



OHIO LEGISLATIVE SERVICE COMMISSION

Tom Middleton

Fiscal Note & Local Impact Statement

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

Status: As Passed by the House

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 funded and distributed under the Sporting Event Grant Program overseen by the Development Services Agency (DSA). The revised funding process could increase both the number of events receiving grants and the amounts awarded annually.
- By funding the program through a portion of sales tax receipts that are to be deposited into the new Sports Event Grant Fund, the bill will result in a loss in annual sales tax revenue that otherwise would be deposited into the GRF and local government funds. The extent of the 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.

Detailed Fiscal Analysis

Overview

Under the Sporting Event Grant Program operated by the Development Services Agency (DSA), a local organizing entity such as a county, municipality, or a nonprofit organization acting on their behalf, may apply for a state grant to support the hosting of the event. Under current law, a grant may be awarded totaling not less than 50% of the incremental increase in state sales tax revenue projected to be generated within the combined statistical area where the event is held during a two-week period surrounding the event, with a minimum qualifying amount of \$125,000 and maximum of \$500,000. Up to \$1.0 million per fiscal year may be awarded. In prior years, the program has been funded under GRF appropriation item 195407, Travel and Tourism. Between FY 2014 and FY 2017, DSA awarded seven Sporting Event Grants totaling \$2.5 million. There is no funding for the program during the FY 2018-FY 2019 biennium.

The bill changes the funding mechanism for the program by (1) dedicating a portion of the additional projected sales tax to be generated by a sports event to a newly created Sports Event Grant Fund, (2) removing the maximum \$500,000 per-award limit, and (3) eliminating the \$1.0 million limit that may be awarded under the program annually.

Sports Event Grant Fund

The bill alters the way the Sporting Event Grant Program is funded by dedicating a portion of the amount of additional projected sales tax revenue expected to be generated by a qualifying sporting event to the newly created Sports Event Grant Fund. This will reduce the amount of sales tax receipts that would otherwise be deposited into the GRF, the Local Government Fund (LGF, Fund 7069), and the Public Library Fund (PLF, Fund 7065) under current law. The extent of the annual revenue losses on the GRF, LGF, and PLF will depend on the number and size of sporting events that local organizing entities pursue and win each year. 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 LGF and an identical share to the PLF. 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.

Qualifying events and grant amounts awarded

The bill also makes changes to the terms of the Sporting Event Grant Program that, overall, could lead to a greater number of events qualifying for grant funding and increase the amounts awarded. It expands the definition of "game" to include the sport of baseball or other sport-related events, such as a player draft. However, the bill disqualifies an event if it was held in Ohio within the last two years or if a competitive bidding process was not used to select a hosting entity. Finally, the bill removes the \$1.0 million cap in awards that may be issued in a fiscal year and eliminates the existing individual grant maximum of \$500,000. The minimum award amount remains at \$125,000 as under current law. Depending on the number and size of large sporting events that local organizing entities pursue and secure each year, the revised funding mechanism could allow for grants totaling in the millions of dollars to be awarded annually from the Sports Event Grant Fund.

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.