

LSC Greenbook

Analysis of the Enacted Budget

Casino Control Commission

Jean J. Botomogno, Senior Economist
Legislative Service Commission

August 2011

TABLE OF CONTENTS

OVERVIEW 1
Agency Overview 1
Appropriation Overview 1
ANALYSIS OF ENACTED BUDGET 3
Creation of a Problem Gambling Hotline 3

ATTACHMENT:

Budget Spreadsheet By Line Item

Casino Control Commission

- New state agency created by a constitutional amendment in November 2009
- Agency is to regulate the nascent Ohio casino gaming industry
- Funding for the biennium is \$21.4 million

OVERVIEW

Agency Overview

The Ohio Casino Control Commission (CAC), authorized by a constitutional amendment passed in November 2009, is responsible for licensing and regulating casino gaming, the operators of the four authorized casinos, and other matters related to casino gaming. The constitutional amendment authorized the establishment of four full-service casinos (one each in Cleveland, Cincinnati, Columbus, and Toledo), but with no specific requirements or date by which the casinos must be built. Based on timelines suggested by casino owners in media reports, some casinos will open in FY 2012. In FY 2013, all four casinos are likely to be fully operational, though the level of activity should increase gradually over the following years.

The Commission consists of seven members appointed by the Governor, with the advice and consent of the Senate. The members are Ohio residents and include: a member experienced in law enforcement and criminal investigation, a member that is a certified public accountant experienced in accounting and auditing, a member that is an attorney admitted to the practice of law in Ohio, and a member who is a resident of a county where one of the casino facilities is located. The agency, which is developing rules for review by a legislative committee as required in H.B. 519 of the 128th General Assembly, will audit and investigate casino facilities and staff to ensure the integrity of gaming in Ohio. CAC did not hire or appoint an executive director, and had no staff for day-to-day operations in FY 2011.

Appropriation Overview

The Casino Control Commission is a new state agency. As such, increases in appropriations are associated with start-up expenses, staffing, and the development of the regulatory structure related to casino gaming. Spending was \$203,366 in FY 2011, which was below appropriations of \$5.5 million included in Am. Sub. S.B. 181 of the 128th General Assembly for the agency. Casino license application fee revenues (\$1.5 million for each casino location) were to provide funds for CAC operating

expenses in FY 2011.¹ However, no licensing fees were paid. Until those fees are paid, GRF cash transfers (authorized by Am. Sub. H.B. 114 of the 129th General Assembly) will be the source of funding for the Commission. The budget appropriates \$8.3 million in FY 2012 and \$13.1 million in FY 2013, a total of \$21.4 million for the biennium for the Commission. In addition to licensing fees, CAC is to receive 3% of proceeds from the 33% tax on casino gross revenues.

¹ Other fees such as new casino operator, management company, and holding company licenses and renewal licenses fees will be set by rule, subject to the approval of the Joint Committee on Gaming and Wagering.

ANALYSIS OF ENACTED BUDGET

The following table shows the appropriation in CAC's budget in each fiscal year of the biennium. The appropriation will fund on-site compliance and law enforcement staff to ensure the integrity of casino gaming in Ohio through enforcement of rules and regulations.

Appropriation for the Casino Control Commission				
Fund		ALI and Name	FY 2012	FY 2013
State Special Revenue Fund Group				
5HS0	955321	Casino Control – Operating	\$8,263,312	\$13,121,283

Funding for FY 2012 is \$8.1 million above FY 2011 spending. The increase is related to hiring the staff, purchasing necessary equipment, and other necessary expenses for the agency. Spending for FY 2013 is \$4.9 million greater than FY 2012 funding. The high growth rates in FY 2012 and in FY 2013 are to support the phase in of full regulatory activities as the industry to be overseen begins operations.

Creation of a Problem Gambling Hotline

The budget requires the Ohio Casino Control Commission, in conjunction with the State Lottery Commission and the Department of Alcohol and Drug Addiction Services, to establish, operate, and publicize an in-state hotline Ohio residents may call at any time to obtain problem gambling information. The budget also requires that moneys from the Problem Casino Gambling and Addictions Fund (Fund 5JL0) fund a gambling hotline. Fund 5JL0 is to receive 2% of the tax on gross casino revenues.

CAC.docx / th

FY 2012 - FY 2013 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2010	FY 2011	Appropriations FY 2012	FY 2011 to FY 2012 % Change	Appropriations FY 2013	FY 2012 to FY 2013 % Change
Report For Main Operating Appropriations Bill			Version: Enacted					
CAC Casino Control Commission								
5HS0	955321	Casino Control - Operating	\$0	\$ 203,366	\$ 8,263,312	3,963.27%	\$ 13,121,283	58.79%
State Special Revenue Fund Group Total			\$0	\$ 203,366	\$ 8,263,312	3,963.27%	\$ 13,121,283	58.79%
Casino Control Commission Total			\$0	\$ 203,366	\$ 8,263,312	3,963.27%	\$ 13,121,283	58.79%