Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: S.B. 141 of the 130th G.A. **Date**: June 18, 2013

Status: As Introduced **Sponsor**: Sen. Obhof

Local Impact Statement Procedure Required: No

Contents: Financial transaction prohibitions related to casino gaming

State Fiscal Highlights

- As a result of violations of the bill's prohibited conduct, there could be a small number of additional offenders sentenced to a state prison, which may result in a no more than minimal annual increase in the Department of Rehabilitation and Correction's institutional operating costs.
- A negligible amount of state court cost revenue may be collected annually 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), as a few additional offenders may be found to have violated the state's Casino Gaming Law.

Local Fiscal Highlights

- The criminal justice systems of Cuyahoga, Franklin, Hamilton, and Lucas counties may incur minimal annual costs to investigate and prosecute violations of the bill's prohibited conduct, especially in light of the likelihood that assistance in these matters will be available from the Ohio Casino Control Commission and the Ohio Attorney General. Convictions and guilty pleas may also generate minimal locally retained revenue in the form of court costs and fines imposed on offenders by the sentencing court.

Detailed Fiscal Analysis

The bill establishes new criminal prohibitions and penalties related to casino gaming. Specifically, the bill prohibits a person from "knowingly or intentionally" doing any of the following:

- Causing or attempting to cause a casino facility to fail to file a specified financial transaction report required under federal regulations[1] or R.C. 1315.53;
- Causing or attempting to cause a casino facility to file a specified financial transaction report required under federal regulations[2] or R.C. 1315.53, to file a specified financial transaction report or to maintain a record required by any order issued under 31 U.S.C. § 5326, or to maintain a record required under any regulation prescribed under section 21 of the "Federal Deposit Insurance Act" or section 123 of Pub. L. No. 91-508 that contains a material omission or misstatement of fact;
- Structuring a transaction, as defined in R.C. 1315.51, assisting in structuring a transaction, or attempting to structure or assisting in structuring a transaction with one or more casino facilities.

These prohibited activities are generally related to what is termed "money laundering." A violation is a felony of the fifth degree on a first offense and a felony of the fourth degree for a subsequent offense. The table below summarizes current law's fines and possible prison terms generally applicable for felonies of the fourth and fifth degree. A court can generally impose a fine, a term of incarceration in jail or prison, or both.

Fines and Possible Prison Terms for Certain Felony Offenses Generally		
Offense Level	**Fine**	**Possible Prison Term**
4th Degree Felony	Up to $5,000	6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, or 18-month prison term
5th Degree Felony	Up to $2,500	6, 7, 8, 9, 10, 11, or 12-month prison term

Under current law, if an offender is convicted of or pleads guilty to any fourth or fifth degree felony that is not an offense of violence, the court, rather than impose a prison term, is generally required to sentence the offender to a community control sanction of at least one year. If certain specified circumstances are present, the court is permitted to impose a prison term.

[1] 31 U.S.C. §§ 5313(a) or 5325; section 21 of the "Federal Deposit Insurance Act" or section 123 of Pub. L. No. 91-508.

[2] 31 U.S.C. §§ 5313(a) or 5325.

There are currently four casinos operating within the state, with one located in Cincinnati (Hamilton County), Cleveland (Cuyahoga County), Columbus (Franklin County), and Toledo (Lucas County).

County fiscal effects

The counties most likely to be affected by the bill's prohibited conduct are those in which one of the state's four casinos is located, specifically Hamilton, Franklin, Lucas, and Cuyahoga counties. In those counties, the bill may result in an increase in the number of criminal investigations involving illegal activities related to financial transactions within casino gaming establishments, followed by an increase in the number of related criminal cases filed by prosecutors for courts of common pleas to adjudicate. This potential increase in investigations and prosecutions could create additional costs, primarily for county criminal justice systems, including law enforcement, prosecutors, public defenders/assigned counsel, common pleas courts, and sanctioning.[3] These potential costs, however, are likely to be no more than minimal annually because: (1) in any given year, there are likely to be a relatively small number of new investigations and criminal cases related to violations of the bill's prohibited conduct, and (2) assistance in the investigation and prosecution of these matters is likely to be available from the Ohio Casino Control Commission and the Ohio Attorney General.

As noted, the maximum permissible fines for felonies of the fourth and fifth degree are $5,000 and $2,500, respectively. The fines and any related court costs collected from an offender would be retained by the jurisdiction that operates the trial court. The amount retained is likely to be no more than minimal, as the number of offenders convicted of or pleading guilty to a violation of the bill's prohibited conduct is likely to be relatively small.

State fiscal effects

As a result of violations of the bill's prohibited conduct, there may be a few additional offenders sentenced to a state prison, the results of which may be a no more than minimal annual increase in the institutional operating expenses of the Department of Rehabilitation and Correction. The average annual cost for the Department of Rehabilitation and Correction to incarcerate an offender in prison is currently around $24,390 (or $66.82 per day), with the marginal annual cost of adding an offender estimated at $3,600.

With each conviction or guilty plea for a violation of the bill's prohibited conduct, the state might gain revenue in the form of locally collected state court costs that are forwarded for deposit in the state treasury to the credit of the Indigent Defense

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[3] Sanctioning costs could include more restrictive residential sanctions (for example, a jail, community-based correctional facility, or halfway house) and less restrictive nonresidential sanctions (for example, basic or intensive probation supervision, day reporting, or electronic monitoring/house arrest).

Support Fund (Fund 5DY0) and the Victims of Crime/Reparations Fund (Fund 4020). The amount collected year in, year out is likely to be minimal at most, as the expected number of convictions or guilty pleas annually is expected to be relatively small. 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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