

## **Ontario Lottery and Gaming Corporation (OLG) New Hosting Fee Payments; New OLG Chair is Appointed**

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The Ontario Lottery and Gaming Corporation (OLG) has agreements, known as “Municipality Contribution Agreements,” with the various municipalities hosting OLG gaming sites. Part of the Municipality Contribution Agreements requires OLG to pay “hosting fees” to the municipalities hosting OLG gaming sites. Hosting fees are determined according to a predetermined formula.

On May 17, 2013, OLG announced a new formula for determining the “hosting fee” payments to be paid to the municipalities. The payments are based on an escalating scale of slot machine revenue and include a percentage of table game revenue.

Under the agreement, municipalities receive:

- 5.25% on the first \$65 million of slot revenue;
- 3.0% on the next \$135 million of slot revenue;
- 2.5% on the next \$300 million of slot revenue;
- 0.5% on slot revenue above \$500 million; and
- 4.0% on table game revenue.

In July 2013, OLG issued its first-quarter (April to June) payments to municipalities hosting OLG gaming sites – the first such payment under OLG’s new formula. In total, OLG contributed \$32 million to 22 municipalities. According to OLG, municipalities hosting OLG gaming sites have received over \$938 million in gaming revenue. In addition to “hosting fees,” municipalities receive property tax revenue from OLG. Municipalities also benefit from jobs, economic development, and capital investments in the municipality.

The formula for determining the “hosting fee” payments is consistent across all host sites. A disagreement between former OLG Chair Paul Godfrey and Ontario Premier Kathleen Wynne on whether “hosting fee” payments should be consistent across all host sites was one of the primary matters leading to Godfrey’s dismissal in May 2013.

As part of the push to convince Toronto City Council that a Toronto casino was beneficial to the city, Godfrey made public statements indicating that Toronto would receive a special deal from OLG if it was to host a casino. This was in direct opposition to comments made by Kathleen Wynne, who told

reporters that “I was clear there wouldn’t be any special deals for who Toronto.” In May 2013, Toronto City Council rejected a proposal to put a casino in Toronto. Peter Wallace, Kathleen Wynne’s secretary of the cabinet, was Godfrey’s interim replacement.

In July 2013, Wynne named Philip Olsson, chair of the Liquor Control Board of Ontario for the last seven years, as OLG’s new chair. Olsson is the sixth Chair of OLG in the last seven years. Despite this turnover, OLG has a number of achievements, including the contributions it has facilitated as described in this article

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