Under the federal Indian Gaming Regulatory Act, legislative approval and the governor's signature aren't enough. It has to pass muster with the federal agency overseeing Indian gaming, so before the compact can take effect it ultimately has to be approved by U.S. Secretary of the Interior Deb Haaland, a member of New Mexico's Laguna Pueblo and the first Native American to hold the position.

Potential legal hurdles

John Sowinski, organizer of the anti-gambling amendment effort, said Amendment 3 "requires voter approval for any new casino gambling. That includes sports gambling, player designated games, craps, roulette, moving slot machine permits, and any other form of Class III gambling." He urged legislators to reject the deal.

"The proposed compact violates the letter and spirit of Amendment 3," he said in a statement. "We call on the Governor and our Legislators to honor the will of the people, who demanded that any new casino gambling authorization occur at the ballot box, not behind closed doors in Tallahassee. We are committed to defending the integrity of Florida's Constitution, and ensuring that the will of the people is respected."

The next step will be to draft legislation and get enough support for it to overcome those challenges.

House Speaker Chris Sprowls said Friday he was unwilling to add the issue to the regular legislative session, which has one week left before its scheduled adjournment.

"I have felt very strongly that that is not something that we were willing to take up during the course of the regular session," he told House members shortly after the governor signed the compact. "As we have a lot of policy for the people of Florida ... and [that] continues to be our focus over the next several days, so we will not be taking up the compact during the course of the regular session."

Sprowls did not elaborate on how long that special session would be.

In a statement to Senate members, Simpson said that "while many of these provisions have been discussed for the last several years, I recognize that with a week left in the Regular Session, we are running short on time."