

**Rule Summary and Fiscal Analysis (Part A)****State Lottery Commission**

Agency Name

**Lottery Commission**

Division

**Debbie Warren**

Contact

**615 W. Superior Avenue Cleveland OH 44113-0000 216-774-5759**

Agency Mailing Address (Plus Zip)

Phone

Fax

**3770:2-11-01**

Rule Number

**NEW**

TYPE of rule filing

Rule Title/Tag Line

**Fees. Video Lottery Sales Agent Licenses.****RULE SUMMARY**

1. Is the rule being filed consistent with the requirements of the RC 119.032 review? **No**

2. Are you proposing this rule as a result of recent legislation? **No**

3. Statute prescribing the procedure in accordance with the agency is required to adopt the rule: **119.03**

4. Statute(s) authorizing agency to adopt the rule: **3770.03**

5. Statute(s) the rule, as filed, amplifies or implements: **3770.01, 3770.02, 3770.03, 3770.05, 3770.21**

6. State the reason(s) for proposing (i.e., why are you filing,) this rule:

To set forth rules pertaining to the application for a video lottery sales agent license.

7. If the rule is an AMENDMENT, then summarize the changes and the content of the proposed rule; If the rule type is RESCISSION, NEW or NO CHANGE, then summarize the content of the rule:

Rule sets forth the application fee, the times at which each portion of the fee shall be paid and provisions relating to refund of the fee under certain circumstances.

8. If the rule incorporates a text or other material by reference and the agency claims the incorporation by reference is exempt from compliance with sections 121.71 to 121.74 of the Revised Code because the text or other material is **generally available** to persons who reasonably can be expected to be affected by the rule, provide an explanation of how the text or other material is generally available to those persons:

*This response left blank because filer specified online that the rule does not incorporate a text or other material by reference.*

9. If the rule incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material electronically, provide an explanation of why filing the text or other material electronically was infeasible:

*This response left blank because filer specified online that the rule does not incorporate a text or other material by reference.*

10. If the rule is being **rescinded** and incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material, provide an explanation of why filing the text or other material was infeasible:

*Not Applicable.*

11. If **revising** or **refiling** this rule, identify changes made from the previously filed version of this rule; if none, please state so:

*Not Applicable.*

12. 119.032 Rule Review Date:

(If the rule is not exempt and you answered NO to question No. 1, provide the scheduled review date. If you answered YES to No. 1, the review date for this rule is the filing date.)

NOTE: If the rule is not exempt at the time of final filing, two dates are required: the current review date plus a date not to exceed 5 years from the effective date for Amended rules or a date not to exceed 5 years from the review date for No Change rules.

### **FISCAL ANALYSIS**

13. Estimate the total amount by which *this proposed rule* would **increase/**

**decrease** either revenues/ expenditures for the agency during the current biennium (in dollars): Explain the net impact of the proposed changes to the budget of your agency/department.

This will increase revenues.

see below

The implementation of the VLT program will have a positive net impact on the Lottery's operations in the biennium enacted. Specifically, this rule will allow the Ohio Lottery to collect Sales Agent License fees as outlined in this rule. Each Sales Agent shall pay the Lottery Commission \$10 million with the submission of a completed initial application. The Lottery anticipates an initial license payment of \$10 million from seven (7) race tracks between December 2011 and June 2012.

A second installment of \$15 million is payable upon the commencement of VLT operations at each facility. Although the timeline of openings at each facility is not known at this time, it is anticipated that some of the facilities will be operational in FY 2012, and all of them operational within the current biennium. Having all seven (7) facilities operational in the current biennium will generate an additional \$105 million in license fee revenue.

The final installment as indicated in this rule, payable one year following the commencement of sales activity, would most likely be received in the next biennium.

14. Identify the appropriation (by line item etc.) that authorizes each expenditure necessitated by the proposed rule:

The Ohio Lottery Commission is a Non-General Revenue Fund agency.

The operation of video lottery will require funding primarily in the following areas: VLT central monitoring system, Lottery personnel, (e.g., security, legal compliance, audit, finance, etc.), and consulting services to review each track's application and facility plan. The expenditures are authorized under Appropriate Line Item 950100, Personal Services.

15. Provide a summary of the estimated cost of compliance with the rule to all directly affected persons. When appropriate, please include the source for your information/estimated costs, e.g. industry, CFR, internal/agency:

The specific costs to all directly affected persons (sales agents) are the amounts set forth in the rule: \$10 million upon submission of the application, \$15 million upon commencement of VLT operations at a VLT facility, and \$25 million due to the Lottery one year following commencement of sales.

There may be additional costs associated with the preparation of the applicaiton, which are not known to the Lottery, and will be the responsibility of the sales agent.

16. Does this rule have a fiscal effect on school districts, counties, townships, or municipal corporations? **No**

17. Does this rule deal with environmental protection or contain a component dealing with environmental protection as defined in R. C. 121.39? **No**