

# **LSC Redbook**

**Analysis of the Executive Budget Proposal**

**Casino Control Commission**

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## READER'S GUIDE

The Legislative Service Commission prepares an analysis of the executive budget proposal for each agency. These analyses are commonly called "Redbooks." This brief introduction is intended to help readers navigate the Redbook for the Casino Control Commission (CAC), which includes the following three sections.

1. Overview: Provides a brief description of CAC and an overview of the provisions of the executive budget that affect CAC, including major new initiatives.
2. Analysis of Executive Proposal: Provides a detailed analysis of the executive budget recommendations for CAC, including funding for each appropriation line item.
3. Attachments: Includes the catalog of budget line items (COBLI) for CAC, which briefly describes each line item and the LSC budget spreadsheet for CAC.

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**ATTACHMENTS:**

- Catalog of Budget Line Items
- Budget Spreadsheet By Line Item

# Casino Control Commission

- New state agency created as a result of a constitutional amendment in November 2009 authorizing casinos
- Agency regulates casino gaming industry

## OVERVIEW

### Agency Overview

The Ohio Casino Control Commission (CAC), authorized by a constitutional amendment passed in November 2009, is responsible for licensing and regulating casino gaming, the operators of the four authorized casinos, and other matters related to casino gaming. Of the four full-service casinos, Cleveland, Columbus, and Toledo have opened. The Cincinnati casino is to be operational in March 2013. Thus, all casinos will be operational in the next biennium.

The Commission consists of seven members appointed by the Governor, with the advice and consent of the Senate. The members are Ohio residents, and include: a member experienced in law enforcement and criminal investigation, a member that is a certified public accountant experienced in accounting and auditing, a member that is an attorney admitted to the practice of law in Ohio, and a member who is a resident of a county where one of the casino facilities is located. The agency develops rules, audits and investigates casino facilities and staff to ensure integrity of gaming in Ohio.

### Appropriation Overview

The executive budget proposes appropriations of \$13.1 million in FY 2014 and \$13.5 million in FY 2015, a total of \$26.7 million for the biennium for the Commission. Estimated spending for FY 2013 is \$10.5 million. Appropriations proposed for the next biennium would increase CAC funding by \$11.7 million (78.1%) over FYs 2012-2013.

Table 1 below provides changes to the various expense categories between the current biennium and recommended funding for the agency for the next biennium.

Table 1. Expense Category Information (\$ in millions)				
	FY 2012-FY 2013	FY 2014-FY 2015	Change (\$)	Variance (%)
Personal Services	\$7.4	\$19.5	\$12.1	163.4%
Purchased Personal Services	\$0.9	\$1.8	\$0.8	90.5%
Supplies/Maintenance	\$6.3	\$5.0	-\$1.3	-20.3%
Equipment	\$0.3	\$0.4	\$0.1	18.8%
<b>Total</b>	<b>\$15.0</b>	<b>\$26.7</b>	<b>\$11.7</b>	<b>78.1%</b>

As a regulatory agency, the largest expense of the Commission is personnel costs. As shown in the table above, about 73% of recommended appropriations in FYs 2014-2015 are for personal services, and this category is responsible for growth in recommended spending compared to FYs 2012-2013.

## ANALYSIS OF EXECUTIVE PROPOSAL

The following table shows the appropriation in the executive proposal for the appropriation item in CAC's budget in each fiscal year of the biennium. The recommended appropriation will fund onsite compliance and law enforcement staff to ensure the integrity of casino gaming in Ohio through enforcement of rules and regulations.

Governor's Recommended Amounts for the Casino Control Commission				
Fund		ALI and Name	FY 2014	FY 2015
<b>State Special Revenue Fund Group</b>				
5HS0	955321	Casino Control – Operating	\$13,121,283	\$13,542,674

Recommended funding for FY 2014 is \$2.6 million (24.6%) above estimated FY 2013 spending. The increase is related to hiring staff, purchasing supplies and maintenance, equipment, and other necessary expenses for the agency. Recommended spending for FY 2015 is \$0.4 million greater than FY 2014 funding. The higher growth rate in FY 2014 may be necessary to complete the phase-in of full regulatory activities.

## FACTS AND FIGURES

The Cincinnati casino is expected to start welcoming guests in March 2013, completing the staggered opening of Ohio casinos. The Toledo and Cleveland casinos started in May 2012, followed by the Columbus facility in October 2012. The table below provides the distribution of casino tax receipts to various funds as prescribed by the Ohio Constitution as of January 2013.

	<b>Share</b>	<b>Allocation</b>
Gross Casino Revenue County Fund (Fund 5JG0)	51%	\$56.9
Gross Casino Revenue County Student Fund (Fund 5JH0)	34%	\$37.9
Gross Casino Revenue Host City Fund (Fund 5JJ0)	5%	\$5.6
Racing Commission Fund (Fund 5JK0)	3%	\$3.3
Casino Control Commission Fund (Fund 5HS0)	3%	\$3.3
Problem Casino Gambling and Addictions Fund (Fund 5JL0)	2%	\$2.2
Ohio Law Enforcement Training Fund (Fund 5JN0)	2%	\$2.2
<b>Total</b>	<b>100%</b>	<b>\$111.6</b>

Data are from the Ohio Department of Taxation. Casino tax receipts are in addition to the \$50 million up-front license fee, the one-time fee paid upon the filing of a casino operator's license application. Casino operators licensing fees totaling \$200 million were deposited in the Economic Development Programs Fund (Fund 5JC0).

Distributions to counties (from Fund 5JG0) and host cities (from Fund 5JJ0) are made quarterly on or before July 31st, October 31st, January 31st, and April 30th. Distributions to school districts (from Fund 5JH0) are made semi-annually on or before January 31st and August 31st. The first distribution from this fund was made in January 2013. Amounts distributed to counties, host cities, and school districts are available on the Department of Taxation's web site.<sup>1</sup>

CAC.docx / lb

<sup>1</sup> <http://www.tax.ohio.gov/government/casino.aspx>.

## Casino Control Commission

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### State Special Revenue Fund Group

#### 5HS0 955321 Casino Control - Operating

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$0	\$203,366	\$4,446,365	\$10,527,983	<b>\$13,121,283</b>	<b>\$13,542,674</b>
	N/A	2,086.4%	136.8%	<b>24.6%</b>	<b>3.2%</b>

**Source:** State Special Revenue Fund Group: License fees paid by casino operators and 3% of the receipts from the gross casino revenue tax

**Legal Basis:** ORC 3772.03 and 3772.17; Section 235.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Am. Sub. S.B. 181 of the 128th G.A.)

**Purpose:** This appropriation item provides funds for general operating expenses, including payroll, supplies, and equipment for the Ohio Casino Control Commission.

# FY 2014 - FY 2015 Introduced Appropriation Amounts

# All Fund Groups

Line Item Detail by Agency			FY 2012	Estimate FY 2013	Introduced FY 2014	FY 2013 to FY 2014 % Change	Introduced FY 2015	FY 2014 to FY 2015 % Change
<b>Report For: Main Operating Appropriations Bill</b>			<b>Version: As Introduced</b>					
<b>CAC Casino Control Commission</b>								
5HS0	955321	Casino Control - Operating	\$ 4,446,365	\$ 10,527,983	\$ 13,121,283	24.63%	\$ 13,542,674	3.21%
<b>State Special Revenue Fund Group Total</b>			<b>\$ 4,446,365</b>	<b>\$ 10,527,983</b>	<b>\$ 13,121,283</b>	<b>24.63%</b>	<b>\$ 13,542,674</b>	<b>3.21%</b>
<b>Casino Control Commission Total</b>			<b>\$ 4,446,365</b>	<b>\$ 10,527,983</b>	<b>\$ 13,121,283</b>	<b>24.63%</b>	<b>\$ 13,542,674</b>	<b>3.21%</b>