OHIO LEGISLATIVE SERVICE COMMISSION

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Office of Research and Drafting

Legislative Budget Office

S.B. 150
136th General Assembly

Fiscal Note & Local Impact Statement

Click here for S.B. 150's Bill Analysis

Version: As Introduced

Primary Sponsor: Sen. Blessing

Local Impact Statement Procedure Required: No

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Highlights

Fund	FY 2026	FY 2027	Future Years
Sports Venue Redevelopment Fund			
Revenues	Up to $61 million	Up to $128 million	40.89% of sports gaming receipts tax revenue
Interscholastic Athletics Fund			
Revenues	Up to $5 million	Up to $11 million	3.56% of sports gaming receipts tax revenue

Note: The fiscal year for the state, school districts, and certain other local governments runs from July 1 through June 30 and is designated by the calendar year in which it ends. For other local governments, the fiscal year is identical to the calendar year.

- The bill increases the sports gaming receipts tax rate from 20% to 36%, which is projected to increase collections by up to $67 million in FY 2026 and $139 million in FY 2027. LBO assumes December 2025 is the first month in which sports gaming receipts of a sports gaming proprietor will be subject to the higher tax rate.
- The additional tax collections are distributed to the newly created Sports Venues Redevelopment Fund and Interscholastic Athletics Fund, with the former receiving most of the additional collections. Expenditures from the fund are assumed to be commensurate with revenues; the bill does not contain an appropriation.

Detailed Analysis

The bill increases the sports gaming receipts tax rate from 20% to 36% and creates two new funds, the Sports Venue Redevelopment Fund (SVRF) and the Interscholastic Athletics Fund (IAF), that receive a portion of the tax collections. The bill also creates the Sports Venue Redevelopment Commission to evaluate and approve projects to be supported by the SVRF. The Commission is comprised of seven members who receive funds for incurred expenses.

Sports gaming receipts tax

Assuming the bill takes effect on November 30, 2025, sports gaming receipts received by sports gaming proprietors in December 2025 and onwards will be taxed at the higher rate. Since collections are paid monthly in arrears, state revenues will be affected beginning January 2026.

Average monthly taxable receipts have decreased slightly since sports gaming was legalized in January 2023, down 3.3% in 2024 and 1.4% in 2025 through March, but appear to be stabilizing as the market matures. Assuming taxable receipts in each month over the following two years are roughly the same as the previous year, the increase in the rate of taxation from 20% to 36% is projected to increase revenues by up to $67 million in FY 2026 and $139 million in FY 2027.

Revenues from the tax are initially deposited into the Sports Gaming Revenue Fund (Fund R068). Under current law, after deducting any amounts needed to pay tax refunds and to cover the Department of Taxation's administrative expenses, 98% of Fund R068 proceeds are distributed to the Sport Gaming Profits Education Fund (Fund 5YO0) and 2% are deposited into the Problem Sports Gaming Fund (Fund 5YR0).[1] Under the bill, the dispositions are 54.44% to Fund 5YO0, 1.11% to Fund 5YR0, 40.89% to the SVRF, and 3.56% to the IAF.

Dispositions of Estimated Sports Gaming Tax Collections, FY 2027

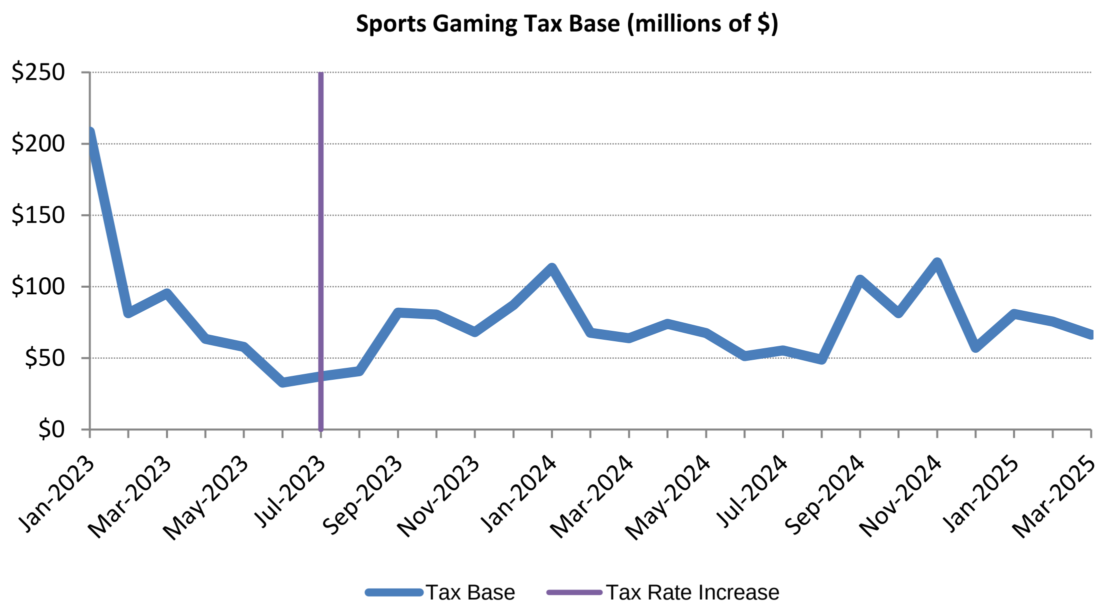
Category	Current Law		S.B. 150	
	Portion	Amount (millions)	Portion	Amount (millions)
Fund 5YO0	98%	$170	54.44%	$170
Fund 5YR0	2%	$3	1.11%	$3
SVRF (new fund)	0%	$0	40.89%	$128
IAF (new fund)	0%	$0	3.56%	$11
Total	**100%**	**$173**	**100%**	**$312**

Note: Tax collections in the above table are net of refunds and the small sum reserved for the Tax Commissioner to administer the tax.

[1] R.C. 5753.031.

The table above illustrates how projected collections are distributed under current law and under the bill in the first full fiscal year the bill is assumed to be in effect. The dollar amounts allocated to Fund 5YO0 and Fund 5YR0 under the bill are the same as each would receive under current law. These figures assume no behavioral response on the part of sports gaming providers, such as a worsening of odds or reduction in promotions. Any change in such behaviors may decrease projected collections as they would tend to decrease sports gaming activities.

Behavioral responses



Sports gaming was initially taxed at a rate of 10% until July 2023, when the rate increased to 20%. Despite doubling the tax rate, LBO did not observe a significant change in sports gaming receipts attributed to the increased taxation. This does not necessarily imply that the market is completely insensitive to taxation. Rather, it may be that the effect of increased taxation cannot be identified in this case since the change in policy occurred at a time when the novelty of sports gaming was wearing off (i.e., consumers new to sports gaming decided that it was not worthwhile, promotional credits were significantly scaled back, etc.), and proprietors' revenues had fallen dramatically independent of the tax rate as displayed in the chart above.

Pennsylvania's sports gaming market could offer insight, suggesting that raising Ohio's rate of taxation to 36% might not result in a significant behavioral shift leading to reduced sports gaming receipts. Pennsylvania imposes a 36% tax rate and had an FY 2024 per-capita handle (i.e., total amount gambled on sports wagering per person) of $622, which is similar to Ohio's ($666). This suggests that if other factors affecting sports gambling across the two states are comparable, an increase in taxation to 36% may not greatly diminish the per-capita handle, and thus the taxable sports gaming receipts, in Ohio.

However, academic literature suggests the inclusion of promotional credits in taxable sports gaming receipts may result in a behavioral response that would dampen the projected increase in tax collections under the bill. A peer-reviewed article demonstrated that when taxes on casino revenues increased in other Midwestern states, casinos mainly passed the cost onto their customers by reducing marketing, promotions, operating hours, and services offered.[2] If vendors respond to the increase in taxation by reducing promotional credits offered and gamblers do not replace the revenue with their own funds, taxable receipts could decline, which would reduce the increase in tax revenues due to the bill as reported here. Under current law, which is unchanged by the bill, the tax base will be reduced beginning January 1, 2027, to exclude 10% of the promotional gaming credits wagered by patrons. Beginning January 1, 2032, the tax base will exclude 20% of promotional credits wagered. The tax increase in the bill may reduce the value of promotional credits offered in the future, which could curtail future state revenues.

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[2] For details, see Landers' Estimates of the Price Elasticity of Demand for Gaming, and the Impact of Wagering and Admission Taxes on the Demand for Gaming (PDF).