Fiscal Note & Local Impact Statement

122 nd General Assembly of Ohio

BILL: **Sub. H.B. 117** DATE: **May 14, 1997**

STATUS: **As Reported by Senate Ways and Means** SPONSOR: **Rep. Terwilleger**

LOCAL IMPACT STATEMENT REQUIRED: **No** **Permissive**

CONTENTS: **Authorizes a board of county commissioners to appropriate funds for fair sites without requiring them to submit a levy for amounts over $50,000; allows tax levy on the ballot; eliminates requirement that county fairs contribute to the Standardbred fund.**

State Fiscal Highlights

STATE FUND	FY 1997	FY 1998	FUTURE YEARS
Standardbred Development Fund			
Revenues	- 0 -	Potential minimal loss	$57,000 loss
Expenditures	- 0 -	- 0 -	- 0 -

- The State Standardbred Development Fund could lose about $57,000 or more each year, as a result of county fairs not having to contribute a portion of the total amount wagered on harness racing at county fairs to the Standardbred Development Fund. Revenue from the fund is dispersed to the Standardbred Horseman's Association to support research projects and to supplement racing purses.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 1997	FY 1998	FUTURE YEARS
Counties			
Revenues	- 0 -	$57,000 gain	$57,000 gain
Expenditures	Potential increase	Potential increase	Potential increase

- Any increase in expenditures would be at the discretion of individual counties. Most counties likely would not have the funds available to be able to increase the amount appropriated for fair expenditures. Therefore, many counties' expenditures would not change under the bill.

- Currently, about one-third of Ohio's counties may have the funds available to allow them to increase appropriations for fair expenses a minimal or significant amount, and above the $50,000 levy requirement. Any increased county expenditures could result in a minimal or significant increase in fair revenue.

- By exercising the option of putting a tax levy on the ballot, counties could gain revenues for purchasing, maintaining, or improving a fairground.

- Counties with county fairs that obtain revenue from harness race wagering would gain revenue as a result of not having to contribute a portion of the total amount wagered toward the Standardbred Development Fund.

Detailed Fiscal Analysis

Provisions of the Bill

Currently, Ohio law allows the board of county commissioners, in any county in which there is a duly organized county agricultural society, to appropriate funds for the purchase and/or maintenance of land and/or facilities for fair sites. However, if the proposed expenditures will exceed $50,000 in any year, Ohio law requires the county board of commissioners to submit a tax levy to the county's voters in order to pay for the proposed expenditures.

This bill amends the current law by removing the levy requirement for expenditures above $50,000 in a year. It also authorizes a board of county commissioners to put on the ballot the question of a tax levy for purchasing, maintaining, or improving real estate on which to hold fairs.

Current law requires that one-half of one percent of the amount wagered on a harness racing day at a racing venue in Ohio be paid into the Ohio Standardbred Development Fund. The bill eliminates this requirement for county and independent agricultural societies that hold harness racing events at county fairs.

Effects of the Bill

According to an Ohio Department of Agriculture official, in FY 1995, 54 counties appropriated less than $10,000 for fair expenditures and 28 counties appropriated more than $10,000 but less than $50,000. Six counties appropriated at least $50,000 for fair expenditures in 1996. Under the bill, counties that have the funds and are not currently appropriating more than $50,000 could choose to increase expenditures.

Currently, there are 94 fairs operating in Ohio, excluding the Ohio State Fair. Eighty-seven of the fairs are run by the counties, and 7 are run by independent agriculture societies that often will receive county funds. In FY 1996, an average small fair generated $30,000 in gross receipts, the average medium-sized fair generated over $700,000, and a large fair generated between $1 and $2 million in gross receipts.

Under this bill, counties that chose to appropriate more than $50,000 in a year to build or improve fair facilities, could increase their revenues a minimal or significant amount if the expenditure results in greater attendance and receipts.

Under the bill, counties could choose to borrow money for expenditures above $50,000, thereby giving counties more flexibility in financing large capital projects for which county commissioners did not want to submit a levy. The cumulative amount borrowed for a project may be increased. Depending upon short and long term interest rates, annual debt service payments could decrease. However, cumulative debt service payments could increase.

Counties could gain revenues by the new option provided in the bill to put on the ballot a tax levy for purchasing, maintaining, or improving real estate on which to hold fairs.

County fairs that hold harness racing events and allow wagering on those events would gain revenue because they would no longer have to pay one-half of one percent of the total amount wagered into the Standardbred Development Fund. In 1995, the total dollar amount in the Standardbred fund was $1,626,988. The portion of that total coming from county fairs was approximately 3.5% or $56,919. Based on 1996 county fair racing, about 53% of the total is attributable to Delaware County.

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