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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 250  
133<sup>rd</sup> General Assembly

## Bill Analysis

**Version:** As Introduced

**Primary Sponsor:** Rep. Reineke

Ben Fogle, Attorney

### SUMMARY

- Modifies the distribution structure of net profit from the proceeds of the sale of instant bingo conducted by veteran's, fraternal, or sporting organizations.
- Creates a \$100,000 net profit threshold under which no distribution is required.
- For net profit in excess of \$100,000 but less than or equal to \$250,000, requires at least 10% to be distributed to a charitable organization or government unit.

### DETAILED ANALYSIS

#### Distribution of instant bingo net profits

##### Veteran's, fraternal, or sporting organizations

The bill modifies the distribution structure of net profit from the proceeds of the sale of instant bingo conducted by veteran's, fraternal, and sporting organizations. Under the bill, a veteran's, fraternal, or sporting organization may retain the net profit from the proceeds of the sale of instant bingo for the first \$100,000. For annual net profit greater than \$100,000 but less than \$250,000, the organization must distribute 10% to a public charity, as determined in the Internal Revenue Code, or to a department or agency of the federal government, the state, or any political subdivision ("government unit").<sup>1</sup> The organization may deduct and retain not more than 90% for reimbursement of the organization's expenses.<sup>2</sup>

<sup>1</sup> See R.C. 2915.01(V)(1), not in the bill.

<sup>2</sup> See R.C. 2901.01(GG), not in the bill, which includes such items as the purchase of bingo supplies, license fees, bank fees, advertising, tables and chairs, facility operations, and real property taxes.

Under current law, these organizations must distribute annually 25% of their first \$250,000 of net profit to a public charity or government unit and may deduct and retain not more than 75% for reimbursement of expenses. Under continuing law, for any amount above \$250,000, these organizations must distribute at least 50% of the net profit to a public charity or government unit, may distribute 5% to their own charitable activity or a community action agency, and may deduct 45% for reimbursement of expenses. Finally, under ongoing law, the Attorney General may increase the statutory amount of \$250,000 to adjust for changes in prices according to the Consumer Price Index and other factors affecting the organization's expenses.<sup>3</sup>

Under continuing law, "net profit from the proceeds of the sale of instant bingo" means gross profit minus the ordinary, necessary, and reasonable expense expended for the purchase of instant bingo supplies, and, in the case of instant bingo conducted by a veteran's, fraternal, or sporting organization, minus the payment by that organization of real property taxes and assessments levied on a premises on which instant bingo is conducted.<sup>4</sup> The table below illustrates the changes made to the distribution structure.

<b>Veteran's, fraternal, and sporting organizations distribution of net profit from the proceeds of the sale of instant bingo</b>		
	<b>Current Law</b>	<b>H.B. 250, As Introduced</b>
Net profit at or below \$100,000	At least 25% of net profit must be distributed to a public charity or government unit.  Not more than 75% may be deducted and retained for the organization's expenses.	No distribution required.
Net profit between \$100,000 and \$250,000 (or adjusted amount)	At least 25% of net profit must be distributed to a public charity or government unit.  Not more than 75% may be deducted and retained for the organization's expenses.	At least 10% of net profit above the first \$100,000 must be donated to a public charity or government unit.  Not more than 90% may be deducted and retained for the organization's expenses.

<sup>3</sup> R.C. 2915.101.

<sup>4</sup> R.C. 2915.01(RR), not in the bill.

Veteran's, fraternal, and sporting organizations distribution of net profit from the proceeds of the sale of instant bingo		
	Current Law	H.B. 250, As Introduced
Net profit above \$250,000 (or adjusted amount)	At least 50% must be distributed to a public charity or government unit, and up to 5% may be distributed for the organization's own charitable purposes or to a community action agency.	Same as current law.

### Background on charitable bingo

The Ohio Constitution generally prohibits gambling, but includes exceptions for a state-run lottery, casino gaming at four specified facilities, and bingo conducted by charitable organizations for charitable purposes, as authorized and regulated by the General Assembly. Charitable organizations that wish to conduct bingo games must apply for a license from the Attorney General and comply with the requirements of the Revised Code and of administrative rules adopted by the Attorney General, including requirements governing the places, times, and manner of holding bingo games.<sup>5</sup>

In addition to traditional bingo, the Revised Code defines "bingo" to include instant bingo, in which paper tickets are sold to participants either in person or using a ticket dispenser, a portion of the ticket containing numbers, letters, or symbols that are concealed by a perforated pull tab, which the participant removes to reveal them. If the ticket shows a winning combination of numbers, letters, or symbols, the participant wins a prize.<sup>6</sup>

There are two types of instant bingo licenses: a license to conduct instant bingo at a traditional bingo session (instant bingo cards are handed out to participants who are also playing a game of traditional bingo), and a license to conduct instant bingo other than at a bingo session. Charitable organizations can generally conduct traditional bingo, and instant bingo at a bingo session, but can only conduct instant bingo other than at a bingo session on the premises of a third party.<sup>7</sup> Only veteran's, fraternal, and sporting organizations can conduct instant bingo other than at a bingo session on their own premises.<sup>8</sup>

<sup>5</sup> Ohio Constitution, Article XV, Section 6; R.C. Chapter 2915; and Ohio Administrative Code Chapter 109:1-4.

<sup>6</sup> R.C. 2915.01(O), not in the bill.

<sup>7</sup> R.C. 2915.08, not in the bill.

<sup>8</sup> R.C. 2915.091 and 2915.093, not in the bill.

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## HISTORY

Action	Date
Introduced	05-21-19

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