



Ohio Legislative Service Commission

Bill Analysis

Phil Mullin

H.J.R. 4

128th General Assembly
(As Introduced)

Reps. Murray, Yuko, Koziura, Foley

BILL SUMMARY

- Authorizes the conduct of casino gaming at facilities in specified locations in Ohio if approved by the electors of the county or municipal corporation where a facility is located and in accordance with laws enacted to regulate and restrict these facilities.

CONTENT AND OPERATION

Overview

The joint resolution requires the General Assembly to enact laws authorizing and regulating the operation of casinos and the conduct of gaming in those casinos not later than six months after July 1, 2010, the effective date of the joint resolution if it is approved by the voters of the state at the May 4, 2010 primary election. These laws must be consistent with all of the following.

Location of casinos

Casino gaming in Ohio is to be authorized at up to 15 casinos in the following manner:

- Up to six casinos in counties with a population of 400,000 or more.
- Up to five casinos in counties with a population of 100,000 or more but less than 400,000.
- Up to four casinos in counties with a population of less than 100,000. (Article XV, Section 6a(A)(1).)

Taxation and distribution of gross casino revenue

A tax of 50% is to be levied and collected on all gross casino revenue that each casino operator receives. The tax collected is to be distributed as follows:

- 45% is to be paid into the state General Revenue Fund.
- 20% is to be distributed among all counties in the state in proportion to the counties' respective populations at the time of the distribution. After receiving its distribution, each county through its board of county commissioners is to determine the percentage of the population of the county that resides in municipal corporations and is to multiply this percentage by the amount distributed to the county. The county is then to distribute the resulting amount to municipal corporations within the county in proportion to each municipal corporation's respective population that resides in the county at the time of the distribution.
- 20% is to be distributed among all counties in the state in proportion to the counties' respective public school district populations at the time of the distribution. Each distribution that a county receives is to be distributed among all public school districts located in whole or in part within the county in proportion to each public school district's respective student population composed of residents of the county at the time of the distribution. Each public school district is to determine how its distribution is to be appropriated, but all distributions to a school district are to be used only to support primary and secondary education.
- 5% is to be distributed to each municipal corporation in which a casino is located or, if a casino is not located in a municipal corporation, then to the county in which the casino is located.
- 3% is to be used to pay for the expenses of the Ohio Casino Control Commission, which the joint resolution requires to be created (see below).
- 3% is to be used to support purses for horse races, horse breeding programs, and operations at all commercial horse racing tracks that were in existence on January 1, 2009. No such distribution is to be made to a commercial horse racing track if an owner or operator of the track holds a majority interest in a casino authorized by, or in a casino license issued, under the joint resolution.
- 2% is to be used to enhance public safety by providing additional training opportunities to law enforcement agencies.

- 2% is to be used for the treatment of problem gambling and substance abuse and for related research.

Casino operators and their operations, their owners, and their property are to be subject to all customary nondiscriminatory fees, taxes, and other charges that are applied to, levied against, or otherwise generally imposed upon other businesses in Ohio, their gross or net revenues, their operations, their owners, and their property. (Article XV, Section 6a(A)(2).)

Creation, powers, and duties of the Ohio Casino Control Commission

In order to ensure the integrity of casino gaming, the Ohio Casino Control Commission is to be created. The Commission is to license casino operators, management companies retained by casino operators, and employees of casino operators, and is to regulate those operators, management companies, employees, gaming-related vendors, and all gaming authorized by the joint resolution.

The Commission is to consist of seven members appointed by the Governor with the advice and consent of the Senate. Each member of the Commission is to be an Ohio resident. At least one member is to be experienced in law enforcement and criminal investigation, at least one member is to be a certified public accountant experienced in accounting and auditing, at least one member is to be an attorney admitted to the practice of law in Ohio, and at least one member is to be a resident of a county where a casino is located. Not more than four members are to be affiliated with the same political party. No member is to have an affiliation with a casino or a casino operator. The Governor is to appoint the members of the Commission not later than 60 days after the effective date of the law that establishes the Commission.

In order to carry out the joint resolution, and in addition to any other enforcement provisions contained in the laws of Ohio, the State Tax Commissioner and the Commission, or any person employed by the Tax Commissioner or Commission, upon demand is to be allowed to inspect books, accounts, records, and memoranda of any person subject to the joint resolution or those provisions, and to examine under oath any officer, agent, or employee of that person.

The Commission is to require each of the initial licensed casino operators to pay, for the benefit of the state, a licensing fee for each casino. The Commission is to issue casino licenses competitively, based upon criteria the Commission is to establish within 60 days after all members of the Commission have been appointed. The criteria are to include the amount and terms of the licensing fee the casino operator is required to pay, the cost and quality of the proposed improvements to be constructed in connection with a casino, including the anticipated economic development impact of the construction on

both the economy of Ohio and the area where the casino will be located, and the proximity of the location of the proposed casino to other casinos in Ohio. The Commission is not to be required to issue all casino licenses at the same time and is to be allowed to choose to issue the licenses over time and under revised criteria. (Article XV, Section 6a(A)(3).)

Requirements relating to casino operators

Each initially licensed casino operator is to make an initial investment of at least \$25 million for the development of that casino.

In order to provide for community-wide economic development, each casino is to be planned and constructed in order to provide overnight accommodations and restaurant facilities to provide for not more than 40% of the casino's patrons, with such determinations to be made by the Commission in consultation with economists or with the aid of market studies or such other resources the Commission considers necessary and appropriate.

In order to promote local control and increase the percentage of profits subject to Ohio taxes, each entity owning a casino is to be incorporated under the laws of Ohio, and all facilities and operations related to each casino is to be owned by a single entity. Each of these casino corporations, if sold, is to be sold under the laws of Ohio to an interstate purchaser. No person, family, or other affiliated person is to be allowed to own more than 10% of such a corporation.

Only licensed casino operators, or licensed management companies retained by such operators, are to be allowed to conduct casino gaming authorized under the joint resolution. Gaming is to be allowed to be conducted at a casino 24 hours each day at the discretion of the casino operator.

Each casino is to be subject to all applicable state laws and local ordinances or resolutions related to health and building codes and any related requirements and provisions. (Article XV, Section 6a(A)(4).)

Vote of local electors on casinos

The joint resolution requires that the General Assembly enact laws that require the electors of each county and each municipal corporation to approve the licensing and operation of casino gaming within the county or municipal corporation before casino gaming may be conducted in that county or municipal corporation. The question to be submitted to the electors of the county or municipal corporation at a primary, general, or special election is to read as follows:

"Shall casino gaming be authorized within this (county) (municipal corporation)?"

Only if a majority of the electors voting on the question vote "yes," will casino gaming be allowed to be conducted in that county or municipal corporation. (Article XV, Section 6a(A)(5).)

Miscellaneous requirements and prohibitions relating to casinos

- The Attorney General is to have primary responsibility to enforce the laws enacted by the General Assembly and rules adopted by the Commission to regulate casinos.
- No owner or operator of a casino is to provide credit or a loan to enable a person to participate in gaming at a casino.
- No person under 21 years of age is to be a participant in gaming at a casino either as a player or as an employee conducting the gaming.
- The Commission is to license all employees of a casino.
- Neither the state nor any political subdivision is to provide any tax abatement or deferment, or to provide a grant or loan, to be used to construct or operate any casino.
- Laborers and mechanics employed in a casino are to be paid the same prevailing rates of wages for their work as state law determines must be paid for similar work throughout Ohio.
- An aggregate value of 5% of the total value of all contracts for the construction of a casino project and 5% of the total value of all materials and equipment purchased for such a project are to be set aside for minority business enterprises. (Article XV, Section 6a(A)(6).)

Creation of the Casino Oversight Commission

The General Assembly is to create the Casino Oversight Commission as a permanent body, which is to conduct hearings and make annual reports and recommendations regarding the operation of casinos (Article XV, Section 6a(A)(7)).

Severability clause

Each provision of the joint resolution is intended to be independent and severable. If any provision is determined to be invalid, either on its face or as applied to

any person or circumstance, the remaining provisions and their application to any person or circumstance other than those to which it is determined to be invalid is not affected thereby. In any case of a conflict between the provisions enacted by the joint resolution and any other provision contained in the Ohio Constitution, the provisions of the joint resolution prevail. (Article XV, Section 6a(B).)

HISTORY

ACTION	DATE
Introduced	10-13-09

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