

## **ARGUMENT AND EXPLANATION AGAINST ISSUE #3**

*Submitted by Truth PAC*

**Ohio voters have said NO to casino gambling four times before. Issue 3 is even worse than the previous plans.**

**Its Purpose:** To grant a monopoly to private casino operators to build Las Vegas-style casinos only in Cincinnati, Cleveland, Columbus and Toledo.

Nothing *requires* the casinos to actually be built. No revenues get paid to the state if no one builds in a city.

Casino operators would pay just 33% of their gross profits in taxes. That means **Ohio's casinos would pay a lower percentage of their profits than casinos in most other states.** Ohio's legislature would have no power to force casinos to pay a higher tax rate or change the way the money is distributed.

### **THE ENTIRE PLAN IS TILTED IN FAVOR OF WEALTHY CASINO OPERATORS**

- It bans all other casino gaming, including "casino nights" offered by churches, fraternal organizations or other charities.
- It imposes a hidden tax by failing to limit how much taxpayers must spend to upgrade roads, bridges or make other improvements that will be necessary if even one casino is built.
- It pre-empts most local and state laws, including zoning laws.
- It allows casinos to stay opened 24-hours a day, seven days a week.
- Because of a loophole written by casino lawyers, casinos pay no taxes on profits from cash wagering.

### **BORDER STATES WOULD DICTATE TO OHIO**

Ohio would be forced to offer any games approved in the future by Michigan, West Virginia, Indiana or Pennsylvania. This would happen with no say from Ohioans.

### **OUR CONSTITUTION WOULD BE UNNECESSARILY CLUTTERED**

This would write into the Ohio Constitution the **ONLY** parcels of land on which a casino could be built. Let's protect the Ohio Constitution and the Ohio taxpayers.

**PLEASE vote NO on Issue 3.**

## ISSUE #3

### PROPOSED CONSTITUTIONAL AMENDMENT

(Proposed by Initiative Petition)

#### FULL TEXT OF AMENDMENT

Be it Resolved by the People of the State of Ohio that Article XV, Section 6 of the Ohio Constitution be amended and read as follows:

Section 6: Except as otherwise provided in this section, lotteries, and the sale of lottery tickets, for any purpose whatever, shall forever be prohibited in this State.

(A) The General Assembly may authorize an agency of the state to conduct lotteries, to sell rights to participate therein, and to award prizes by chance to participants, provided that the entire net proceeds of any such lottery are paid into a fund of the state treasury that shall consist solely of such proceeds and shall be used solely for the support of elementary, secondary, vocational, and special education programs as determined in appropriations made by the General Assembly.

(B) The General Assembly may authorize and regulate the operation of bingo to be conducted by charitable organizations for charitable purposes.

(C)(1) Casino gaming shall be authorized at four casino facilities (a single casino at a designated location within each of the cities of Cincinnati, Cleveland, Columbus and Toledo) to create new funding for cities, counties, public school districts, law enforcement, the horse racing industry and job training for Ohio's workforce.

(2) A thirty-three percent tax shall be levied and collected by the state on all gross casino revenue received by each casino operator of these four casino facilities. In addition, casino operators, their operations, their owners and their property shall be subject to all customary nondiscriminatory fees, taxes, and other charges that are applied to, levied against, or otherwise imposed generally upon other Ohio businesses, their gross or net revenues, their operations, their owners, and their property. Except as otherwise provided in section 6(C), no other casino gaming-related state or local fees, taxes, or other charges (however measured, calculated, or otherwise derived) may be directly or indirectly, applied to, levied against, or otherwise imposed upon gross casino revenue, casino operators, their operations, their owners, or their property.

(3) The proceeds of the tax on gross casino revenue collected by the state shall be distributed as follows:

(a) Fifty-one percent of the tax on gross casino revenue shall be distributed among all eighty-eight counties in proportion to such counties' respective populations at the time of such distribution. If a county's most populated city, as of the 2000 United States census bureau

census, had a population greater than 80,000, then fifty percent of that county's distribution will go to said city.

(b) Thirty-four percent of the tax on gross casino revenue shall be distributed among all eighty-eight counties in proportion to such counties' respective public school district student populations at the time of such distribution. Each such distribution received by a county shall be distributed among all public school districts located (in whole or in part) within such county in proportion to each school district's respective student population who are residents of such county at the time of such distribution to the school districts. Each public school district shall determine how its distributions are appropriated, but all distributions shall only be used to support primary and secondary education.

(c) Five percent of the tax on gross casino revenue shall be distributed to the host city where the casino facility that generated such gross casino revenue is located.

(d) Three percent of the tax on gross casino revenue shall be distributed to fund the Ohio casino control commission.

(e) Three percent of the tax on gross casino revenue shall be distributed to an Ohio state racing commission fund to support purses, breeding programs, and operations at all existing commercial horse racetracks permitted as of January 1, 2009. However, no funding under this division shall be distributed to operations of an Ohio commercial horse racetrack if an owner or operator of the racetrack holds a majority interest in an Ohio casino facility or in an Ohio casino license.

(f) Two percent of the tax on gross casino revenue shall be distributed to a state law enforcement training fund to enhance public safety by providing additional training opportunities to the law enforcement community.

(g) Two percent of the tax on gross casino revenue shall be distributed to a state problem gambling and addictions fund which shall be used for the treatment of problem gambling and substance abuse, and related research.

Tax collection, and distributions to public school districts and local governments, under sections 6(C)(2) and (3), are intended to supplement, not supplant, any funding obligations of the state. Accordingly, all such distributions shall be disregarded for purposes of determining whether funding obligations imposed by other sections of this Constitution are met.

(4) There is hereby created the Ohio casino control commission which shall license and regulate casino operators, management companies retained by such casino operators, key employees of such casino operators and such management companies, gaming-related vendors, and all gaming authorized by section 6(C), to ensure the integrity of casino gaming.

Said commission shall determine all voting issues by majority vote and shall consist of seven members appointed by the governor with the advice and consent of the senate. Each member of the commission must be a resident of Ohio. At least one member of the commission must be experienced in law enforcement and criminal investigation. At least one member of the

commission must be a certified public accountant experienced in accounting and auditing. At least one member of the commission must be an attorney admitted to the practice of law in Ohio. At least one member of the commission must be a resident of a county where one of the casino facilities is located. Not more than four members may be affiliated with the same political party. No commission member may have any affiliation with an Ohio casino operator or facility.

Said commission shall require each initial licensed casino operator of each of the four casino facilities to pay an upfront license fee of fifty million dollars (\$50,000,000) per casino facility for the benefit of the state, for a total of two hundred million dollars (\$200,000,000). The upfront license fee shall be used to fund state economic development programs which support regional job training efforts to equip Ohio's workforce with additional skills to grow the economy. To carry out the tax provisions of section 6(C), and in addition to any other enforcement powers provided under Ohio law, the tax commissioner of the State and the Ohio casino control commission, or any person employed by the tax commissioner or said commission for that purpose, upon demand, may inspect books, accounts, records, and memoranda of any person subject to such provisions, and may examine under oath any officer, agent, or employee of that person.

(5) Each initial licensed casino operator of each of the four casino facilities shall make an initial investment of at least two hundred fifty million dollars (\$250,000,000) for the development of each casino facility for a total minimum investment of one billion dollars (\$1,000,000,000.00) statewide. A casino operator: (a) may not hold a majority interest in more than two of the four licenses allocated to the casino facilities at anyone time; and (b) may not hold a majority interest in more than two of the four casino facilities at anyone time.

(6) Casino gaming authorized in section 6(C) shall be conducted only by licensed casino operators of the four casino facilities or by licensed management companies retained by such casino operators. At the discretion of each licensed casino operator of a casino facility: (a) casino gaming may be conducted twenty-four hours each day; and (b) a maximum of five thousand slot machines may be operated at such casino facility.

(7) Each of the four casino facilities shall be subject to all applicable state laws and local ordinances related to health and building codes, or any related requirements and provisions. Notwithstanding the foregoing, no local zoning, land use laws, subdivision regulations or similar provisions shall prohibit the development or operation of the four casino facilities set forth herein, provided that no casino facility shall be located in a district zoned exclusively residential as of January 1, 2009.

(8) Notwithstanding any provision of the Constitution, statutes of Ohio, or a local charter and ordinance, only one casino facility shall be operated in each of the cities of Cleveland, Columbus, Cincinnati and Toledo.

(9) For purposes of this section 6(C), the following definitions shall be applied:

"Casino facility" means all or any part of anyone or more of the following properties (together with all improvements situated thereon) in Cleveland, Cincinnati, Columbus and Toledo:

(a) Cleveland:

Being an approximate 61 acre area in Cuyahoga County, Ohio, as identified by the Cuyahoga County Auditor, as of 02/27/09, as tax parcel numbers 004-28-001, 004-29-004A, 004-29-005, 004-29-008, 004-29-009, 004-29-010, 00-29-012, 004-29-013, 004-29-014, 00-29-020, 00-29-018, 004-29-017, 004-29-016, 004-29-021, 004-29-025, 004-29-027, 004-29-026, 004-28-008, 004-28-004, 004-28-003, 004-28-002, 004-28-010, 004-29-001, 004-29-007, and 004-04-017 and all lands and air rights lying within and/or above the public rights of way adjacent to such parcels.

Being an approximate 8.66 acre area in Cuyahoga County, Ohio, being that parcel identified by the Cuyahoga County Auditor, as of 02/27/09, as tax parcel number 101-21-002 and all lands and air rights lying within and/or above the public rights of way adjacent to such parcel.

Being an approximate 2.56 acre area in Cuyahoga County, Ohio, being that parcel identified by the Cuyahoga County Auditor, as of 02/27/09, as tax parcel number 101-21-002 and all lands and air rights lying within and/or above the public rights of way adjacent to such parcel.

Being an approximate 7.91 acre area in Cuyahoga County, Ohio, being that parcel identified by the Cuyahoga County Auditor, as of 02/27/09, as tax parcel number 101-23-050A and all lands and air rights lying within and/or above the public rights of way adjacent to such parcel.

All air rights above the parcel located in Cuyahoga County, Ohio identified by the Cuyahoga County Auditor, as of 02/27/09, as tax parcel number 101-22-003.

Being an approximate 1.55 acre area in Cuyahoga County, Ohio, as identified by the Cuyahoga County Auditor, as of 02/27/09, as tax parcel numbers 122-18-010, 122-18-01 1 and 122-18-012 and all lands and air rights lying within and/or above the public rights of way adjacent to such parcels.

Being an approximate 1.83 acre area in Cuyahoga County, Ohio, as identified by the Cuyahoga County Auditor, as of 02/27/09, as tax parcel numbers 101-30-002 and 101-30-003 and all lands and air rights lying within and/or above the public rights of way adjacent to such parcels.

Consisting of floors one through four, mezzanine, basement, sub-basement, Parcel No. 36-2, Item III, Parcels First and Second, Item V, Parcel A, and Item VI, Parcel One of the Higbee Building in Cuyahoga County, Ohio, as identified by the Cuyahoga County Auditor, as of 2/29/09, as tax parcel numbers 101-23-002 and 101-23-050F and all lands and air rights lying within and/or above the public rights of way adjacent to such parcels.

(b) Columbus:

Being an approximate 18.312 acre area in the City of Columbus, Franklin County, Ohio, as identified by the Franklin County Auditor, as of 03/05/09, as tax parcel numbers 010-005518-80, 010-005518-90, 010-020215-80, 010-020215-90, 010-008443-80 and 010-008443-90.

(c) Cincinnati:

Being an approximate 20.4 acre area in Hamilton County, Ohio, being identified by the Hamilton County Auditor, as of 02/27/09, as tax parcel numbers 074-002-0009-00, 074-0001-0001-00, 074-001-0002-00, 074-0001-0003-00, 074-0001-0004-00, 074-0001-0006-00, 074-0001-0008-00, 074-0001-0014-00, 074-0001-0016-00, 074-0001-0031-00, 074-0001-0039-00, 074-0001-0041-00, 074-0001-0042-00, 074-0001-0043-00, 074-0002-0001-00, 074-0004-001-00, 074-0004-0002-00, 074-00-0003-00 and 074-0005-0003-00.

(d) Toledo:

Being an approximate 44.24 acre area in the City of Toledo, Lucas County, Ohio, as identified by the Lucas County Auditor, as of 03/05/09, as tax parcel numbers 18-76138 and 18-76515.

“Casino gaming” means any type of slot machine or table game wagering, using money, casino credit, or any representative of value, authorized in any of the states of Indiana, Michigan, Pennsylvania and West Virginia as of January 1, 2009, and shall include slot machine and table game wagering subsequently authorized by, but shall not be limited by subsequent restrictions placed on such wagering in, such states. Notwithstanding the aforementioned definition, “casino gaming” does not include bingo, as authorized in article XV, section 6 of the Ohio Constitution and conducted as of January 1, 2009, or horse racing where the pari-mutuel system of wagering is conducted, as authorized under the laws of Ohio as of January 1, 2009.

“Casino operator” means any person, trust, corporation, partnership, limited partnership, association, limited liability company or other business enterprise that directly holds an ownership or leasehold interest in a casino facility. “Casino operator” does not include an agency of the state, any political subdivision of the state, or any person, trust, corporation, partnership, limited partnership, association, limited liability company or other business enterprise that may have an interest in a casino facility, but who is legally or contractually restricted from conducting casino gaming.

“Gross casino revenue” means the total amount of money exchanged for the purchase of chips, tokens, tickets, electronic cards, or similar objects by casino patrons, less winnings paid to wagerers.

“Majority interest” in a license or in a casino facility (as the case may be) means beneficial ownership of more than fifty percent (50%) of the total fair market value of such license or casino facility (as the case may be). For purposes of the foregoing, whether a majority interest is held in a license or in a casino facility (as the case may be) shall be determined in accordance with the rules for constructive ownership of stock provided in Treas. Reg. § 1.409A-3(i)(5)(iii) as in effect on January 1, 2009.

“Slot machines” shall include any mechanical, electrical, or other device or machine which, upon insertion of a coin, token, ticket, or similar object, or upon payment of any consideration, is available to play or operate, the play or operation of which, whether by reason of the skill of the operator or application of the element of chance, or both, makes individual prize determinations

for individual participants in cash, premiums, merchandise, tokens, or any thing of value, whether the payoff is made automatically from the machine or in any other manner.

“Table game” means any game played with cards, dice, or any mechanical, electromechanical, or electronic device or machine for money, casino credit, or any representative of value.

(10) The General Assembly shall pass laws within six months of the effective date of section 6(C) to facilitate the operation of section 6(C).

(11) Each provision of section 6(C) is intended to be independent and severable, and if any provision of section 6(C) is held to be invalid, either on its face or as applied to any person or circumstance, the remaining provisions of section 6(C), and the application thereof to any person or circumstance other than those to which it is held invalid, shall not be affected thereby. In any case of a conflict between any provision of section 6(C) and any other provision contained in this Constitution, the provisions of section 6(C) shall control.

(12) Notwithstanding the provisions of section 6(C)(11), nothing in this section 6(C) (including, without limitation, the provisions of sections 6(C)(6) and 6(C)(8)) shall restrict or in any way limit lotteries authorized under section 6(A) of this article or bingo authorized under section 6(B) of this article. The provisions of this section 6(C) shall have no effect upon activities authorized under sections 6(A) and / or (6)(B) of this article.