

VOTERS' VOICES ARE SILENCED BY THE GENERAL ASSEMBLY!

For the past 20 years, Ohio voters have repeatedly said NO to expanding gambling. Two out of the past three years despite millions of dollars spent on advertising by gambling corporations, the voters have overwhelmingly voted No. Therefore, one has to ask the question why would a Governor, who has repeatedly spoken about the dangers of gambling, suddenly announce that he was supporting slot machines at Ohio's seven horse racing tracks? Searching for new revenues to help fill a \$3.2 billion hole in the 2010-11 biennial budget Strickland believes that this decision will create \$933 million in the next two years.

If we step back from the rising pressure of falling Ohio tax revenues and rising unemployment, what are the probably impacts of such a decision? The seven racetracks are only required to pay \$13 million of their \$65 million license fee in the initial year. Therefore, they won't have to begin any construction or expend any major funding until the November election when voters will decide the fate of Penn National's casino proposal. The racetrack slots are not scheduled to begin until May 2010 with only two months remaining in the fiscal year. If the owners of the seven tracks decide that competition with the casinos will reduce the profitability outcome for them, they can withdraw from any further payments to the state and discontinue their plans to install slots at their tracks. Robert Griffin, owner of Scioto Downs racetrack, said they are willing to pay the initial \$13 million, but questions if they will go ahead and put something in the ground if the casinos ballot issue passes in November.

Half of the total is based upon a \$65 million license fee from each of the seven racetracks creating a total of \$455 million. However, they are not required to pay the total up front. The racetracks originally asked for a claw-back provision that would allow them to get any license fees that they have paid back if the casino ballot issue passes in November. The legislature has since removed this option. This indicates that the horse tracks may not be in this agreement beyond November and all the \$933 million may not materialize.

Warren county commissioners have remarked that they are opposed to gambling on the fairgrounds and it is very unlikely that the Lebanon racetrack there will participate in the slot machine opportunity. This reduces the \$933 million estimate by at least \$100 million.

"The fool says in his heart
There is no God
Such are the corrupt; they
do abominable deeds;
there is not one who does good.
God looks down from heaven
upon the children of men
to see if there be one who is
wise and seeks God.

(Psalm 53: 2-3 NAB)

Other Ways to Fund the State Budget

1. Restore the 7.5% income tax on income over \$200,000 now 5.925. (\$940 million)
2. Return income tax to 2007 levels before the last 2 years of cuts. (\$1.38 billion)
3. Restore corporate franchise tax to 2007 levels. 2/5th its previous level. (\$1.1 billion)
4. Means test homestead exemption and other property tax rollbacks. (\$245 million)
5. Increase sales tax one penny. (\$1.2 billion)

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The Governor's decision seems to have been born out of the pressure to fill a \$3.2 billion hole in Ohio's biennial budget. But as is often the case in most decisions made in haste, this one is based on faulty suppositions. Another potential problem is that the compromise reached by the Governor must provide authorization for the slot machines at the racetracks by Executive Order with the House and Senate providing some enabling legislation. The American Policy Roundtable in Cleveland, an anti-gambling organization, has announced their intentions to challenge the action in the Ohio Supreme Court as violating Ohio's Constitution by allowing casino – style gambling without a statewide vote of the people. They will seek an injunction to prevent the gambling of slots until a ruling by the court. At the very least, this could markedly reduce the revenue for this biennium. It took Pennsylvania three years to handle political hearings and court cases before they could get their first dime from the slots.

I haven't even mentioned the fact that the economy has severely reduced the revenues in gambling establishments across the country and the Midwest is now exception. The Governor's budget representatives provided information to legislative committees that each slot machine could deliver over \$200 per machine each day. However, the representative from coin industry advocating for the bars and taverns said that the University of Cincinnati study indicated that each slot machine could anticipate \$76 per machine. Obviously the large difference in potential funding could drastically reduce the total amount that the racetrack slots could provide the lottery and Ohio's budget shortfall.

Finally, Ohio law requires that profits from the lottery must be utilized only by

Ohio's primary and secondary education directly and cannot be supplanted for other purposes. Therefore, court action could be initiated if the Lottery Commission tries to transfer profits to the general fund to cover some portion of the state's financial budget hole.

The Ohio Council of Churches joins with the large majority of faith-based organizations including mainline, conservative and independent churches in strongly opposing the expansion of gambling because of the many negative impacts on communities, families and individuals. But even among those who favor gambling, many can't support a monopoly for one business or gambling company. The majority of Ohioans oppose putting them into Ohio's Constitution as the only ones allowed. This is all done without a competitive bid to give Ohio taxpayers a fair share of the profits. Voters remember that only last year, the Governor authorized a Keno game projected to raise \$73 million a year. Eleven months later, Keno has produced just \$30 million according to Ohio Lottery officials.

The *Columbus Dispatch* makes the most salient point in an editorial calling the slots a bad deal for Ohio. Because Ohio's current budget contains \$5 billion in stimulus one-time monies, they point out that even if the slots perform as suggested the next biennium will be \$4 billion short in the 2012-13 budget. The editorial says, "In the name of balancing the budget, Strickland is asking Ohioans to subject themselves to a parasitic industry, knowing full-well that it will not begin to solve the state's long-term fiscal problems. Most of the devastating cuts to Ohio's safety net will still not be funded in this biennium budget and the next without the \$5 billion stimulus funds the outlook is even bleaker. †††