

Executive

In House Finance and Appropriations

LOTCD7 Limit on Distribution of Video Lottery Terminal Income**R.C. 3769.087**

Adds a further restriction on distribution of video lottery terminal income, by adding to the elements, which in total may not exceed 45% of that income, the percentage dispersed to the Lottery Commission to provide funding support to state agencies for gambling addiction and other related addiction services programs. Moves forward the date governing when the Lottery Commission is to publish rules regarding dispersals of a portion of agents' commissions to provide funding for gambling addiction and other related addiction services programs, from "beginning July 1, 2013" to no later than that date.

No provision.

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Fiscal effect: Current law specifies that 100% of video lottery terminal income minus the lottery sales agent's commission percentage plus the percentage of the lottery sale agent's commission for the benefit of horse breeding and racing in this state shall not exceed 45% of video lottery terminal income. The lottery sales agent's commission percentage is specified by rule 3770:2-3-08 as 66.5% of video lottery terminal income. The percentage to benefit breeding and racing is to be paid from this commission, is limited by Revised Code section 3769.087 to between 9% and 11% of video lottery terminal income, and is to be set by rule by the Racing Commission unless otherwise agreed by the video lottery sales agent and the applicable horsemen's association. Also in current law, the Lottery Commission is to require that the video lottery sales agent disperse 0.5% of the video lottery sales agent's commission to provide funding to state agencies for addiction services programs, and may increase this percentage by up to an additional 0.5%. These changes may limit future rulemaking by the Lottery Commission and the Racing Commission, hence may limit payments by video lottery sales agents and amounts paid to benefit breeding and racing in the state and addiction programs.

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LOTCD1 Change to the Qualification of Lottery Commissioner
R.C. 3770.01

Modifies the qualification of a member of the Ohio Lottery Commission. Requires one member of the Commission to have experience or training in the area of problem gambling or other addictions and assistance to recovering gambling or other addicts (instead of such member representing an organization that deals with problem gambling and assists recovering gambling addicts).

Fiscal effect: None.

No provision.

LOTCD2 Lottery Sales Agents Remitting Net Proceeds to Commission
R.C. 3770.02

Removes provision allowing lottery sales agents to mail checks representing net proceeds due to the Ohio Lottery Commission. (Current practice is to use electronic funds transfers). Removes provision requiring reports of receipts and transactions by lottery sales agents.

Fiscal effect: None.**R.C. 3770.02**

Same as the Executive.

Fiscal effect: Same as the Executive.

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LOTCD3 Transfers to the Lottery Profits Education Fund**Section: 319.10**

Requires the Director of Budget and Management to transfer, contingent upon resources, \$841.0 million in FY 2014 and \$974.5 million in FY 2015 from the State Lottery Fund (Fund 7044) to the Lottery Profits Education Fund (Fund 7017). States that such transfers represent the estimated net income from operations of the Commission in FY 2014 and FY 2015 and that the funds are required to be administered as the statutes direct.

Section: 319.10

Same as the Executive.

LOTCD4 Operating Expenses**Section: 319.10**

Authorizes the Controlling Board, at the request of the State Lottery Commission, to authorize additional expenditures in excess of appropriations for operating expenses of the State Lottery Commission from the State Lottery Fund up to a maximum of 10 percent of anticipated total revenue from the sale of lottery products. Appropriates the additional expenditures upon Controlling Board approval.

Section: 319.10

Same as the Executive.

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LOTCD5

Direct Prize Payments

Section: 319.10

Appropriates any amounts, in addition to the amounts appropriated in SLF Fund 7044 appropriation item 950601, Direct Prize Payments, that the Director of the State Lottery Commission determines to be necessary to fund prizes, bonuses, and commissions.

Section: 319.10

Same as the Executive.

LOTCD6

Annuity Prizes

Section: 319.10

Authorizes the Director of Budget and Management, upon the request of the State Lottery Commission, to transfer an amount sufficient to fund deferred prizes from the State Lottery Fund (Fund 7044) to the Deferred Prizes Trust Fund (Fund 8710). Appropriates any amounts, in addition to the amounts appropriated in appropriation item 950602, Annuity Prizes, that the Director of the State Lottery Commission determines to be necessary to fund deferred prizes and interest earnings. Requires the Treasurer of State, from time to time, to credit Fund 8710 the pro rata share of interest earned on invested balances.

Section: 319.10

Same as the Executive.

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OBMCD2 Office of Internal Auditing Changes

R.C. 124.341, 126.45 - 126.48, 3770.06, 5703.21

(1) Changes the name of the Office of Internal Auditing (OIA) to the Office of Internal Audit.

(2) Adds the Rehabilitation Services Commission (renamed in the bill to the Opportunities for Ohioans with Disabilities Agency), the Public Utilities Commission of Ohio, the Adjutant General, and the State Lottery Commission to the list of state agencies OIA is required to audit annually.

(3) Permits OIA, on request, to conduct an internal audit of other bodies, offices, or agencies of state government and requires that any body, office, or agency requesting an internal audit be charged an amount sufficient to cover the costs of the audit.

(4) Requires OIA to periodically audit systems and controls of state agencies pertaining to information technology rather than electronic data processing.

(5) Provides that state agency audits are to be directed, rather than conducted, by staff of OIA.

(6) States that (a) an internal audit report that meets the definition of a security record under the Public Records Law and (b) any information derived from state tax returns or return information are not public records.

(7) Requires at least one member of the State Audit Committee to be familiar with information technology systems and services.

R.C. 124.341, 126.45 - 126.48, 3770.06, 5703.21

(1) Same as the Executive.

(2) Same as the Executive, but retains the Rehabilitation Services Commission as the name of the agency.

(3) Same as the Executive.

(4) Same as the Executive.

(5) Same as the Executive.

(6) Same as the Executive.

(7) Same as the Executive.

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(8) Clarifies that for existing requirements related to subject matter expertise for Committee members, at least one member, rather than one member only, must possess expertise in the relevant subject matter areas.

(8) Same as the Executive.

(9) Requires the Committee to evaluate whether internal audits directed by OIA conform to the Institute of Internal Auditors' International Professional Practices Framework for Internal Auditing, rather than ensure that the audits conform to the Institute's Standards for the Professional Practice of Internal Auditing.

(9) Same as the Executive.

(10) Requires the State Lottery Commission to establish an annual internal audit plan, instead of an internal audit program, and submit the plan to OIA rather than the Auditor of State.

(10) Same as the Executive.

(11) Requires the State Lottery Commission to submit the annual report at the end of each fiscal year to OIA, instead of the Auditor, specifying the audit work completed for that fiscal year and compliance with the internal audit plan.

(11) Same as the Executive.

Fiscal effect: The budget allocates \$3.6 million in FY 2014 and \$3.7 million in FY 2015 for OIA operations from the Accounting and Budgeting Fund (Fund 1050), a slight increase from the \$3.5 million estimated for FY 2013. These amounts permit OIA to hire an additional staff auditor via the elimination of a vacant administrative assistant position. Funding for OIA activities is supported through direct charges for staff time to the agencies involved in OIA audits and a portion of the accounting and budgeting payroll check-off charged to the agencies under OIA jurisdiction.

Fiscal effect: Same as the Executive.