

CLEVELAND BUSINESS

WWW.CRAINSCLEVELAND.COM

INSIDE

S-W still cleans up

Sherwin-Williams continues to paint itself as a leader in the ultra-competitive paint and coatings market. For example, the company has developed a new coating that makes removing graffiti an easier chore. Read **Dan Shingler's** story on Page 3.



MARC GOLUB

Casino bill up against deadline

Lawmakers grapple with key issues, assure legislation will pass to advance development

By **JAY MILLER**
jmillercrain.com

The Ohio Legislature has less than a month to pass a bill that will set oversight for the four casinos voters approved last November, but because several key issues haven't been resolved, a bill has not even

been introduced.

State Rep. Kenny Yuko of Richmond Heights, who is one of the Democratic legislators drafting the casino-enabling legislation, said he hopes to have a joint House-Senate bill ready for introduction when the General Assembly reconvenes this week after an election hiatus.

"I didn't realize how damned complicated these things are," Rep. Yuko said as he ticked off the issues he has yet to resolve in the expected bill. "We've been working on it since November."

But, he added, "In six years in the Legislature, this is the first bill I've worked on that I know is going to pass."

Maggie Ostrowski, a spokeswoman for Senate Republicans and state Senate president Bill Harris, said she expected the legislation to

move quickly once it is introduced. "They are getting very close," she said. "The effort has been to try to work with the (Democratic-controlled) House to get agreed-to language, considering the short time frame."

Still, the legislation will sidestep the thorny issue of how to account for the new money that will flow to cities and counties from the casinos. Some mayors are concerned that the money the casinos bring in will offset state

See **CASINO** Page 25

Casino: Revenue allocation

concerns communities

continued from **PAGE 1**
 general fund allocations to communities.

Voters last November approved a constitutional amendment that will bring four Las Vegas-style gambling casinos to Ohio, one each in Cincinnati, Cleveland, Columbus and Toledo.

Penn National Gaming Inc. of Wyomissing, Pa., will own and operate the casinos planned for Toledo and Columbus, investing at least \$600 million to build the two facilities. Rock Ventures LLC, a Livonia, Mich., company controlled by Dan Gilbert, principal owner of the Cleveland Cavaliers and Quicken Loans Inc., will own casinos in Cleveland and Cincinnati.

Language in the constitutional amendment requires the Legislature to pass enabling legislation within six months of passage — giving the legislature a June 3 deadline, Rep. Yuko said.

Details, details

However, legislators last week still were crafting the rules for appointing members to and operating the Ohio Casino Control Commission. The constitutional amendment set the commission at seven members appointed by the governor and approved by the Senate. However, those members must include a lawyer, a certified public accountant and a law enforcement professional. The board also must include a resident of one of the four counties that will host casinos and no more than four members of any political party.

"So we could end up looking for a Democratic lawyer from Cleveland," Rep. Yuko said jokingly.

The bill also is likely to include provisions that would allow casino operators — in particular Rock Ventures, which has announced plans for a \$600 million Cleveland casino — to begin temporary operations before construction of the permanent casinos can be completed. Rep. Yuko said he hopes Rock Ventures will open what he called a "Phase One" casino in the Higbee Building in downtown Cleveland that can operate until 2013, when the permanent casino is scheduled to open.

Another sticking point for the

legislation is whether to allow the casinos to get 24-hour liquor licenses, a measure that is opposed by many bar and restaurant operators. Casinos in states bordering Ohio do not permit 24-hour liquor. Only Nevada and New Jersey permit the practice, so Rep. Yuko doesn't think it will fly here.

Rep. Yuko said he floated briefly the idea of allowing smoking in the casinos, despite Ohio law that forbids nearly all indoor smoking in the state.

"I was told, 'Don't even think about that,'" he said.

Follow the money

Area mayors, however, are more concerned about one issue that won't be in this casino-enabling

legislation — how the Legislature will view the casino revenue that flows to their communities.

During the campaign to pass the casino amendment, a potential tax windfall made the issue attractive to many public officials because it would bring new tax revenue into their communities.

Now, however, they are concerned that with an extremely tight state budget on the horizon in 2011, the Legislature will cut state Local Government Fund money in the next state budget and that lawmakers will offset all or part of those local allocations from the general fund by how much particular communities are receiving from the casino tax.

"The rumor that has been circulating is that whatever money we bring into our area" from casino taxes, the Legislature "will cut us on the local government fund," said South Euclid Mayor Georgine Welo.

The tax rate on gaming revenues will be 33%, which the Department of Taxation has estimated could bring in \$650 million in new tax revenue annually, once all four casinos are operating.

School districts will get 34% of the revenue, and 10% would go to operate the gaming commission, law enforcement training and gambling addiction education.

But 51% of the total would be split among the 88 county governments, with the state's eight largest cities receiving half their county's allocation and the four cities hosting casinos receiving additional tax money.

In the case of Cleveland, its entire share of Local Government Fund money could be wiped out. The city received \$4.67 million of that money in 2009, according to a state tax department spreadsheet. The department's estimate of the city's annual share of casino tax revenue when all four casinos are operating is \$29.7 million.

Discussion of this issue will need to wait until the Legislature grapples with the next two-year budget according to Rep. Yuko.

"It's not an issue we can deal with at this point," he said. ■