



Ohio Legislative Service Commission

Garrett Crane

Fiscal Note & Local Impact Statement

Bill: [H.B. 325 of the 130th G.A.](#) **Date:** December 3, 2013
Status: As Referred by House Rules and Reference **Sponsor:** Rep. Perales

Local Impact Statement Procedure Required: No

Contents: To allow charitable video bingo by veteran's, fraternal, and sporting organizations

State Fiscal Highlights

- An indeterminate amount of revenue will be generated annually for deposit into the Charitable Foundations Fund (Fund 4180), which is used by the Attorney General to license bingo activities and enforce regulations related to charitable gaming. It is unclear as to whether the bill will noticeably increase the Attorney General's administrative and enforcement workload and related annual operating costs, but if additional staff are needed it is likely that the additional revenue will defray all or some portion of the related costs.
- With few criminal violations and convictions expected, there will be: (1) no discernible increase in the Department of Rehabilitation and Correction's annual incarceration costs, and (2) little, if any, state court cost revenues generated for the Indigent Defense Support Fund (Fund 5DY0) and the Victims of Crime/Reparations Fund (Fund 4020).

Local Fiscal Highlights

- Violations of the bill's criminal provisions are expected to be very few in number. This means there is not likely to be any discernible annual increase in local criminal justice system expenditures and little, if any, related court cost and fine revenue generated.

Detailed Fiscal Analysis

Overview

The bill: (1) establishes licensure requirements for charitable video bingo game operators and charitable bingo game distributors, (2) requires the creation and operation of a centralized reporting system, (3) establishes the Charitable Video Bingo Council, and (4) creates three new criminal offenses for violating certain charitable video bingo prohibitions.

Attorney General

The licensing of nonprofit organizations that raise money through bingo and the enforcement of regulations related to charitable gaming are responsibilities of the Attorney General's Charitable Law Section. The Section's annual operating expenses are largely financed by money appropriated from the Charitable Foundations Fund (Fund 4180). 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 law as it relates to charitable gaming.

Revenues

The bill will generate an indeterminate amount of revenue annually for deposit into Fund 4180 from the following sources:

1. A required annual license fee assessed a charitable organization that desires to conduct charitable bingo. This fee includes two portions: a base fee amount and an additional percentage amount of the gross profits.
2. A required annual license fee assessed charitable video bingo distributors, with the amount to be set by rule.
3. A reasonable fee that the Attorney is permitted to assess a charitable video bingo distributor to process an application and perform an initial or renewal investigation.

Expenditures

It is unclear as to whether the bill will noticeably increase the administrative and enforcement workload and related annual operating costs of the Charitable Law Section. Two factors, however, will minimize the bill's cost effects on the Attorney General. First, most of the monitoring requirements will be carried out using existing monitoring infrastructure. Second, the required monitoring beyond the scope of existing infrastructure will be financed at the expense of the video bingo distributors. If additional staff need to be hired to handle licensing or enforcement, it is likely that the

additional revenue generated from annual licensing and investigation fees will defray all or some portion of any increase in annual operating costs.

Centralized report management system

The bill requires that all player terminals and charitable video bingo devices interface with a centralized report management system controlled by the Attorney General. As the bill also requires licensed charitable video bingo distributors pay for all costs associated with the creation, operation, and maintenance of the report management system, there are unlikely to be any costs incurred by the Attorney General.

Charitable Video Bingo Council

The bill establishes the seven-member Charitable Video Bingo Council to advise the Attorney General with respect to policies and rules related to charitable video bingo and the report management system. Members of the Council serve without compensation, including without reimbursement for expenses that are incurred in the conduct of official duties. There are likely to be no discernible costs for the Attorney General to provide the Council with any necessary staff assistance and meeting space.

Criminal penalties

The bill establishes three new criminal offenses for violating certain prohibitions:

1. The offense of "illegally operating as a charitable video bingo distributor," a violation of which is a felony of the fifth degree for the first offense and a felony of the fourth degree for each subsequent offense.
2. The offense of "illegal charitable electronic distribution," a violation of which is a misdemeanor of the first degree for the first offense and a felony of the fifth degree for each subsequent offense.
3. The offense of "illegally operating charitable video bingo," a violation of which is a misdemeanor of the first degree for the first offense and a felony of the fifth degree for each subsequent offense.

A review of the Ohio Incident-Based Reporting System (OIBRS) indicates that, in any given year, there have been very few first-time violations of the existing Gambling Law by charitable organizations, and no known instances of a subsequent violation. Staff of the Charitable Law Section confirmed this view. Violations of the bill's criminal provisions are also expected to be very few in number. This means there is not likely to be any discernible annual increase in state and local criminal justice system expenditures and little, if any, court cost and fine revenue generated for the state or any of its political subdivisions.

Sentences and fines for certain offenses generally

The table below summarizes current law's sentences and fines generally for felonies of the fourth and fifth degree and a misdemeanor of the first degree.

Sentences and Fines for Certain Offenses Generally		
Offense Level	Fine	Possible Term of Incarceration
4th Degree Felony	Up to \$5,000	6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, or 18-month prison term
5th Degree Felony	Up to \$2,500	6, 7, 8, 9, 10, 11, or 12-month prison term
1st Degree Misdemeanor	Up to \$1,000	Not more than 180-day jail term

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