

LSC Greenbook

Analysis of the Enacted Budget

Casino Control Commission

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ATTACHMENT:

Budget Spreadsheet By Line Item

Casino Control Commission

- New state agency created as a result of a constitutional amendment in November 2009 authorizing casinos
- Agency regulates casino gaming industry

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 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 develops rules and audits and investigates casino facilities and staff to ensure integrity of gaming in Ohio.

Appropriation Overview

The budget appropriates \$13.1 million in FY 2014 and \$13.5 million in FY 2015, a total of \$26.7 million for the biennium for the Commission. Actual spending for FY 2013 was \$10.6 million. Appropriations in the budget would increase CAC funding by \$11.7 million (78.1%) over FYs 2012-2013. Table 1 below provides funding changes to the various expense categories between the two biennia.

	FY 2012-FY 2013	FY 2014-FY 2015	Change (\$)	Change (%)
Personal Services	\$7.4	\$19.5	\$12.1	163.4%
Purchased Personal Services	\$0.9	\$1.8	\$0.8	90.5%
Supplies/Maintenance	\$6.3	\$5.0	-\$1.3	-20.3%
Equipment	\$0.3	\$0.4	\$0.1	18.8%
TOTAL	\$15.0	\$26.7	\$11.7	78.1%

As a regulatory agency, the largest expense of the Commission is personnel costs. As shown in the table above, about 73% of the appropriations in FYs 2014-2015 are for personal services, and this category is responsible for growth in spending compared to FYs 2012-2013.

Creation of the Casino Control Commission Enforcement Fund

H.B. 59 created in the state treasury the Casino Control Commission Enforcement Fund, into which must be deposited all moneys derived from fines, forfeited bail, and forfeitures of property to which CAC is entitled under Ohio or federal law. Moneys in the fund, with certain exceptions, must be used solely to subsidize the Commission's Division of Enforcement and its efforts to ensure the integrity of casino gaming. The budget act also specifies that moneys derived from forfeitures of property under federal law and deposited into the fund must be used and accounted for in accordance with the applicable federal law. Additionally, H.B. 59 amends the Forfeiture Law to include the Commission as a law enforcement agency and in the distribution order for the disposal of forfeited property and requires CAC to file a report with the Attorney General, by January 31 each year, verifying that cash and forfeited proceeds paid into the fund were used only in accordance with the purpose of the fund.

Individuals Less Than 21 Years of Age in Casinos

The budget act specifies that an individual who is less than 21 years of age may enter a designated area of a casino facility where casino gaming is being conducted, as established by the Ohio Casino Control Commission, to pass to another area where casino gaming is not being conducted, but only if the individual is personally escorted by licensed casino personnel, as approved by the Commission, who at all times remain in close proximity to the individual.

Report on Criminal Problems at Gaming Facilities

The budget act requires the Joint Committee on Gaming and Wagering to prepare a report that must include findings on criminal problems posed by gaming and wagering at casino and video lottery terminal facilities, as well as recommendations on policies and procedures that may be used to protect personal liberty while also reducing criminal activity. The report must be completed before December 31, 2013, and submitted to the President and Minority Leader of the Senate, the Speaker and Minority Leader of the House of Representatives, the Governor, the Attorney General, the State Lottery Commission, and the Ohio Casino Control Commission.

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.

Appropriations for the Casino Control Commission				
Fund	ALI and Name		FY 2014	FY 2015
State Special Revenue Fund Group				
5HS0	955321	Casino Control – Operating	\$13,121,283	\$13,542,674

Funding for FY 2014 is \$2.5 million (24.0%) above FY 2013 actual spending of \$10.6 million. The increase is related to hiring staff, purchasing supplies and maintenance, equipment, and other necessary expenses for the agency. The appropriation for FY 2015 is \$0.4 million (3.2%) greater than FY 2014 funding. The higher growth rate in FY 2014 may be necessary to complete the phase-in of full regulatory activities, while the more modest increase in FY 2015 potentially marks the end of that phase for CAC.

FACTS AND FIGURES

The opening of the Cincinnati casino in March 2013 completed the staggered opening of Ohio casinos. The Toledo and Cleveland casinos started in May 2012, followed by the Columbus facility in October 2012. The table below provides the distribution of casino tax receipts to various funds as prescribed by the Ohio Constitution in FY 2013.

Table 2. Distribution of Casino Tax Receipts in FY 2013 (in millions)		
	Share	Allocation
Gross Casino Revenue County Fund (Fund 5JG0)	51%	\$89.0
Gross Casino Revenue County Student Fund (Fund 5JH0)	34%	\$59.2
Gross Casino Revenue Host City Fund (Fund 5JJ0)	5%	\$8.7
Racing Commission Fund (Fund 5JK0)	3%	\$5.2
Casino Control Commission Fund (Fund 5HS0)	3%	\$5.2
Problem Casino Gambling and Addictions Fund (Fund 5JL0)	2%	\$3.5
Ohio Law Enforcement Training Fund (Fund 5JN0)	2%	\$3.5
TOTAL	100%	\$174.5

Data are from the Ohio Department of Taxation. Casino tax receipts were in addition to the \$50 million up-front license fee, the one-time fee paid upon the filing of a casino operator's license application. Casino operators' licensing fees totaling \$200 million were deposited in the Economic Development Programs Fund (Fund 5JC0).

Distributions to counties (from Fund 5JG0) and host cities (from Fund 5JJ0) are made quarterly on or before July 31st, October 31st, January 31st, and April 30th. Distributions to school districts (from Fund 5JH0) are made semiannually on or before January 31st and August 31st. The first distribution from this fund was made in January 2013. Amounts distributed to counties, host cities, and school districts are available on the Department of Taxation's web site.¹

CAC.docx/lb

¹ <http://www.tax.ohio.gov/government/casino.aspx>.

FY 2014 - FY 2015 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			Appropriations	FY 2013 to FY 2014	Appropriations	FY 2014 to FY 2015		
			FY 2012	FY 2013	FY 2014	% Change	FY 2015	% Change
Report For: Main Operating Appropriations Bill			Version: Enacted					
CAC Casino Control Commission								
5HS0	955321	Casino Control - Operating	\$ 4,446,365	\$ 10,578,446	\$ 13,121,283	24.04%	\$ 13,542,674	3.21%
State Special Revenue Fund Group Total			\$ 4,446,365	\$ 10,578,446	\$ 13,121,283	24.04%	\$ 13,542,674	3.21%
Casino Control Commission Total			\$ 4,446,365	\$ 10,578,446	\$ 13,121,283	24.04%	\$ 13,542,674	3.21%