



OHIO LEGISLATIVE SERVICE COMMISSION

Final Analysis

Sam Benham

Sub. H.B. 531

132nd General Assembly
(As Passed by the General Assembly)

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

Sens. Beagle, Bacon, Eklund, Hackett, Huffman, Kunze, Oelslager, Wilson, Yuko

Effective date: March 20, 2019; appropriation effective December 19, 2018

ACT SUMMARY

- Removes limitations on the total amount of sports event grants that may be awarded in a fiscal year.
- 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.
- Creates a new fund to receive appropriations to fund the grants but limits the fund's balance to \$10 million.
- Appropriates \$5 million in FY 2019 to fund the grant program.

* This version updates the effective date.

CONTENT AND OPERATION

Sports event grants

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 act refers to these as "qualifying costs"¹).

Grant amount and limitations

Under former law, the Director could award no more than \$1 million in sports events grants in any fiscal year, and an individual grant could not exceed 50% of the incremental increase in state sales tax revenue projected to be generated within the combined statistical area in which the event was held during a two-week period surrounding the event, up to \$500,000. This increase was determined by employing an impact formula approved by the Destination Marketing Association International (DMAI) or a "similar" formula.

The act instead requires the use of a formula selected or devised by the Director, in consultation with the Tax Commissioner, to determine the incremental increase in sales tax receipts.² (Continuing law authorizes the Director to require all or part of the grant to be refunded to the state if the Director determines, on the basis of a final accounting, that the projection exceeded actual receipts.)

The act also modifies the fiscal limits on the grants by eliminating the \$1 million restriction on the total amount of grants that may be awarded in a fiscal year and adjusting the per-event grant limit from \$500,000 to the lesser of \$2 million or the grant recipient's qualifying costs. The initial grant amount continues 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 must submit a statement of its actual qualifying costs. As when determining the incremental increase in sales tax, if the

¹ R.C. 122.12(J).

² R.C. 122.121(A).



Director determines that the recipient's actual costs are less than its estimated costs, part of the grant may have to be refunded to the state.³

Qualifying events

The act modifies the categories of events that may qualify a local government or organizing committee for a sports event grant. First, it allows baseball competitions to qualify for the grant. Second, it allows an event affiliated with a sport, such as a commemoration or player draft, to qualify for the grant. Under former law, only sports competitions qualified for the grant. Third, it 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.⁴

Grant funding and appropriation

Under continuing law, the grants are funded only by appropriations by the General Assembly. The act creates a new state treasury fund – the Sports Event Grant Fund – to hold the proceeds of any grant program appropriations.⁵ 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 act transfers \$5 million from the General Revenue Fund to the new fund and appropriates \$5 million in FY 2019 for sports event grants.⁶

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	12-05-18
Passed Senate (29-1)	12-05-18
House concurred in Senate amendments (77-3)	12-06-18

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³ R.C. 122.121(A), (B), and (C).

⁴ R.C. 122.121(A), (D), and (I).

⁵ R.C. 122.121(A) and 122.122.

⁶ Sections 3 and 5.

