



Ohio Legislative Service Commission

Jamie L. Doskocil

Fiscal Note & Local Impact Statement

Bill: H.B. 605 of the 129th G.A.

Date: November 27, 2012

Status: As Introduced

Sponsor: Rep. Huffman

Local Impact Statement Procedure Required: No

Contents: Schemes of chance

State Fiscal Highlights

- **Bureau of Criminal Identification and Investigation.** Any additional costs incurred by the Attorney General's Bureau of Criminal Identification and Investigation (BCI) will depend on the number of investigations of "schemes of chance" it undertakes. If the number of investigations is relatively small, BCI could use existing resources with a minimal amount of agent overtime. If stronger efforts are needed, BCI might need to create an enforcement unit, bringing implementation costs closer to \$500,000 per year.
- **Lottery Commission.** The Lottery Commission is likely to be able to adopt, as necessary, rules describing the types of "schemes of chance" that are prohibited under the Gambling Law with little or no discernible costs to the day-to-day operations of the Commission.
- **Court cost revenues.** As a result of changes made to the Gambling Law, there could be additional persons convicted of related violations. As a result, the state might gain a negligible amount of revenue annually in the form of locally collected court costs that are forwarded for deposit in the state treasury to the credit of the Indigent Defense Support Fund (Fund 5DY0) and the Victims of Crime/Reparations Fund (Fund 4020).

Local Fiscal Highlights

- If the bill results in an increase in the number of criminal investigations involving the state's Gambling Law, there could be an increase in the number of criminal cases filed annually for common pleas, municipal, and county courts to adjudicate. This could create increased costs for local criminal justice systems, including local prosecutors, public defenders/assigned counsel, and local detention facilities as well as the courts. Convictions may also generate additional revenue in the form of court costs and fees imposed on offenders by the sentencing court.

Detailed Fiscal Analysis

The bill amends the definition of "scheme of chance" and requires the State Lottery Commission to adopt rules describing the types of "schemes of chance" that are prohibited under the Gambling Law. The bill also permits the Office of the Attorney General's Bureau of Criminal Identification and Investigation (BCI) to investigate criminal activity involving the operation of a "scheme of chance."

Lottery Commission

Since the State Lottery Commission routinely drafts and adopts rules, the requirement that it adopt new rules describing the types of "schemes of chance" that are prohibited under the Gambling Law is likely to be absorbed in the day-to-day operations of the Commission with little, if any, discernible cost.

Enforcement

Bureau of Criminal Identification and Investigation

According to staff of the Office of the Attorney General, it is uncertain how much work will be generated for law enforcement to fully implement the bill, specifically the investigation of gambling establishments that may or may not be operating a "scheme of chance." It is believed that once the bill is enacted, establishments that operate under the moniker "Internet Cafes" will no longer be permitted to operate legally. However, based on past behavior, it is possible that more substantial enforcement measures will be necessary. Under the first scenario, BCI could use existing resources with a minimal amount of agent overtime to enforce the provisions outlined in the bill. If stronger efforts are needed, BCI might need to create an enforcement unit, bringing implementation costs closer to \$500,000 per year.

Sanctioning costs and revenues

If the bill results in an increase in the number of criminal investigations involving the state's Gambling Law, there could be an increase in the number of criminal cases filed annually for common pleas, municipal, and county courts to adjudicate, thus potentially creating increased costs for local criminal justice systems, including local prosecutors, public defenders/assigned counsel, and local detention/community control facilities as well as the courts.

If an individual is found to be operating a "scheme of chance" as prohibited under the bill, that individual could be charged with the offense of gambling. A conviction of gambling is a misdemeanor of the first degree (punishable by a maximum sentence of six months in jail, a maximum fine of \$1,000, or both), or a felony of the fifth degree if the individual has a prior gambling conviction (generally punishable by community control sanctioning of at least one year and a maximum fine of \$2,500, or both).

With every successful conviction, the state might gain a negligible amount of revenue annually in the form of locally collected court costs that are forwarded for deposit in the state treasury to the credit of the Indigent Defense Support Fund (Fund 5DY0) and the Victims of Crime/Reparations Fund (Fund 4020). The potential number of new convictions is uncertain, however. In the case of a misdemeanor, the court is generally required to impose state court costs totaling \$29, divided as follows: \$20 to Fund 5DY0 and \$9 to Fund 4020. In the case of a felony, the court is generally required to impose state court costs totaling \$60, divided as follows: \$30 to Fund 5DY0 and \$30 to Fund 4020.

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