

Redbook

LBO Analysis of Executive Budget Proposal

Casino Control Commission

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LBO Redbook

Casino Control Commission

Quick look...

- The Ohio Casino Control Commission (CAC) regulates casino and sports gaming in Ohio and enforces casino, sports gaming, and skills-based amusement machines laws.
- CAC receives no GRF moneys; funding is largely derived from a 3% share of the gross casino revenue tax. Disposition of casino tax revenue is codified in Article XV of the Ohio Constitution.
- CAC is led by seven commissioners appointed by the Governor.

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
Fund 5HS0 ALI 955321, Operating Expenses					
\$13,880,647	\$14,738,805	\$15,650,518	\$16,753,000	\$17,855,928	\$18,849,195
% change	6.2%	6.2%	7.0%	6.6%	5.6%
Fund 5NU0 ALI 955601, Casino Commission Enforcement					
\$110,175	\$116,116	\$105,950	\$250,000	\$156,680	\$200,547
% change	5.4%	-8.8%	136.0%	-37.3%	28.0%
Fund 5YR0 ALI 955602, Problem Sports Gaming					
\$0	\$0	\$611,900	\$3,500,000	\$3,500,000	\$3,500,000
% change	--	--	472.0%	0.0%	0.0%
Total funding:					
\$13,990,822	\$14,854,922	\$16,368,368	\$20,503,000	\$21,512,608	\$22,549,742
% change	6.2%	10.2%	25.3%	4.9%	4.8%

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 skills-based amusement machines (SBAM), the management of a regulatory system for fantasy sports contests, and the regulation of the sports gaming industry.

Major new initiatives

For the upcoming biennium, the Governor has proposed an increase in the tax on sports gaming receipts from 20% to 40%. Sports gaming proprietors in Ohio must currently pay the tax on their sports gaming receipts (SGR), which is defined as the total amount of wagers taken in by proprietors holding a type A (mobile) or type B (physical facility) sports gaming license minus winnings and voided wagers.¹ Under current law, this tax revenue, along with revenue from fines and 99.5% of the revenue derived from license fees, is currently distributed as follows: 98% is used to support public and nonpublic K-12 education and 2% is used to combat problem sports gambling.

By increasing the tax rate on SGR from 20% to 40%, the amount of revenue received from those taxes will likely increase, at least in the short term, following the change. The executive budget anticipates the higher tax rate will raise an additional \$138.0 million in FY 2026 and an additional \$150 million in FY 2027. It is possible, however, that such an increase in taxation would render some proprietors unprofitable, causing them to leave the market. This would dampen the gain in tax revenues collected from the tax rate increase.

Under the executive proposal, the distribution of revenue from the sports gaming tax, license fees, and fines will be distributed as follows: 50% will be deposited into the newly created Sports Facilities Construction and Sports Education Fund (SFE Fund) to be used to support construction and renovation of major and minor league sports facilities and to support youth sports education; 48% will support public and nonpublic K-12 education; 2% will be used to combat problem sports gambling. Additionally, transfers to the SFE Fund, Sports Gaming Profits Education Fund, and Problem Sports Gaming Fund will be made monthly rather than quarterly.

Analysis of FY 2026-FY 2027 budget proposal

This agency receives no GRF funding. CAC is financed primarily through its 3% share of Ohio's 33% tax on gross casino revenue. The Commission's total budget recommendations are about \$21.5 million for FY 2026 and \$22.5 million for FY 2027. Proposed appropriations in FY 2026 represent an increase of approximately \$1.0 million from FY 2025 estimated spending. Increases in expected spending during FY 2026 and FY 2027 are largely driven by requests to hire six new full-time permanent employees to assist in the regulation and oversight of sports gaming operators and to support efforts to combat gambling addiction.

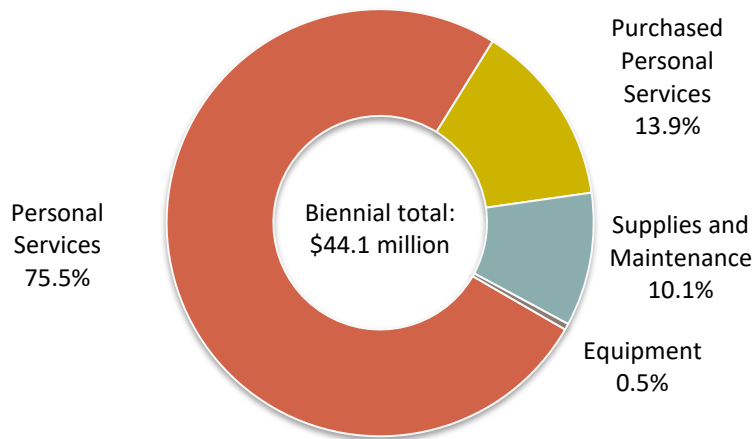
Executive recommendations by expense category

The chart below summarizes the executive's recommendations by expense category. As a regulatory agency, the largest expense to the Commission is personnel costs. The personal services category accounts for \$16.2 million of budgeted expenses in FY 2026, and \$17.0 million in FY 2027. Expected spending on purchased personal services in FY 2025 is 344% greater than actual spending in FY 2024. The executive budget proposes comparatively smaller increases of 4.4% and 0.6% in FY 2026 and FY 2027 respectively. Relative to expected spending in FY 2025,

¹ Beginning on January 1, 2027, 10% of the promotional gaming credits wagered by patrons will be deducted from sports gaming revenues. On January 1, 2032, this percentage will increase to 20% (R.C. 5753.01 (H)(4)(a) and (b)).

proposed spending on supplies and maintenance in FY 2026 is 3.1% less, and slightly greater in FY 2027 (0.6%). The Commission’s expenses for this category include information technology supplies and law enforcement equipment.

**Chart 1: CAC Budget by Expense Category
FY 2026-FY 2027 Biennium**



Operating Expenses (955321)

This line item funds expenses directly required for general operation of the Commission, including all administrative, licensing, and regulatory activities. The Casino Control Commission Fund (Fund 5HS0) is supported by CAC’s share of the gross casino revenue tax. The recommended appropriation for FY 2026 is \$17.9 million, a 6.6% increase over anticipated FY 2025 spending. The executive budget recommends a further 5.6% funding increase in FY 2027. Increased appropriations in this line item for the upcoming biennium enable the CAC to hire additional staff and provide the resources needed to regulate the relatively new industry of sports gaming and to combat gambling addiction.

Casino Commission Enforcement (955601)

This line item provides funds for the Ohio Casino Control Commission’s Division of Enforcement. The moneys primarily go to pay for the supplies and equipment of gaming agents, who play an active role in regulation and law enforcement within Ohio’s casinos and community gaming establishments. The Casino Control Commission Enforcement Fund (Fund 5NU0) is funded by the CAC’s collection of fines, forfeited bail, and seized property. The expected spending for this line item in FY 2025 is \$250,000. The executive budget recommends \$156,680 in FY 2026 and \$200,547 in FY 2027.

In addition to staffing casinos, the Division of Enforcement works collaboratively with other local, state, and federal agencies on criminal activity both in and outside of casinos, including drug trafficking, money laundering, counterfeit currency, and other financial crimes. The Division has removed over 6,800 illegal gambling machines and other equipment from operation since its inception, and seized more than \$7.2 million in cash.

Problem Sports Gaming (955602)

This line item funds various programs regarding sports problem gambling. The moneys are distributed through an agreement between the Ohio Department of Mental Health and Addiction Services and CAC, with the majority going to local Alcohol, Drug Addiction, and Mental Health Boards, and a portion set aside for statewide initiatives. The Problem Sports Gaming Fund (Fund 5YR0) is funded by a 2% share of the 20% sports gaming tax on sports betting receipts. Under the 40% sports gaming tax proposed in the budget, the fund would continue to receive 2% of total tax revenues. The executive budget proposes appropriations equal to the expected spending in FY 2025, \$3.5 million in both FY 2026 and FY 2027.

Facts and figures

Problem Gambling Services

In pursuing its goal of offering a safe and healthy environment for casino patrons, CAC established a Voluntary Exclusion Program (VEP), which allows individuals to ban themselves from further gambling activities. As a collaborative effort between CAC and the Ohio Lottery Commission, the VEP is a confidential list of individuals who are not allowed to enter a casino or racino facility for the duration of their self-imposed ban, or indefinitely. CAC has introduced several mobile support services coinciding with the launch of mobile sports betting. Over 8,600 persons were on the VEP list as of June 30, 2024, and over 3,400 have thus far been removed from the program following the expiration of the exclusion period. With the launch of sports gaming in Ohio at the start of 2023, CAC staff updated the VEP to allow for online enrollment and began providing additional online services. These services include access to professional mental health counseling (telehealth), an application to block gambling websites and applications, and access to online tools that teach financial responsibility.

Casino tax revenues and distributions

The casino tax applies to gross casino revenue, defined as wagers minus winnings paid to gamblers. The tax is 33% of adjusted gross revenue (AGR), equal to gross casino revenue minus any promotional gaming credits provided by casinos. Table 1 displays AGR and distributed tax revenues in recent fiscal years. More than two-thirds of gross revenues were derived from slot machines in the most recent fiscal year.

Table 1. Adjusted Gross Revenue, FY 2020-FY 2024 (\$ in millions)					
	FY 2020 ²	FY 2021	FY 2022	FY 2023	FY 2024
Table AGR	\$201.2	\$259.6	\$307.6	\$294.7	\$276.2
Slot AGR	\$435.8	\$658.1	\$693.1	\$717.2	\$729.8
Total AGR³	\$637	\$917.7	\$1,000.7	\$1,012.0	\$1,006.0
Tax Revenue	\$275.7	\$220.0	\$334.2	\$338.0	\$329.9

² Ohio casinos were closed from March 13, 2020 through June 18, 2020 due to COVID. The shutdown negatively affected AGR totals in FY 2020, but tax distributions were minimally affected because they lag by one calendar quarter.

³ CAC Reports.

Sports gaming tax revenues

The sports gaming tax is applied to SGR, defined as wagers minus winnings paid to gamblers and the dollar amount of all voided wagers. The tax is currently 20% of SGR and is proposed to increase to 40% in the executive budget. Taxes are paid monthly, and losses may not be carried forward to future months. The tax payment is due following the close of the previous month, and total collections were \$50.7 million in FY 2023 and \$159.5 million in FY 2024.

Table 2 displays SGR in the last two fiscal years. Legalized sports gaming began in January 2023, halfway through FY 2023. The initial rate of taxation was 10% of SGR until July 4, 2023, when it increased to 20%. The vast majority of SGR are derived from online gaming.

	FY 2023	FY 2024
Online Gaming Receipts	\$527.8	\$813.0
Retail Gaming Receipts	\$11.0	\$18.0
Total Gaming Receipts	\$538.8	\$831.0