

# Counting on casino revenue? Local governments told it's risky

By Alan Johnson *The Columbus Dispatch* • Tuesday March 25, 2014 5:59 AM

State budget officials are warning county and school leaders to hedge their bets in spending casino-tax revenue because the money might not be there.

The Office of Budget and Management sent a memo last week urging county commissioners and school officials to “budget casino revenues very conservatively and not be surprised when performance does not match forecasts.”

Perhaps more ominous was the suggestion that Ohio’s gambling market could face “saturation” because of all the gambling venues in the state and competition from neighboring states.

Spokesman Tom Betti said the state budget agency has fielded numerous questions from local governments and schools about casino revenue.

“We are not in the casino business. We just regulate it. We decided to be proactive and reach out to county commissioners,” he said.

The 12-page memo to the County Commissioners Association of Ohio and all 88 counties said, “The Ohio casino tax is a new revenue source that is still subject to considerable uncertainty, competition for gambling dollars is increasing, both within and without the state, and there is evidence across the nation that overall gambling may be approaching saturation levels.”

Suzanne Dulaney, executive director, and John Leutz, senior policy adviser, said they have warned members of the County Commissioners Association for two years that they should not count on casino cash.

“It’s still unpredictable,” Dulaney said. “There are so many factors at play.”

Leutz said many counties are wisely setting aside casino revenue for capital expenditures and not using it for ongoing expenses that it might not cover in the future.

Two early studies “overstated the potential revenues of Ohio casinos,” the document said. The first pegged annual revenue at \$1.42 billion if racetrack “racinos” were added, while the second estimated revenue at up to \$1.2 billion. In fact, gross casino revenue was \$821 million in 2013, though one of the four venues, Horseshoe Casino Cincinnati, was open just 10 months.

The most-recent casino-tax collection for the six months ending in December was \$13.8 million less statewide than the state had estimated in its biennial budget.

The memo noted that Penn National, which operates the Columbus and Toledo casinos, said revenue has not met expectations, largely because of competition from facilities such as Scioto Downs that also have slot machines.

The Ohio constitutional amendment that permitted casino gambling requires that schools receive 34 percent of the tax revenue, with 51 percent going to county governments and cities, 5 percent to the four casino host cities, 3 percent to the Ohio Casino Control Commission fund, 3 percent to the Ohio State Racing Commission Fund, 2 percent to the Law Enforcement Training Fund and 2 percent to the Problem Casino Gambling and Addictions Fund at the Ohio Department of Alcohol and Drug Addiction Services.

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