

Greenbook

LBO Analysis of Enacted Budget

Casino Control Commission

Lin Kong, LSC Fellow
July 2023

TABLE OF CONTENTS

Quick look.....	1
Agency overview	2
Analysis of FY 2024-FY 2025 budget	2
Operating Expenses (955321).....	2
Casino Commission Enforcement (955601).....	3
Problem Sports Gaming (955602).....	3

LBO Greenbook

Casino Control Commission

Quick look...

- The Ohio Casino Control Commission (CAC) regulates casino gaming in Ohio and enforces gaming law with regards to casinos, skill-based amusement machines, online fantasy contests, and sports betting.
- CAC receives no GRF moneys; funding is largely from a 3% share of the gross casino revenue tax.
- The budget appropriates \$17.1 million in FY 2024 and \$17.5 million in FY 2025.
- CAC is led by seven commissioners appointed by the Governor. Ohio law requires all persons or entities conducting or participating in Ohio's gaming industry to be licensed by CAC. The Commission conducts suitability investigations of each applicant to determine their eligibility for licensure.
- Article XV of the Ohio Constitution levied a 33% tax on gross casino revenue and specified how proceeds of the tax are distributed.
- With the legalization of sports gaming in Ohio on January 1, 2023, CAC is now responsible for regulating the sports betting industry. The enacted budget makes several changes to CAC's sports gaming responsibilities moving forward.

	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
Fund 5HS0 ALI 955321, Operating Expenses						
	\$12,448,245	\$12,387,061	\$13,880,647	\$14,738,805	\$16,352,000	\$16,753,000
% change		-0.5%	12.1%	6.2%	10.9%	2.5%
Fund 5NU0 ALI 955601, Casino Commission Enforcement						
	\$93,928	\$96,071	\$110,175	\$116,116	\$250,000	\$250,000
% change		2.3%	14.7%	5.4%	115.3%	0.0%
Fund 5YR0 ALI 955602, Problem Sports Gaming						
	\$0	\$0	\$0	\$0	\$500,000	\$500,000
% change		--	--	--	--	0.0%
Total funding:						
	\$12,542,172	\$12,483,132	\$13,990,822	\$14,854,922	\$17,102,000	\$17,503,000
% change		-0.5%	12.1%	6.2%	15.1%	2.3%

Agency overview

The Ohio Casino Control Commission (CAC) was established in 2011 to provide oversight of the state's casino industry and to enforce standards and procedures for casino operators, vendors, and their employees. CAC licenses and regulates all persons participating in casino gaming, investigates crime occurring within the casino environment, and conducts audits on casino operations. The mission of the agency was later expanded to include the enforcement of state laws pertaining to skill-based amusement machines (SBAM), the management of a regulatory system for fantasy sports contests, and the regulation of the sports gaming industry.

Analysis of FY 2024-FY 2025 budget

This agency receives no GRF funding. CAC is financed primarily through its 3% share of Ohio's 33% tax on gross casino revenue. The enacted budget appropriates \$17.1 million in FY 2024 and \$17.5 million in FY 2025, totaling \$34.6 million for the biennium. These appropriations would increase CAC funding by 20.0% over actual expenditures during the FY 2022-FY 2023 biennium. The funding increase coincides with expanded responsibilities for CAC, as legalized sports betting in Ohio started on January 1, 2023.

The enacted budget makes several changes to CAC's sports gaming responsibilities. CAC may exclude a person from participating in sports gaming in Ohio, if that person has threatened violence or harm against another who is involved in a sporting event, provided that the threat was related to sports gaming. The enacted budget also adds A-1-A (brewery, winery, or distillery that operates a bar or restaurant onsite) and A-1c (micro-brewery) liquor permit holders to the list of liquor permit holders that are authorized to apply for a type C sports gaming host license. This change will potentially increase license fee revenue gain for CAC as more liquor permit holders are now able to apply for a type C sports gaming host license and pay the appropriate license fee.

The budget modified a study committee previously authorized by H.B. 29 of the 134th General Assembly. Continuing law requires CAC to pay the committee's expenses from the Casino Control Commission Fund (Fund 5HS0). Whereas the study committee was originally a joint legislative committee, the budget expanded the membership to include chairpersons of CAC, the State Lottery Commission, and the State Racing Commission. The budget also expanded the scope to include other types of gaming rather than solely sports gaming. In doing so, it renamed this entity, "The Study Commission on the Future of Gaming." The budget requires the Study Commission to evaluate both the current status and the future of (1) the lottery, (2) sports gaming, (3) casino gaming, and (4) horse racing in Ohio. The Study Commission must submit a report by June 30, 2024, to the General Assembly that contains their findings and recommendations for these enumerated industries.

Operating Expenses (955321)

This line item funds expenses directly required for general operation of the Commission, including all administrative, licensing, and regulatory activities. Amounts are appropriated against Fund 5HS0, which is supported by CAC's share of the gross casino revenue tax. The budget appropriates \$16.4 million for FY 2024, a 10.9% increase from FY 2023 spending. The FY 2025 appropriation is \$16.8 million, a 2.5% increase over the FY 2024 amount. Appropriation increases in this line item for the upcoming biennium are largely due to sports gaming implementation.

Increased appropriations allow CAC to hire additional staff, accommodate the influx of new licenses, and provide the resources needed to regulate this new industry.

Casino Commission Enforcement (955601)

This line item provides funds for the Ohio Casino Control Commission's Division of Enforcement. The moneys primarily pay for the supplies and equipment of gaming agents. The Casino Control Commission Enforcement Fund (Fund 5NU0) is funded by CAC's collection of fines, forfeited bail, and seized property. The enacted budget appropriates \$250,000 to this line item in both FY 2024 and FY 2025, a 121.0% increase from the actual spending of this line item last biennium.

Problem Sports Gaming (955602)

This line item, newly established in the enacted budget, will fund various programs regarding sports problem gambling. The funding will be used for educational materials for sports gaming proprietors, increasing awareness of problem gambling to customers, and assisting treatment professionals in treating those that have a problem. The Problem Sports Gaming Fund (Fund 5YR0) is funded by a 2% share of the 10% sports gaming tax on sports betting receipts. Uses of this funding source are governed by R.C. 3772.062, which became effective in March 2022. The enacted budget appropriates \$500,000 to this line item in both FY 2024 and FY 2025.