



OHIO LEGISLATIVE SERVICE COMMISSION

Bill Analysis

Sam Benham

Sub. H.B. 531*

132nd General Assembly
(As Reported by S. Finance)

Reps. Schuring and Greenspan, Anielski, Ashford, Barnes, Brown, Clyde, Craig, Gavarone, Lanese, Leland, Lepore-Hagan, Manning, Miller, O'Brien, Reineke, Rezabek, Rogers, Ryan, Strahorn, Sweeney, West

BILL SUMMARY

- Removes limitations on the total amount of sports event grants that may be awarded in a fiscal year.
- Creates a new fund to receive appropriations to fund the grants but limits the fund's balance to \$10 million.
- Modifies limitations on the amount of such grants that may be awarded for a specific event.
- Modifies the formula used to calculate grant amounts.
- Authorizes baseball competitions to qualify for the grant.
- Authorizes grants for sports-related events other than competitions, such as a commemoration or a player draft.
- Disqualifies an event if it was held in Ohio within the last two years or if its hosting is not competitively bid, but exempts a centennial football commemoration from the competitive bid requirement.
- Appropriates \$5 million in fiscal year 2019 to fund the grant program.

* This analysis was prepared before the report of the Senate Finance Committee appeared in the Senate Journal. Note that the list of co-sponsors and the legislative history may be incomplete.

CONTENT AND OPERATION

Sports event grants

The bill removes limitations on the amount of grants that may be awarded annually through an existing sports event grant program, modifies limitations on the amount of such grants that may be awarded for a specific event, changes how the grant is calculated, modifies the type of events that may qualify for a grant, and appropriates \$5 million in fiscal year 2019 to fund the grant program. Under continuing law, grants may be awarded by the Director of Development Services to counties, municipalities, or nonprofit organizations acting on behalf of a county or municipality (a so-called "local organizing committee") to support the selection of a site for a national or international sports competition: specifically, competitions of football, auto racing, boxing, rugby, cricket, horse racing, mixed martial arts, Special Olympics, or any sport that is governed by an international federation and included in the Olympic Games, Pan American Games, or Commonwealth Games. Grants may be used solely to defray the county's, municipality's, or local organizing committee's cost to host the event pursuant to an agreement with the event's sponsor (the bill refers to these as "qualifying costs"¹).

Grant amount and limitations

Under current law, a grant equals 50% of the incremental increase in state sales tax revenue projected to be generated within the combined statistical area in which the event is held during a two-week period surrounding the event, up to \$500,000. This increase is determined by employing an impact formula approved by the Destination Marketing Association International (DMAI) or a "similar" formula. The Director determines the amount of the grant on the basis of a projection of those receipts, but all or part of the grant may have to be refunded to the state if the Director determines, on the basis of a final accounting, that the projection exceeded actual receipts. The Director may award no more than \$1 million in grants in any fiscal year.

The bill removes the \$1 million restriction on the total amount of grants that may be awarded in a fiscal year. The bill also adjusts the per-event grant limit from \$500,000 to the lesser of \$2 million or the grant recipient's qualifying costs.² The initial grant amount will continue to be based on an event's projected effect on sales tax receipts, but will be limited to the applicant's estimate of its qualifying costs. After the event, the grant recipient submits a statement of its actual qualifying costs. As when determining the incremental increase in sales tax, if the Director determines that the recipient's actual

¹ R.C. 122.12(J).

² R.C. 122.121(A).



costs are less than its estimated costs, part of the grant may have to be refunded to the state.³

The bill also requires the Director to consult with the Tax Commissioner to select or devise a formula to project the incremental sales tax increase, rather than having to use DMAI's formula or a similar one.⁴

Qualifying events

The bill modifies the categories of events that may qualify a local government or organizing committee for a sports event grant. First, the bill allows baseball competitions to qualify for the grant.⁵ Second, the bill allows an event affiliated with a sport, such as a commemoration or player draft, to qualify for the grant.⁶ (Under current law, only a sports competition qualifies for the grant.) Third, the bill disallows an event from qualifying for the grant if it had been held in Ohio in either of the last two years or if its hosting is not competitively bid, except that a centennial commemoration of the founding of a professional football league may qualify for a grant even if not competitively bid.⁷

Grant funding and appropriation

Under continuing law, the grants are funded only by appropriations by the General Assembly. The bill creates a new state treasury fund—the Sports Event Grant Fund—to hold the proceeds of any grant program appropriations.⁸ The new fund's balance is limited to \$10 million, although that limit may be exceeded if the excess is caused by refunds of excess grant amounts, which are to be credited to the fund.

The bill transfers \$5 million from the General Revenue Fund to the new fund and appropriates \$5 million in fiscal year 2019 for sports event grants.⁹

³ R.C. 122.121(A), (B), and (C).

⁴ R.C. 122.121(A).

⁵ R.C. 122.12(I).

⁶ R.C. 122.12(D).

⁷ R.C. 122.121(A).

⁸ R.C. 122.121(A) and 122.122.

⁹ Sections 3 and 5 of the bill.



HISTORY

ACTION	DATE
Introduced	02-28-18
Reported, H. Gov't Accountability & Oversight	05-22-18
Passed House (84-9)	06-20-18
Reported, S. Finance	---

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