As Reported by the Senate Government Oversight Committee

128th General Assembly Regular Session 2009-2010

Am. S. J. R. No. 8

Senators Goodman, Hughes

JOINT RESOLUTION

| To amend Section 6 of Article XV of the Constitution | 1 |
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| of the State of Ohio to change the authorized | 2 |
| location of the casino in central Ohio from | 3 |
| Columbus to a designated site in Franklin County. | 4 |
| Be it resolved by the General Assembly of the State of Ohio, | 5 |
| three-fifths of the members elected to each house concurring | 6 |
| herein, that there shall be submitted to the electors of the | 7 |
| state, in the manner prescribed by law at the special election to | 8 |
| be held on May 4, 2010, a proposal to amend Section 6 of Article | 9 |
| XV of the Constitution of the State of Ohio to read as follows: | 10 |

ARTICLE XV

| Section 6. Except as otherwise provided in this section, | 11 |
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| lotteries, and the sale of lottery tickets, for any purpose | 12 |
| whatever, shall forever be prohibited in this State. | 13 |

(A) The General Assembly may authorize an agency of the state 14 to conduct lotteries, to sell rights to participate therein, and 15 to award prizes by chance to participants, provided that the 16 entire net proceeds of any such lottery are paid into a fund of 17 the state treasury that shall consist solely of such proceeds and 18 shall be used solely for the support of elementary, secondary, 19 vocational, and special education programs as determined in 20 appropriations made by the General Assembly. 21

(B) The General Assembly may authorize and regulate the 22

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operation of bingo to be conducted by charitable organizations for 23 charitable purposes. 24

(C)(1) Casino gaming shall be authorized at four casino
facilities (a single casino at a designated location within each
of the cities of Cincinnati, Cleveland, Columbus and Toledo, and
within Franklin County) to create new funding for cities,
counties, public school districts, law enforcement, the horse
racing industry and job training for Ohio's workforce.

(2) A thirty-three percent tax shall be levied and collected 31 by the state on all gross casino revenue received by each casino 32 operator of these four casino facilities. In addition, casino 33 operators, their operations, their owners, and their property 34 shall be subject to all customary non-discriminatory fees, taxes, 35 and other charges that are applied to, levied against, or 36 otherwise imposed generally upon other Ohio businesses, their 37 gross or net revenues, their operations, their owners, and their 38 property. Except as otherwise provided in section 6(C), no other 39 casino gaming-related state or local fees, taxes, or other charges 40 (however measured, calculated, or otherwise derived) may be, 41 directly or indirectly, applied to, levied against, or otherwise 42 imposed upon gross casino revenue, casino operators, their 43 operations, their owners, or their property. 44

(3) The proceeds of the tax on gross casino revenue collected45by the state shall be distributed as follows:46

(a) Fifty-one percent of the tax on gross casino revenue
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shall be distributed among all eighty-eight counties in proportion
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to such counties' respective populations at the time of such
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distribution. If a county's most populated city, as of the 2000
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United States census bureau census, had a population greater than
80,000, then fifty percent of that county's distribution will go
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to said city.

(b) Thirty-four percent of the tax on gross casino revenue 54 shall be distributed among all eighty-eight counties in proportion 55 to such counties' respective public school district student 56 populations at the time of such distribution. Each such 57 distribution received by a county shall be distributed among all 58 public school districts located (in whole or in part) within such 59 county in proportion to each school district's respective student 60 population who are residents of such county at the time of such 61 distribution to the school districts. Each public school district 62 shall determine how its distributions are appropriated, but all 63 distributions shall only be used to support primary and secondary 64 education. 65

(c) Five percent of the tax on gross casino revenue shall be 66 distributed to the host city where the casino facility that 67 generated such gross casino revenue is located. 68

69 (d) Three percent of the tax on gross casino revenue shall be distributed to fund the Ohio casino control commission. 70

(e) Three percent of the tax on gross casino revenue shall be 71 distributed to an Ohio state racing commission fund to support 72 purses, breeding programs, and operations at all existing 73 commercial horse racetracks permitted as of January 1, 2009. 74 However, no funding under this division shall be distributed to 75 operations of an Ohio commercial horse racetrack if an owner or 76 operator of the racetrack holds a majority interest in an Ohio 77 casino facility or in an Ohio casino license. 78

(f) Two percent of the tax on gross casino revenue shall be 79 distributed to a state law enforcement training fund to enhance 80 public safety by providing additional training opportunities to 81 the law enforcement community. 82

(q) Two percent of the tax on gross casino revenue shall be 83 distributed to a state problem gambling and addictions fund which 84

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shall be used for the treatment of problem gambling and substance 85 abuse, and related research. 86

Tax collection, and distributions to public school districts 87 and local governments, under sections 6(C)(2) and (3), are 88 intended to supplement, not supplant, any funding obligations of 89 the state. Accordingly, all such distributions shall be 90 disregarded for purposes of determining whether funding 91 obligations imposed by other sections of this Constitution are 92 met. 93

(4) There is hereby created the Ohio casino control
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commission which shall license and regulate casino operators,
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management companies retained by such casino operators, key
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employees of such casino operators and such management companies,
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gaming-related vendors, and all gaming authorized by section 6(C),
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to ensure the integrity of casino gaming.

Said commission shall determine all voting issues by majority 100 vote and shall consist of seven members appointed by the governor 101 with the advice and consent of the senate. Each member of the 102 commission must be a resident of Ohio. At least one member of the 103 commission must be experienced in law enforcement and criminal 104 investigation. At least one member of the commission must be a 105 certified public accountant experienced in accounting and 106 auditing. At least one member of the commission must be an 107 attorney admitted to the practice of law in Ohio. At least one 108 member of the commission must be a resident of a county where one 109 of the casino facilities is located. Not more than four members 110 may be affiliated with the same political party. No commission 111 member may have any affiliation with an Ohio casino operator or 112 facility. 113

Said commission shall require each initial licensed casino114operator of each of the four casino facilities to pay an upfront115license fee of fifty million dollars (\$50,000,000) per casino116

facility for the benefit of the state, for a total of two hundred 117
million dollars (\$200,000,000). The upfront license fee shall be 118
used to fund state economic development programs which support 119
regional job training efforts to equip Ohio's workforce with 120
additional skills to grow the economy. 121

To carry out the tax provisions of section 6(C), and in 122 addition to any other enforcement powers provided under Ohio law, 123 the tax commissioner of the State and the Ohio casino control 124 commission, or any person employed by the tax commissioner or said 125 commission for that purpose, upon demand, may inspect books, 126 accounts, records, and memoranda of any person subject to such 127 provisions, and may examine under oath any officer, agent, or 128 employee of that person. 129

(5) Each initial licensed casino operator of each of the four 130 casino facilities shall make an initial investment of at least two 131 hundred fifty million dollars (\$250,000,000) for the development 132 of each casino facility for a total minimum investment of one 133 billion dollars (\$1,000,000,000) statewide. A casino operator: (a) 134 may not hold a majority interest in more than two of the four 135 licenses allocated to the casino facilities at any one time; and 136 (b) may not hold a majority interest in more than two of the four 137 casino facilities at any one time. 138

(6) Casino gaming authorized in section 6(C) shall be 139 conducted only by licensed casino operators of the four casino 140 facilities or by licensed management companies retained by such 141 casino operators. At the discretion of each licensed casino 142 operator of a casino facility: (a) casino gaming may be conducted 143 twenty-four hours each day; and (b) a maximum of five thousand 144 slot machines may be operated at such casino facility. 145

(7) Each of the four casino facilities shall be subject to
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all applicable state laws and local ordinances related to health
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and building codes, or any related requirements and provisions.
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| Notwithstanding the foregoing, no local zoning, land use laws, | 149 |
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| subdivision regulations or similar provisions shall prohibit the | 150 |
| development or operation of the four casino facilities set forth | 151 |
| herein, provided that no casino facility shall be located in a | 152 |
| district zoned exclusively residential as of January 1, 2009. | 153 |
| (8) Notwithstanding any provision of the Constitution, | 154 |
| statutes of Ohio, or a local charter and ordinance, only one | 155 |
| casino facility shall be operated in each of the cities of | 156 |
| Cleveland, Columbus, Cincinnati <u>,</u> and Toledo <u>, and in Franklin</u> | 157 |
| County. | 158 |
| (9) For purposes of this section $6(C)$, the following | 159 |
| definitions shall be applied: | 160 |
| "Casino facility" means all or any part of any one or more of | 161 |
| the following properties (together with all improvements situated | 162 |
| thereon) in Cleveland, Cincinnati, Columbus and Toledo <u>, and</u> | 163 |
| Franklin County: | 164 |
| (a) Cleveland: | 165 |
| Being an approximate 61 acre area in Cuyahoga County, Ohio, | 166 |
| as identified by the Cuyahoga County Auditor, as of $02/27/09$, as | 167 |
| tax parcel numbers 004-28-001, 004-29-004A, 004-29-005, | 168 |
| 004-29-008, 004-29-009, 004-29-010, 004-29-012, 004-29-013, | 169 |
| 004-29-014, 004-29-020, 004-29-018, 004-29-017, 004-29-016, | 170 |
| 004-29-021, 004-29-025, 004-29-027, 004-29-026, 004-28-008, | 171 |
| 004-28-004, 004-28-003, 004-28-002, 004-28-010, 004-29-001, | 172 |
| 004-29-007 and 004-04-017 and all lands and air rights lying | 173 |
| within and/or above the public rights of way adjacent to such | 174 |
| parcels. | 175 |
| Being an approximate 8.66 acre area in Cuyahoga County, Ohio, | 176 |

being that parcel identified by the Cuyahoga County Auditor, as of 177 02/27/09, as tax parcel number 101-21-002 and all lands and air 178 rights lying within and/or above the public rights of way adjacent 179

to such parcel.

Being an approximate 2.56 acre area in Cuyahoga County, Ohio, 181 being that parcel identified by the Cuyahoga County Auditor, as of 182 02/27/09, as tax parcel number 101-21-002 and all lands and air 183 rights lying within and/or above the public rights of way adjacent 184 to such parcel. 185

Being an approximate 7.91 acre area in Cuyahoga County, Ohio, 186 being that parcel identified by the Cuyahoga County Auditor, as of 187 02/27/09, as tax parcel number 101-23-050A and all lands and air 188 rights lying within and/or above the public rights of way adjacent 189 to such parcel. 190

All air rights above the parcel located in Cuyahoga County, 191 Ohio identified by the Cuyahoga County Auditor, as of 02/27/09, as 192 tax parcel number 101-22-003. 193

Being an approximate 1.55 acre area in Cuyahoga County, Ohio, 194 as identified by the Cuyahoga County Auditor, as of 02/27/09, as 195 tax parcel numbers 122-18-010, 122-18-011 and 122-18-012 and all 196 lands and air rights lying within and/or above the public rights 197 of way adjacent to such parcels. 198

Being an approximate 1.83 acre area in Cuyahoga County, Ohio, 199 as identified by the Cuyahoga County Auditor, as of 02/27/09, as 200 tax parcel numbers 101-30-002 and 101-30-003 and all lands and air 201 rights lying within and/or above the public rights of way adjacent 202 to such parcels. 203

Consisting of floors one through four, mezzanine, basement, 204 sub-basement, Parcel No. 36-2, Item III, Parcels First and Second, 205 Item V, Parcel A, and Item VI, Parcel One of the Higbee Building 206 in Cuyahoga County, Ohio, as identified by the Cuyahoga County 207 Auditor, as of 2/29/09, as tax parcel numbers 101-23-002 and 208 101-23-050F and all lands and air rights lying within and/or above 209 the public rights of way adjacent to such parcels. 210

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(b) Columbus Franklin County: 211
 Being an approximate 18.312 113.794 acre area in the City of 212

 Columbus, Franklin County, Ohio, as identified by the Franklin
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 County Auditor, as of 03/05/09 01/19/10, as tax parcel numbers
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 010 005518 80, 010 005518 90, 010 020215 80, 010 020215 90,
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 010 008443 80 and 010 008443 90 number 140 003620 00.
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(c) Cincinnati;

Being an approximate 20.4 acre area in Hamilton County, Ohio, 218 being identified by the Hamilton County Auditor, as of 02/27/09, 219 as tax parcel numbers 074-0002-0009-00, 074-0001-0001-00, 220 074-0001-0002-00, 074-0001-0003-00, 074-0001-0004-00, 221 074-0001-0006-00, 074-0001-0008-00, 074-0001-0014-00, 222 074-0001-0016-00, 074-0001-0031-00, 074-0001-0039-00, 223 074-0001-0041-00, 074-0001-0042-00, 074-0001-0043-00, 224 074-0002-0001-00, 074-0004-0001-00, 074-0004-0002-00, 225 074-0004-0003-00 and 074-0005-0003-00. 226

(d) Toledo:

Being an approximate 44.24 acre area in the City of Toledo,228Lucas County, Ohio, as identified by the Lucas County Auditor, as229of 03/05/09, as tax parcel numbers 18-76138 and 18-76515.230

"Casino gaming" means any type of slot machine or table game 231 wagering, using money, casino credit, or any representative of 232 value, authorized in any of the states of Indiana, Michigan, 233 Pennsylvania and West Virginia as of January 1, 2009, and shall 234 include slot machine and table game wagering subsequently 235 authorized by, but shall not be limited by subsequent restrictions 236 placed on such wagering in, such states. Notwithstanding the 237 aforementioned definition, "casino gaming" does not include bingo, 238 as authorized in article XV, section 6 of the Ohio Constitution 239 and conducted as of January 1, 2009, or horse racing where the 240 pari-mutuel system of wagering is conducted, as authorized under 241

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the laws of Ohio as of January 1, 2009.

"Casino operator" means any person, trust, corporation, 243 partnership, limited partnership, association, limited liability 244 company or other business enterprise that directly holds an 245 ownership or leasehold interest in a casino facility. "Casino 246 operator" does not include an agency of the state, any political 247 subdivision of the state, or any person, trust, corporation, 248 partnership, limited partnership, association, limited liability 249 company or other business enterprise that may have an interest in 250 a casino facility, but who is legally or contractually restricted 251 from conducting casino gaming. 252

"Gross casino revenue" means the total amount of money 253 exchanged for the purchase of chips, tokens, tickets, electronic 254 cards, or similar objects by casino patrons, less winnings paid to 255 256 wagerers.

"Majority interest" in a license or in a casino facility (as 257 the case may be) means beneficial ownership of more than fifty 258 percent (50%) of the total fair market value of such license or 259 casino facility (as the case may be). For purposes of the 260 foregoing, whether a majority interest is held in a license or in 261 a casino facility (as the case may be) shall be determined in 262 accordance with the rules for constructive ownership of stock 263 provided in Treas. Reg. § 1.409A-3(i)(5)(iii) as in effect on 264 January 1, 2009. 265

"Slot machines" shall include any mechanical, electrical, or 266 other device or machine which, upon insertion of a coin, token, 267 ticket, or similar object, or upon payment of any consideration, 268 is available to play or operate, the play or operation of which, 269 whether by reason of the skill of the operator or application of 270 the element of chance, or both, makes individual prize 271 determinations for individual participants in cash, premiums, 272 merchandise, tokens, or any thing of value, whether the payoff is 273

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made automatically from the machine or in any other manner. 274

"Table game" means any game played with cards, dice, or any 275 mechanical, electromechanical, or electronic device or machine for 276 money, casino credit, or any representative of value. 277

(10) The General Assembly shall pass laws within six months
of the effective date of section 6(C) to facilitate the operation
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of section 6(C).
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(11) Each provision of section 6(C) is intended to be 281 independent and severable, and if any provision of section 6(C) is 282 held to be invalid, either on its face or as applied to any person 283 or circumstance, the remaining provisions of section 6(C), and the 284 application thereof to any person or circumstance other than those 285 to which it is held invalid, shall not be affected thereby. In any 286 case of a conflict between any provision of section 6(C) and any 287 other provision contained in this Constitution, the provisions of 288 section 6(C) shall control. 289

(12) Notwithstanding the provisions of section 6(C)(11), 290 nothing in this section 6(C) (including, without limitation, the 291 provisions of sections 6(C)(6) and 6(C)(8) shall restrict or in 292 any way limit lotteries authorized under section 6(A) of this 293 article or bingo authorized under section 6(B) of this article. 294 The provisions of this section 6(C) shall have no effect upon 295 activities authorized under sections 6(A) and/or (6)(B) of this 296 article. 297

EFFECTIVE DATE AND REPEAL

If adopted by a majority of the electors voting on this 299 proposal, the amendment takes immediate effect, and existing 300 Section 6 of Article XV of the Constitution of the State of Ohio 301 is repealed from that effective date. 302