



OHIO LEGISLATIVE SERVICE COMMISSION

Tom Middleton

Fiscal Note & Local Impact Statement

Bill: H.B. 531 of the 132nd G.A.

Status: As Introduced

Sponsor: Reps. Schuring and
Greenspan

Local Impact Statement Procedure Required: No

Subject: Alters the funding mechanism that supports the Sporting Event Grant Program

State & Local Fiscal Highlights

- The bill changes the way grant awards are distributed under the Sporting Event Grant Program. These changes could result in a loss in annual sales tax revenue received by the state. The extent of those revenue losses will depend on the number and size of large sporting events that local organizing entities pursue and win each year.
- The state sales tax revenue loss would be shared by the General Revenue Fund (GRF, 96.68%), the Local Government Fund (LGF, 1.66%), and the Public Library Fund (PLF, 1.66%). Funds deposited into the LGF and PLF are distributed to counties, municipalities, townships, and public libraries according to statutory formulas and decisions by county budget commissions.
- Under current law, the Sporting Event Grant Program is administered by the Development Services Agency (DSA). Individual grants are limited to a maximum of \$500,000, and no more than \$1.0 million per fiscal year may be awarded in grants to support local entities that host large sporting events. These limits are removed under the bill.
- The bill removes limitations on the size and amount of grants that may be awarded through the Sporting Event Grant Program and eliminates the grant program's reliance on appropriations. It does so by diverting state sales tax receipts – which otherwise would be deposited in the GRF – directly to a new custodial fund called the Sports Event Grant Fund. DSA would then award funds to local entities from the custodial fund.

Detailed Fiscal Analysis

Overview

Under current law, the Sporting Event Grant Program is operated by the Development Services Agency (DSA). If a local organizing entity – including a county, municipality, or nonprofit organization acting on behalf of a county or municipality – seeks to bid for a large sporting event to be held in their area, the organizing entity may apply to DSA for a Sporting Event Grant to support the hosting of the event. The grant amount is calculated by DSA through a method whereby DSA estimates the projected increase in state sales tax receipts that would be directly attributable to the hosting of the game or event. The grant amount is capped at the lesser of (1) 50% of estimated attributable sales tax receipts, or (2) \$500,000. The minimum grant amount is \$125,000. Overall, current law allows a total of \$1.0 million per fiscal year to be awarded in Sporting Event Grants, contingent on appropriations established in each fiscal year. There are no appropriations to fund the program during the FY 2018-FY 2019 biennium. In prior years, the program has been funded using GRF funding through appropriation item 195407, Travel and Tourism. From FY 2014 to FY 2017, DSA awarded seven Sporting Event Grants totaling \$2.5 million in GRF funding.

H.B. 531 fiscal effects

The bill removes limitations on the size and amount of grants that may be awarded through the Sporting Event Grant Program and changes the manner in which that grant program is funded. The bill eliminates the grant program's reliance on appropriations by diverting state sales tax receipts – which otherwise would be deposited in the GRF – directly to a new custodial fund called the Sports Event Grant Fund. The Tax Commissioner would redirect this money to the custodial fund upon the request of DSA, which would then be able to directly award grants from the Sports Event Grant Fund without an appropriation by the General Assembly.

The bill makes two changes to the grant amounts that can be awarded under the Sporting Event Grant Program. Combined, it is possible that the changes would result in a decline in sales tax revenue received, primarily the GRF. Specifically, the bill removes the cap of \$1.0 million in total grants awards per fiscal year, and also eliminates the individual grant maximum of \$500,000. The bill does, however, keep the minimum grant threshold of \$125,000. Depending on the number and size of large sporting events that local organizing entities pursue and win each year, the altered program funding mechanism could allow for grants totaling in the millions of dollars to be awarded annually using the Sports Event Grant Fund.

Under permanent law,¹ the GRF would receive 96.68% of the revenue from the state sales and use tax, while 1.66% of the receipts are transferred to the Local Government Fund (LGF, Fund 7069) and an identical share to the Public Library Fund (PLF, Fund 7065). Funds in the LGF and PLF are for distribution to counties, municipalities, townships, and public libraries. Thus, any decline in sales tax revenue would affect the GRF, LGF, and PLF proportionally.

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¹ Under a provision of H.B. 49 (the main operating act for the current biennium), in FY 2019, the PLF would receive 1.68% and the GRF 96.66% of sales tax revenue.