



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [H.B. 165 of the 129th G.A.](#)

Date: April 13, 2011

Status: As Introduced

Sponsor: Reps. Goodwin and Lundy

Local Impact Statement Procedure Required: No

Contents: Use of net profits from the proceeds of the sale of instant bingo

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill authorizes a veteran's, fraternal, or sporting organization to pay real property taxes and assessments charged against the property where it conducts instant bingo using any amount of its annual gross profit from the sale of instant bingo.¹ The bill also specifies that charitable organizations may not be required to pay property taxes or assessments charged against real property it leases from another person to conduct bingo. These changes are not expected to have any direct fiscal effect on the state or any of its political subdivisions.

Under current law, these organizations are restricted in using their annual instant bingo net profits. Property taxes are considered an "expense," but are subjected to the limits set forth in the formula, as shown in the table below.²

Formula for Determining the Usage of Annual Gross Profits from the Sale of Instant Bingo
Of the first \$250,000 in annual gross profit from the sale of instant bingo
Not more than 75% may be used to pay for "expenses"
Remaining 25% may be used for public or charitable purposes
Of amounts greater than \$250,000 in annual gross profit from the sale of instant bingo
Not more than 45% may be used to pay for "expenses"
Remaining 55% must be used for public or charitable purposes

As a result of the bill, these property tax expenses may be paid before the formula is factored on the annual gross profit from the sale of instant bingo. In practice, this action should benefit those organizations that have property tax expenses in excess of the 75% portion of the annual gross profit.

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¹ Instant bingo gross profit equals gross revenues less prize award payments.

² "Expenses" means the reasonable amount of gross profit actually expended for all of the following: (1) the purchase or lease of bingo supplies; (2) annual license fees; (3) bank fees and service charges for a bingo session or game account; (4) audits and accounting services; (5) safes; (6) cash registers; (7) hiring security personnel; (8) advertising bingo; (9) renting premises in which to conduct a bingo session; (10) tables and chairs; (11) expenses for maintaining and operating a charitable organization's facilities, including, but not limited to, a post home, club house, lounge, tavern, or canteen and any grounds attached to the post home, club house, lounge, tavern, or canteen; (12) payment of real property taxes and assessments that are levied on a premises on which bingo is conducted; and (13) any other product or service directly related to the conduct of bingo that is authorized in rules adopted by the Attorney General.