

Greenbook
LSC Analysis of Enacted Budget

Casino Control Commission

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ATTACHMENT:

Budget Spreadsheet By Line Item

Casino Control Commission

- State agency was 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) is responsible for licensing and regulating casino gaming (and the operators of the four authorized casinos), and the skill-based amusement industry. 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, and audits and investigates casino facilities and staff to ensure integrity of gaming in Ohio. The Commission's budget gets no GRF funding and its primary funding source is 3% of the revenue from the tax on gross casino revenue.

Appropriation Overview

The enacted budget appropriates \$13.58 million in FY 2018 and \$13.91 million in FY 2019, a total of \$27.49 million for the biennium for the Commission. These appropriations would increase CAC funding by \$3.45 million (14.4%) over actual expenditures during FY 2016-FY 2017.

Fund Group	FY 2017*	FY 2018	% change	FY 2019	% change
Dedicated Purpose	\$12,677,949	\$13,577,155	7.1%	\$13,909,745	2.4%
TOTAL	\$12,677,949	\$13,577,155	7.1%	\$13,909,745	2.4%

*FY 2017 figures represent actual expenditures.

As a regulatory agency, the largest expense each year is personnel costs, which also accounts for the majority of the spending increase over the FY 2016-FY 2017 biennium. However, that biennium included \$1.5 million in subsidy payments each year to racetrack host localities from the Casino Operator Settlement Fund (Fund 5KT0)

through the CAC budget,¹ and no such payment is included in Am. Sub. H.B. 49. Excluding those subsidies, appropriations of CAC for the FY 2018-2019 biennium would be higher by \$6.45 million (30.7%).

Elimination of the Permanent Joint Committee on Gaming and Wagering

The budget eliminates the Permanent Joint Committee on Gaming and Wagering and makes conforming changes in law related to the abolishment. The committee was created by Am. Sub. H.B. 519 of the 128th General Assembly to review, study, and submit recommendations and make an annual report to the governor and the General Assembly on various items related to gaming, including reviewing license fees and penalties under the Casino Law. The committee produced its only report in December 2015.

¹ H.B. 64 of the 131st General Assembly required CAC to pay \$0.5 million from the Casino Operator Settlement Fund (Fund 5KT0) to each of the following entities: Anderson Township (Belterra Park), Northfield (Hard Rock Rocksino), Dayton (Hollywood Dayton Raceway), Austintown (Hollywood Mahoning Valley), Turtlecreek Township (Miami Valley Gaming), and North Randall (ThistleDown). Each of these municipal corporations and townships also received an identical payment from the permit holder of their racetrack.

ANALYSIS OF ENACTED BUDGET

The following table shows the appropriations in CAC's budget in each fiscal year of the biennium. The appropriations will fund onsite compliance and law enforcement staff to ensure the integrity of casino gaming in Ohio through enforcement of rules and regulations. Appropriations will also fund the licensing and regulation of the skill-based amusement industry.

Appropriations for the Casino Control Commission				
Fund	ALI and Name		FY 2018	FY 2019
Dedicated Purpose Fund Group				
5HS0	955321	Operating Expenses	\$13,327,155	\$13,659,745
5NU0	955601	Casino Commission Enforcement	\$250,000	\$250,000
Dedicated Purpose Fund Group Subtotal			\$13,577,155	\$13,909,745
Total Funding: Casino Control Commission			\$13,577,155	\$13,909,745

Total funding for FY 2018 is \$0.90 million (7.1%) above FY 2017 spending; and funding for FY 2019 represents an increase of \$0.33 million (2.4%) above FY 2018 appropriations.

Operating Expenses (955321)

This appropriation item provides funding for the general operating expenditures for the Commission. The appropriation for FY 2018 is \$2.15 million (19.3%) greater than actual spending in FY 2017. The increase is due to a rise in expenditures for personal services compared to FY 2017, mostly from the newly created Division of Skill Games and the hiring of additional staff for the regulation of those games. Funding for FY 2019 is \$0.33 million (2.5%) above appropriations in FY 2018, due to expected increases in expenditures for staff compensation. Fund 5HS0 receives funding from the 3% tax on gross casino receipts and license fees from casino operators.

Casino Commission Enforcement (955601)

This appropriation item mostly provides funding for maintenance, supplies and equipment in support of gaming agents in the Division of Enforcement. The appropriation for FY 2018 is \$0.25 million greater than actual spending in FY 2017. Funding for FY 2019 is the same as the FY 2018 appropriation. Fund 5NU0 receives funding from fines and forfeitures generated by the Commission's enforcement activities.

FACTS AND FIGURES

The Cincinnati casino opened 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. Table 2 below provides the distribution of casino tax receipts to various funds as prescribed by the Ohio Constitution as of June 2017.

Table 2. Distribution of Casino Tax Receipts through June 2017 (in millions)		
	Share	Allocation
Gross Casino Revenue County Fund (Fund 5JG0)	51%	\$638.3
Gross Casino Revenue County Student Fund (Fund 5JH0)	34%	\$425.6
Gross Casino Revenue Host City Fund (Fund 5JJ0)	5%	\$62.6
Racing Commission Fund (Fund 5JK0)	3%	\$37.5
Casino Control Commission Fund (Fund 5HS0)	3%	\$37.5
Problem Casino Gambling and Addictions Fund (Fund 5JL0)	2%	\$25.0
Ohio Law Enforcement Training Fund (Fund 5JN0)	2%	\$25.0
TOTAL	100%	\$1,251.6

Data are from various reports of the Ohio Department of Taxation. Amounts distributed to counties, host cities, and school districts are available on the Department of Taxation's website.² Table 3 below provides amounts wagered at Ohio casinos in the last four calendar years. It shows total wagering in 2016 fell by about \$279 million (3.5%), from decreases in gambling at both slot machines (3.0%) and table games (6.0%). According to CAC casino revenue report, Ohio casinos operated 7,816 slot machines and 424 table games at the end of 2016.

Table 3. Wagering at Ohio Casinos (in billions)			
	Table Games	Slots	Total
CY 2013	\$1.30	\$6.80	\$8.10
CY 2014	\$1.32	\$6.38	\$7.70
CY 2015	\$1.34	\$6.62	\$7.96
CY 2016	\$1.26	\$6.42	\$7.68
\$ Change vs. CY 2015	-\$0.08	-\$0.20	-\$0.28
% Change vs. CY 2015	-6.0%	-3.0%	-3.5%

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² <http://www.tax.ohio.gov/government/casino.aspx>.

FY 2018 - FY 2019 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			FY 2016	FY 2017	Appropriation FY 2018	FY 2017 to FY 2018 % Change	Appropriation FY 2019	FY 2018 to FY 2019 % Change
Report For Main Operating Appropriations Bill			Version: As Enacted					
CAC Ohio Casino Control Commission								
5HS0	955321	Operating Expenses	\$ 9,842,762	\$ 11,173,059	\$ 13,327,155	19.28%	\$ 13,659,745	2.50%
5KT0	955501	Racetrack Host Supplement	\$ 1,500,000	\$ 1,500,000	\$ 0	-100.00%	\$ 0	N/A
5NU0	955601	Casino Commission Enforcement	\$ 14,835	\$ 4,890	\$ 250,000	5,012.47%	\$ 250,000	0.00%
Dedicated Purpose Fund Group Total			\$ 11,357,597	\$ 12,677,949	\$ 13,577,155	7.09%	\$ 13,909,745	2.45%
Ohio Casino Control Commission Total			\$ 11,357,597	\$ 12,677,949	\$ 13,577,155	7.09%	\$ 13,909,745	2.45%