



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** [Am. H.B. 277 of the 129th G.A.](#)

**Date:** June 27, 2011

**Status:** As Passed by the House

**Sponsor:** Reps. Blessing and Gerberry

**Local Impact Statement Procedure Required:** No

**Contents:** Permits a horse racing permit holder who is eligible to become a video lottery sales agent to apply to the State Racing Commission to move its track to another location

### State Fiscal Highlights

- The bill is permissive, and the state may gain additional revenues if permit holders offer incremental economic benefits in exchange for approval of proposed horse racing track locations.
- If permit holders install video lottery terminals at the new locations, the state may gain additional revenues.
- If permit holders install video lottery terminals, the State Lottery Commission may incur additional regulatory costs.

### Local Fiscal Highlights

- If permit holders use the authority granted by the bill to relocate horse racing tracks, units of local government may gain property tax and horse racing tax revenues at the new race track locations. They may incur additional costs for services to the race tracks at the new locations.
- If permit holders relocate, other local governments may lose revenues at the locations vacated by the tracks. Any such revenue losses would depend on business decisions made by permit holders, so LSC would classify any resultant fiscal effects as indirect.

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## Detailed Fiscal Analysis

The bill allows a horse racing permit holder who is eligible to become a video lottery sales agent to apply to the State Racing Commission to move its track. The application is to specify the new location and incremental economic benefits the permit holder is willing to provide to the state in exchange for approval of the transfer (but see below). The Racing Commission is to approve or deny the transfer, and is authorized to establish application fees. The permit holder may apply to the State Lottery Commission for a video lottery sales agent license at the new location. The bill contents are in uncodified law, and the bill states that permit holders have two years from its effective date to submit their applications.

A permit holder located on property owned by a political subdivision and eligible to conduct video lotteries may not be charged a fee or be required to provide other incremental economic benefits to the state in connection with a move to a new location in the immediate vicinity. This provision pertains only to Lebanon Raceway.

The bill is permissive, and its fiscal effects, for both the state and for local subdivisions, depend on the actions of permit holders. LSC therefore classifies these as indirect fiscal effects. Gains to the state may include the incremental economic benefits offered by permit holders, as well as increased revenues from video lottery terminals and possibly also from horse racing. If the permit holders install video lottery terminals, the State Lottery Commission may incur increased regulatory costs.

Horse racing tax revenues accrue to five state special revenue funds: the Ohio Thoroughbred Race Fund (Fund 5620), the Ohio Standardbred Development Fund (Fund 5630), the Ohio Quarter Horse Development Fund (Fund 5640), the Ohio Combined Simulcast Horse Racing Purse Fund (Fund 5C40), and the State Racing Commission Operating Fund (Fund 5650).

If horse racing track locations are moved, units of local government in the locations to which tracks are moved may gain additional property tax revenues, possibly local income tax revenues, as well as a share of the horse racing tax.<sup>1</sup> These local subdivisions may incur additional costs for services to the new tracks and video lottery terminal locations. Local governments in the locations from which tracks are moved would lose the tax revenues from the tracks.

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<sup>1</sup> Revised Code section 3769.28.