Bill Analysis

Phi Mullin *Legislative Service Commission*

Sub. S.B. 148

124th General Assembly
(As Passed by the Senate)

Sens. Blessing, Spada, Finan, White

BILL SUMMARY

- Enacts the Ohio-Kentucky Olympic Coordination Authority Compact, which takes effect only if Cincinnati is awarded the 2012 Olympic Games and Kentucky and Cincinnati enact similar versions of the Compact.
- Prescribes the format and wording of the Compact.
- Requires that the Ohio-Kentucky Olympic Coordination Authority (OKOCA) oversee the local Organizing Committee for the Olympic Games (OCOG), which will be formed if Cincinnati is selected in 2005 as the host city.
- Requires the OKOCA and OCOG to accept liability for net operating deficits of the OCOG or the Games, by providing a financial guarantee of up to $400 million, to be covered in part by a commercial insurance policy with at least $200 million coverage that is approved by OKOCA.
- Requires the State of Ohio to provide for depositing, into the Olympic Games Account, a portion of net new tax revenues generated from the Games.

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CONTENT AND OPERATION

Overview of the bill

The bill enacts the Ohio-Kentucky Olympic Coordination Authority Compact that establishes the Ohio-Kentucky Olympic Coordination Authority (OKOCA) to oversee the 2012 Olympic Games and any other educational, cultural, athletic, or sporting events related or preliminary to those Games. The OKOCA comes into existence by the force of the Compact if, and **only if**, Cincinnati is selected by the International Olympic Committee to host the 2012 Olympic Games. The bill ratifies, enacts into law, and enters the State of Ohio, Commonwealth of Kentucky, and City of Cincinnati into the Compact and also designates the form and wording of the Compact.

Purposes of the Compact

(R.C. 3773.80, Articles I (A) and II)

The Compact provides that one of its purposes is to create an entity to oversee the conduct of the 2012 Olympic Games ("the Games") that will be coordinated and managed by the local Organizing Committee for the Olympic Games (OCOG). Cincinnati 2012, the nonprofit corporation that bid on hosting the Games, will form the OCOG to conduct them if Cincinnati is selected as the host city. Another purpose of the Compact is to assure that the Ohio-Kentucky region's guarantees and commitments accepted in conjunction with hosting the Games are fulfilled.

Findings of the Compact signatories

(R.C. 3773.80, Articles I (B) and VI (B))

Under the Compact, Ohio, Kentucky, and Cincinnati ("the signatories") find as follows:

(1) For some time, Ohio, including Cincinnati, and Kentucky, through Cincinnati 2012, have been actively engaged in national competition to win the U.S. Candidate City designation from the United States Olympic Committee (USOC) as the city endorsed to submit the sole bid from the United States to host the Games, and, subsequently, the Host City designation from the International Olympic Committee (IOC).

(2) Hosting the Games will provide major, lasting, and unique benefits for all of the citizens of the Ohio-Kentucky region, including measurable, positive economic impact on our regional economy; a catalyst for regional action and cooperation; an opportunity to showcase this part of the United States to the nation and world; and a renewed sense of pride and tangible legacies, such as new and improved sports venues, strong national and international awareness, and public incentive to advance or complete major projects.

(3) Economic studies conducted by the Center for Economic Education of the University of Cincinnati show that preparing for and hosting the Games will have a positive economic impact on the Ohio-Kentucky region, including direct and indirect spending in excess of $6.2 billion; the creation of approximately 79,000 jobs; increased new net tax revenues, without raising or creating any new taxes, of in excess of $200 million (net of projected visitor and new resident spending of $180 million); and a lasting improvement in the region's competitive position within the convention and travel and tourism industries, as well as enhanced ability to attract new businesses.

(4) The citizens of the Ohio-Kentucky region have responded positively to Cincinnati 2012's efforts and solidly embraced the cause to host the Games, expressed in part by the endorsement of scores of local business, civic, governmental, academic, and amateur sports organizations, and by public opinion survey results that show 74% of the region's residents support the effort to bring the Games to this area.

(5) Through the submission of the Ohio-Kentucky region's official bid proposal formally submitted by Cincinnati 2012 to the USOC on December 15, 2000, Cincinnati 2012 reached a milestone in its efforts to be designated as the U.S. Candidate City by providing a logistical, operational, and financial blueprint for hosting the Games.

(6) The official bid proposal highlights great assets of our region and is developed around key principles, including an emphasis on the utilization of existing physical assets, respect for the environment, and showcasing this part of the United States as an underutilized asset of the world economy.

(7) In addition to the Ohio-Kentucky region's bid proposal, the USOC and IOC require certain guarantees and commitments in conjunction with hosting the Games should our region win the U.S. Candidate City designation.

(8) Cincinnati 2012 has proposed a credible and defensible privately generated budget, projecting revenues of $2.715 billion, expenditures of $2.569 billion, including a $311 million contingency, and a surplus of $145 million.

(9) Ohio and Kentucky find substantial public purpose in supporting the Games, and to this end may provide, in an equitable distribution commensurate with projected benefits, $200 million in net new tax revenues, as financial support in the unlikely event of an operating deficit, with full understanding of Cincinnati 2012's, or its successor, the OCOG's intent to purchase at least $200 million in net operating deficit insurance coverage before those net new tax revenues would be utilized.

(10) It is incumbent upon Cincinnati 2012 and government leaders to move forward together now to craft the solution that best "lives regionalism" and maximizes the chances of this part of the United States winning the Games and reaping the considerable and measurable benefits that come with this honor.

(11) Given that all three jurisdictions, Ohio, Kentucky, and Cincinnati, will host a significant number of events and reap substantial benefits, the most effective solution for all three jurisdictions is to enter into a compact creating a single entity that gives the USOC, and subsequently the IOC, a single focal point and a united front to enhance accountability and ensure a successful Games.

The OKOCA

Creation and termination

(R.C. 3773.80, Article III)

The Compact provides the mechanism for the creation and termination of the OKOCA, which the Compact declares to be an instrumentality of Ohio, Kentucky, and Cincinnati, with the powers and duties set forth in the Compact, and those additional powers and duties conferred upon it by subsequent actions of the signatories. The OKOCA comes into existence by the force of the Compact when and if, and **only if**, the IOC awards the Games in 2005 to Cincinnati 2012. The OKOCA, if ever brought into existence, ceases to exist by the force of the Compact on January 1, 2014, unless extended by substantially similar future legislation passed by each of the signatories.

Until the OKOCA comes into existence, the combined signatures of the Governors of Ohio and Kentucky, and the Mayor of Cincinnati, on any and all

documents necessary and appropriate to the pursuit of the Games is deemed binding on future actions of the OKOCA. The signatures may be on the same document, on separate but materially and substantially similar documents, or any combination of those types of documents, but no individual signature is deemed effective until all three signatures are obtained.

Composition and organization; terms of office

(R.C. 3773.80, Article IV (A) to (D))

The Compact provides that the OKOCA must be composed of nine voting members. Ohio and Kentucky are entitled to three voting members each, to be appointed by their respective Governors, and Cincinnati is entitled to three voting members, to be appointed by its Mayor. The OCOG is entitled to one ex-officio member on the OKOCA, to be appointed in a manner consistent with its usual procedure.

These members must not be compensated for their service on the OKOCA, but are entitled to be reimbursed by the OKOCA for normal and customary expenses incurred in the performance of their duties. The terms of the members are two years. Each member holds office until the member's successor is appointed and duly qualified. Any member may succeed himself or herself. All vacancies in the membership must be filled in the manner of the original appointment for the remainder of the unexpired term.

The Compact requires the OKOCA to elect from its voting membership a chair, vice-chair, secretary, and treasurer. Those officers must serve the terms prescribed by resolution of the OKOCA or until their successors are elected and qualified. No member of the OKOCA may hold more than one office on it.

Meetings

(R.C. 3773.80, Article IV (E) and (F))

The Compact requires the OKOCA to meet at least twice annually in the five years preceding and one year following the Games. Regular meetings must be held on the dates and at the time and place fixed by OKOCA resolution. Special meetings may be called by OKOCA resolution, by the chair or vice-chair, or upon the written request of at least three voting members. Written notice of all meetings must be delivered to each member, not less than three days prior to the date of the meeting in the case of regular meetings, and not less than 24 hours in the case of special meetings.

A majority of the voting members constitutes a quorum. A majority of the quorum is empowered to exercise all the rights and perform all the duties of the

OKOCA, and no vacancy impairs the right of that majority to act. If at any meeting there is less than a quorum present, a majority of those present may adjourn the meeting to a fixed time and place, and notice of the time and place must be given as discussed above, except that if the notice period cannot reasonably be complied with, notice, if any, of the adjourned meeting must be given as is reasonably practical.

Rulemaking, accounting, and reporting

(R.C. 3773.80, Article IV (G) and (H))

The OKOCA is required to establish rules and regulations for its own governance that are not inconsistent with the Compact. The OKOCA also must establish a system of financial accounting and controls, audits, and reports. All accounting systems and records, auditing procedures and standards, and financial reporting must conform to generally accepted principles of governmental accounting. The OKOCA must designate a fiscal year, designate the necessary funds for complete accountability, and specify the basis of accounting for each fund. It also must cause to be prepared a financial report on all funds at least quarterly, and a comprehensive report on the fiscal operations and conditions of the OKOCA annually.

Under the Compact, all OKOCA financial records, reports, and documents are public records open to public inspection under reasonable regulations prescribed by the OKOCA.

Funding

(R.C. 3773.80, Article V)

The OCOG is required by the Compact to provide reasonable funds for the OKOCA's operation and conduct of its business in accordance with the provisions of the Compact. The OKOCA must submit to the OCOG a planned budget for the OKOCA's next fiscal year, adopted consistent with the Compact, not less than 90 days before the beginning of that fiscal year.

Formation of the OKOCA Advisory Committee; membership diversity

(R.C. 3773.80, Article IV (I) and (J))

The Compact requires the OKOCA to form an advisory committee, not to exceed 25 members, comprised of representatives (to be known as "advisory members") from each of the local jurisdictions substantially impacted by the hosting of the Games in the Ohio-Kentucky region, to be selected in a manner to be determined by the OKOCA.

The Compact provides that reasonable efforts should be made to ensure that the appointments of the OKOCA's voting members and of the members of the OKOCA Advisory Committee are of residents of the regional community with relevant and useful experience, and with sufficient time to devote to OKOCA duties, to help facilitate the successful hosting of the Games; reflect the geographical diversity inherent in the regional nature of Cincinnati 2012's bid proposal; and reflect the cultural, ethnic, and racial diversity inherent in the Ohio-Kentucky region.

The Olympic Games Account

(R.C. 3773.80, Article VI)

The Compact creates the Olympic Games Account. The Account is created outside the state treasury so amounts may be spent from it without the necessity of an appropriation by the General Assembly. The Account must be used for the sole purpose of Ohio's and Kentucky's provision of financial support in the unlikely event of any net operating deficit not covered by the OCOG and the OKOCA, resulting from the operation of the Games.

Ohio and Kentucky must provide for depositing into the Account a portion of the net new tax revenues generated from the preparation and holding of the Games.

The OKOCA's oversight of the OCOG and financial liability

(R.C. 3773.80, Article VII)

Under the Compact, the OKOCA, in recognition of its oversight responsibility over the OCOG, must have access to the OCOG's quarterly financial statements, annual business plans, and all other documents necessary to achieve its oversight responsibility. If supported by a majority of its voting members, the OKOCA can enforce OCOG budgetary and planning changes if its review of those documents suggests (1) economic shortfalls that possibly would trigger OKOCA's liability or (2) that the OCOG will fail to host the Games in a manner that would satisfy USOC or IOC requirements.

The Compact requires the OKOCA, in recognition of its duties as overseer of the OCOG, to do all of the following:

- Be bound by the terms of, cause the OCOG to perform, and guaranty performance of the OCOG's obligations under all documents necessary and appropriate to the pursuit of the Games;

- Certify the OCOG's performance of those obligations as requested by the IOC or the USOC from time to time;

- Accept liability for the OCOG, if any, as far as required by all documents necessary and appropriate to the pursuit and hosting of the Games;

- Accept, together with the OCOG, liability for any net operating deficit of the OCOG or the Games by providing a financial guaranty in the sum of $400 million as follows:

  - ♦ Upon Cincinnati's selection as the host city, the OKOCA and the OCOG must purchase a commercial insurance policy, approved by the OKOCA, that provides at least $200 million coverage for any net operating deficit.

  - ♦ The OKOCA must establish the method by which the funds available in the Olympic Games Account, if any, and through the commercial insurance policy, will be distributed to cover any financial losses as a result of the hosting and operation of the Games.

  - ♦ The total funds available to the OKOCA in the Olympic Games Account, if any, cannot exceed $200 million; the total funds available to the OKOCA through the commercial insurance policy cannot exceed $200 million.

Under the Compact, the OKOCA, in its financial oversight and safeguard role, must ensure (1) that no surplus operating funds are committed until all budgetary and operational financial obligations of the OCOG and the OKOCA for hosting the Games are first met and (2) that no liability for any net operating deficit resulting from the Games accrues to the OKOCA or the signatories, if they provide financial support, until all budgetary and operational financial surpluses of the OCOG, if any, are applied to all outstanding budgetary and operational financial obligations of the OCOG and the OKOCA, if any, accrued exclusively in connection with hosting the Games.

The Compact also provides that the OKOCA, in order to facilitate its oversight responsibility over the OCOG, has the additional powers to sue and be sued in contract and in tort, complain and defend in all courts, implead and be impleaded, enter into contracts, hire appropriate staff, and exercise any additional powers granted to it by subsequent legislation.

States' subsidization of the Games

(R.C. 3773.80, Article VIII)

The Compact provides that any liability incurred by the OKOCA that is not covered by insurance under the Compact's terms must be financially subsidized by Ohio and Kentucky, if each elects to do so, in an amount not to exceed $200 million and in proportion to the relative economic benefits currently expected to accrue to each from hosting the Games, with Ohio subsidizing 85% and Kentucky 15%. If any liability incurred by the OKOCA is financially subsidized, Ohio and Kentucky must provide their respective shares in manners consistent with the requirements of their respective constitutions and statutes.

Commitments of signatories

(R.C. 3773.80, Article IX)

As appropriate to its individual jurisdiction and specific role in hosting the Games, each signatory to the Compact agrees to ensure that infrastructure improvements as discussed in the Cincinnati 2012 bid proposal take place; provide access to existing state and city-controlled facilities and other important resources as specified in the bid, in accordance with applicable law and contractual obligations; and provide adequate security, fire protection, and other government-related services at a reasonable cost to ensure the safe and orderly operation of the Games.

The Governor may execute all documents that are required by the USOC or IOC to be executed on behalf of Ohio.

Compliance with local laws; effective date of Compact

(R.C. 3773.80, Articles X and XII)

Under the Compact, the OKOCA must make every effort to comply with the laws of each of the signatories regarding disclosure, appointment, and open meetings.

The Compact takes effect on the date on which substantially similar legislation is passed by each of the signatories—Ohio, Kentucky, and Cincinnati. If Cincinnati is not selected as the U.S. Candidate City or the Host City, the Compact is immediately null and void.

Interim coordination

(R.C. 3773.80, Article XI)

The Compact provides for interim coordination in the event it has not yet taken effect, but certain documents are nonetheless needed to continue the bid process for the Games. Prior to its effective date as mentioned above, the Governor, on behalf of Ohio, may execute the joinder undertaking required by the USOC to be executed for pursuit of the Games.

The Compact further provides that, until the OKOCA comes into existence and before the Compact's effective date as mentioned above, documents necessary and appropriate to the pursuit of the Games that bear the combined signatures of the Governor and the Mayor of Cincinnati are deemed binding on future actions of the OKOCA. Both signatures must be on each document, and no individual signature is effective to bind the OKOCA until both signatures are obtained.

HISTORY

ACTION	DATE	JOURNAL ENTRY	
Introduced	07-24-01	p.	827
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