

# Legislative opposition mounts to DeWine's proposed tax hike to aid a new Browns stadium

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COLUMBUS, Ohio — Gov. Mike DeWine's budget plan to help pay for a new Cleveland Browns' stadium and other stadium projects by doubling the state's sports-gambling tax could be sacked just after kickoff, as Ohio House leaders from both parties expressed hesitation at best about the proposal.

Both Ohio House Speaker Matt Huffman, a Lima Republican, and Minority Leader Allison Russo, a Columbus area Democrat, said this week that they are skeptical of the governor's plan.

But House GOP leaders, at least, appear to be leaving the door open to some sort of state support for a new Browns stadium in suburban Brook Park (or other projects, such as a proposed major renovation of Paycor Stadium, home of the Cincinnati Bengals) in the state's new two-year budget.

The Browns themselves have pushed for the state to provide \$600 million in bonds that would be repaid with tax revenue from the proposed stadium and surrounding development.

But it indicates that DeWine -- who kept his proposal close to the vest until shortly before he introduced his budget -- won't get his preferred way to handle the issue.

## **What is DeWine's plan?**

DeWine's plan, unveiled earlier this week, would raise the state's tax on sports gambling companies' gross Ohio revenues from 20% to 40%, generating an estimated \$288 million more over the next two fiscal years for stadium projects and youth sports.

A new commission -- appointed by the governor, as well as Republican and Democratic lawmakers -- would be given the power to decide which projects should get a share of the funding.

DeWine said the money raised from the tax hike could be used to provide the [\\$600 million in state assistance](#) that the Browns have been seeking to help cover the estimated \$2.4 billion cost of a new, domed stadium in suburban Brook Park, near Cleveland Hopkins International Airport.

The Browns have pitched having local governments kick in another \$600 million (an idea that, so far, [hasn't been well-received](#)), while team owners Jimmy and Dee Haslam would provide the remaining \$1.2 billion.

The governor said it's "logical" for the state to raise Ohio's sports-gaming tax – which was raised from 10% to 20% in the last state budget two years ago – given that companies like DraftKings and FanDuel get millions of dollars every day from Ohio bettors.

## **What are lawmakers saying?**

Ohio House Speaker Matt Huffman, in an interview, expressed skepticism about DeWine's proposal, noting that a 40% tax rate on sports-gambling companies would, if passed, be among the highest such state taxes in the country.

Ohio's current 20% tax rate ranked sixth highest in the nation last year among the 38 states that allowed some sort of legalized gambling on sports, [according to the Tax Foundation](#), a conservative-leaning nonprofit based in Washington, D.C. The three states with the highest sports-betting tax rate -- 51% -- were New Hampshire, New York, and Rhode Island.

Huffman, a Lima Republican, said he believes that raising the tax rate to 40% would lead to fewer Ohioans betting on sports, which in turn would decrease tax revenue.

"There's always a point in taxes where you have diminishing returns," he said.

The speaker also said he didn't like that DeWine's plan would give a newly established commission the power to decide which stadium projects should get money, as well as the amount of money each project would receive.

"The legislature is supposed to be the one making these decisions," Huffman said.

Instead, Huffman indicated that he favors an alternative plan that the Browns have suggested: approving state-issued bonds that would be repaid using tax revenue generated from the new stadium and the [proposed \\$1 billion mixed-use development](#) surrounding it.

Similar doubts about hiking Ohio's sports-gaming tax were raised by state Rep. Brian Stewart, a Pickaway County Republican and the powerful chair of the House Finance Committee, which is currently reviewing DeWine's budget plan.

"We've not even finished two football seasons, and now we're talking about quadrupling that tax? I think that's going to generate a lot of discussion," Stewart said Tuesday. "I don't think anything's dead on arrival, but I do think that any time you're talking about tax increases in the Republican Party, that's going to get a skeptical eyebrow raise."

The top Democrat in the Ohio House, Minority Leader Allison Russo of suburban Columbus, also said that raising taxes to help Browns owners Jimmy and Dee Haslam build a new, privately owned stadium outside of Cleveland is "going to be a challenging argument to make" to state lawmakers.

"There seems to be, at least from my perspective, very little appetite to provide huge tax dollars to the Haslams at the moment for a stadium that they are moving out of downtown Cleveland," Russo told reporters Wednesday.

Russo added that the state has "spent a lot of money" in recent years trying to revitalize downtown Cleveland. Last year's [state capital budget alone](#) included \$20 million toward a [\\$230 million land bridge](#) connecting downtown with the lakefront, \$8 million to help [a proposed \\$3.5 billion development in and around Tower City](#), and \$7 million toward [expanding the Rock & Roll Hall of Fame and Museum](#).

## What are others saying?

State lawmakers will almost certainly be lobbied to oppose DeWine's plan by the sports-betting industry, which – not surprisingly – [quickly condemned the proposal](#) as an arbitrary and exorbitant tax hike.

On the other hand, Hamilton County commissioners, who have [been pushing for state funding to help pay for renovations to county-owned Paycor Stadium](#), praised DeWine's plan as a "smart, sustainable funding solution."

But most who are involved in the stadium issue – including the Browns, as well as officials with Cuyahoga County and the city of Cleveland – took a more cautious, "wait-and-see" approach. That's because they didn't find out about DeWine's stadium-funding plan until shortly before he announced it.

Following DeWine's budget rollout on Monday, Dave Jenkins, chief operating officer of the Haslam Sports Group, said in a statement that while Browns officials "look forward to learning more" DeWine's stadium-funding plan, the team will also keep working "to develop alternative funding mechanisms" for a Brook Park stadium.

Cuyahoga County and city of Cleveland officials, through spokespeople, also gave initial responses that they needed to learn more about DeWine's plan.

"We're reviewing it, but there is still obviously a lot that needs to be sorted out in Columbus as this is just the beginning of the state's budget process," said city of Cleveland spokesman Tyler Sinclair, in a statement on Tuesday.

*Anna Staver contributed to this report.*