

**Testimony of David P. Corey, Executive Director
Fair Gaming Coalition of Ohio
Senate Select Committee on Gaming
Wednesday, March 17, 2021**

Chairman Schuring, Vice Chair Manning and members of the Senate Select Committee on Gaming, thank you for the opportunity to speak with you. My name is David Corey and today I'm wearing a different hat than last week, representing the Fair Gaming Coalition of Ohio. FGCO, which was established in 1993, was created to monitor and advocate for only fair and equitable gaming policies in the state of Ohio. FGCO consists of amusement machine vendors, bowling centers and liquor permit locations.

Today we'd like to have a discussion with you regarding Ohio's prevalent and robust illegal gambling market, commonly referred to as "gray gaming". As many of you know, even after various attempts to regulate away gray area gaming through the Casino Control Commission's "skill game" regulations, the legislature banning internet gaming parlors, the AG's charitable law section and law enforcement activities, Ohio STILL has a tremendous problem with illegal machines being played in Ohio. Despite previous General Assemblies' many attempts to define illegal machines through laws and regulations, out of state operators always find loopholes. It's like the game "Whack-A-Mole" – eradicate one illegal gaming parlor and another one pops up in another Ohio township. We've assisted the AGs office for over 30 years in identifying where these gray machine parlors are because they only hurt the income from legal amusement devices that FGCO members offer.

So, even though you've attempted to help us eradicate gray machines, why do they keep entering Ohio? The answer is simple and we only need to look at states like WV, IL, LA, MT, OR, SD to see how to accomplish that goal that will only help us, the Lottery, Racinos and Casinos. Since Ohioans' appetite for gaming is so voracious, the answer is what those states did – legalize low stakes gaming through Video Lottery Terminals (VLTs) in liquor permit establishments and make all gray area games illegal per se.

The results are overwhelmingly positive. There are no illegal machines in those jurisdictions and the state, in a public-private partnership with Ohio companies, are the

beneficiaries. In the model that the University of Cincinnati's Applied Economics Research Institute studied and reported on (which the Executive Summary is attached) they estimate that approximately 7,000 new Ohio jobs can be created and even more retained in Ohio's beleaguered hospitality industry. Plus, they estimate conservatively that the revenue generated to the state of Ohio would be approximately \$400 million annually, even when taking into consideration minor cannibalization of lottery, casino and racino tax revenues. Furthermore, the state would have minimal expense because the private sector would purchase all the equipment.

We realize the temperament may not be perfect at this time to enact this plan, but we think it's very important for this esteemed Senate Select Committee to have complete and accurate information from reputable and unbiased sources. In 1995 and then again in 2011 we made a similar presentation. Just think if you had enacted it back then – the state would have had an extra \$400 million per year for Ohio's K-12 education system. After being immersed in this issue for almost my entire career as a lobbyist and seeing what other states have done, state-regulated gaming, available to the hospitality industry is the only way to eradicate illegal gaming. It also would infuse life into Ohio's hospitality industry and would raise hundreds of millions of dollars for Ohio's education system, WITHOUT RAISING TAXES. Especially in light of the looming Municipal Income Tax Dilemma and other priorities that have been uncovered by the pandemic, including, but not limited to: the underfunding and preparedness of health departments, mental health initiatives, broadband access, senior citizen care, mass fatality preparedness, etc. And, even though Ohio will be receiving a boatload of federal stimulus money, we all know that it's "one-time" money so to create ongoing projects that need annual funding is not always the best use of one-time money, as you all know even better than we do.

In conclusion, I hope we were able to inspire some additional ideas to ensure Ohio is getting the most bang for its buck when it comes to expanding gaming opportunities to include Ohio's small businesses. As always, I'm at your disposal to answer questions. Thank you.

Video Lottery for Ohio: a Follow-Up Analysis

Prepared by:

Applied Economics Research Institute

Benjamin Passty, Ph.D., Director

June 7, 2011

Executive Summary

- We study the economic impact of a proposal by the Fair Gaming Coalition of Ohio to legalize video lottery terminals in Ohio Class D Establishments. This report is a follow up to University of Cincinnati studies conducted in 1993 and 2009.
- We estimate total annual handle of a mature VLT industry in Ohio to be \$3.4 billion. Out of this handle, the state would collect direct tax revenue of at least \$476 million, in addition to \$32.5 million in licensing fees; some of these tax collections would be offset by losses in other areas. Indirect expansion of economic activity could result in additional tax revenue to the state as well.
- Based on a recapture rate of 35% and the assumption that all proceeds are collected by Ohio vendors, we anticipate that \$284 million of new revenue would enter the state of Ohio. Using an input/output model to calculate the total economic impact on Ohio means we could see a total annual economic impact as large as \$523 million, with 7,036 new jobs created.
- In addition to these results, we examine potential interactions of the FGCO proposal with other forms of state-sponsored gambling, such as lotteries and the casino gambling as legalized by Ohio voters in Fall of 2009.