



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 455 of the 128th G.A.

Date: March 10, 2010

Status: As Introduced

Sponsor: Reps. Goodwin and Lundy

Local Impact Statement Procedure Required: No — Possible indirect local effects

Contents: Instant bingo dispensers and other changes to the Charitable Gambling Law

State Fiscal Highlights

STATE FUND

FY 2011 – FUTURE YEARS

Charitable Foundations Fund (Fund 4180)

Revenues

Potential gain in license fees, likely no more than minimal annually

Expenditures

Potential increase in administrative and enforcement costs, not likely to exceed minimal annually

Note: The state fiscal year is July 1 through June 30. For example, FY 2010 is July 1, 2009 – June 30, 2010.

- **Attorney General operating expenditures.** LSC fiscal staff has not gathered any information suggesting that the bill will noticeably increase the administrative and enforcement workload and related annual operating costs of the Charitable Foundations Section. Thus, the potential effect on the Attorney General's expenditures, in particular those associated with Fund 4180, appears unlikely to exceed minimal. In this context, "minimal" means a potential expenditure increase estimated at less than \$100,000 for the state per year.
- **Attorney General licensing revenues.** According to staff of the Office of the Attorney General, by explicitly authorizing the use of instant bingo ticket dispensers, the bill may generate a slight increase in the number of licensing applications from charitable organizations; however, any increase in revenues would be minimal at most. In addition, there may be additional licensing applications from distributors of these devices, but again, any increase is expected to be minimal at most. In this context, "minimal" means a potential revenue gain estimated at less than \$100,000 for the state per year.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

Overview

The bill amends existing law relating to charitable gambling in the following ways:

1. Authorizes a charitable organization to purchase, lease, and use instant bingo dispensers;
2. Changes the definition of veterans and fraternal organizations by removing the requirement that a veterans organization be in continuous existence for at least two years and fraternal organizations be in continuous existence for at least five years;
3. Increases the number of times in a year a veterans and fraternal organization may lease premises to charitable organizations for festivals at which games of chance are conducted;
4. Allows a charitable organization to spend a reasonable amount of its gross profit to pay certain property taxes and assessments; and
5. Adjusts the threshold amount governing the distribution of instant bingo net profits by a veterans, fraternal, or sporting organization.

State fiscal effects

Enactment of the bill will mainly affect the revenues and expenditures of the Office of the Attorney General. The Office's Charitable Foundations Section is responsible for licensing: (1) charitable organizations who apply for various bingo-related licenses and (2) manufacturers and distributors of bingo supplies. In addition to its licensing function, the Section is authorized, in cooperation with local law enforcement agencies when necessary and appropriate, to investigate, examine accounts and records, conduct inspections, and take any other necessary and reasonable actions to administer and enforce the Charitable Gambling Law. The Section's operating expenses are financed by moneys appropriated from Fund 4180, which include bingo license fee revenues, with any expenses of the Section in excess of moneys available in Fund 4180 paid from GRF line item 055321, Operating Expenses.

Office of the Attorney General

Instant bingo dispensers

By allowing charitable organizations to purchase, lease, and use instant bingo dispensers, it is possible that some organizations, not already licensed to conduct charitable gambling, may apply for a license and remit the applicable fees to the Office of the Attorney General and therefore be subjected to oversight by the Office.

Expenditures. LSC fiscal staff has not gathered any information suggesting that the bill will noticeably increase the administrative and enforcement workload and related annual operating costs of the Charitable Foundations Section. Thus, the potential effect on the Attorney General's expenditures, in particular those associated with Fund 4180, appears unlikely to exceed minimal. In this context, "minimal" means a potential expenditure increase estimated at less than \$100,000 for the state per year.

Revenues. Under current law, distribution and use of instant bingo ticket dispensers is prohibited. The bill lifts this restriction for those legally licensed to conduct charitable bingo. According to staff of the Office of the Attorney General, the result may be a slight increase in the number of licensing applications both from businesses that distribute instant bingo ticket dispensers and charitable organizations that would be allowed to use instant bingo ticket dispensers; however, any increase in revenues would be minimal at most. In this context, "minimal" means a potential revenue gain estimated at less than \$100,000 for the state per year, with the proceeds deposited in Fund 4180.

Other changes to the Charitable Gambling Law

Provisions of the bill related to the definitions of veterans and fraternal organizations, as well as the manner in which charitable gambling may be conducted and instant bingo net profits are distributed, are not expected to noticeably affect the revenues or expenditures of the Office of the Attorney General.

Local fiscal effects

The bill is not expected to directly affect the revenues or expenditures of local governments. It could, however, generate indirect effects in that local criminal justice-related agencies assist the Attorney General in the administration and enforcement of the Charitable Gambling Law. From the perspective of local governments, a mix of two possible indirect outcomes is possible as follows.

1. Certain local criminal justice-related agencies will not expend resources in the investigation and subsequent prosecution of persons who, under current law, might otherwise have been in violation of the instant bingo ticket dispenser prohibition, which the bill eliminates;
2. Certain local criminal justice-related agencies may expend resources in the investigation and subsequent prosecution of persons who, subsequent to the bill's enactment, violate the rules regulating the purchasing, leasing, or use of instant bingo ticket dispensers.

However, it is problematic to predict with any certainty the manner in which this mix of possible indirect outcomes may affect any given local criminal justice system in any given year.