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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Legislative Budget
Office

H.B. 282
(1_133_1372-3)
133rd General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 282's Bill Analysis](#)

Version: In House Finance

Primary Sponsors: Reps. Holmes and LaRe

Local Impact Statement Procedure Required: No

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Highlights

- The work, costs, and revenue generated for use by the Attorney General's bingo regulation operation will increase. It is likely that the annual revenue gain will pay for the increase in annual operating expenses.
- State and local authorities may realize some increase in annual operating costs to conduct necessary civil and criminal enforcement actions.

Detailed Analysis

The bill notably: (1) allows the charitable organizations that currently offer instant bingo to offer the game using an electronic instant bingo device, (2) requires a manufacturer, before providing an electronic instant bingo system to any person for use in Ohio, to submit the system to an independent testing laboratory certified by the Ohio Casino Control Commission, with any cost paid by the manufacturer, and (3) requires any electronic instant bingo system approved for use in Ohio to include an internal report management system. In addition, the bill makes numerous changes that should promote efficiencies by clarifying the Gambling Law, and thus savings, in the use of operating and enforcement resources.

Conduct of instant bingo

The bill imposes several requirements regarding the conduct of instant bingo including those that a charitable organization must comply with to conduct electronic instant bingo, and further specifies what actions would qualify an individual as a bingo operator. The Attorney General is required to adopt rules to govern certain aspects of electronic instant bingo. As a result, the Attorney General will experience a minimal increase in administrative costs to promulgate rules.

Electronic instant bingo licensing

The bill will affect the revenues and expenditures of the Office of the Attorney General. The Attorney General's Charitable Law Section is responsible for licensing: (1) charitable organizations who apply for various bingo-related licenses, and (2) manufacturers and distributors of bingo supplies. In addition to its licensing function, the Section is authorized, in cooperation with local law enforcement agencies when necessary and appropriate, to investigate, examine accounts and records, conduct inspections, and take any other necessary and reasonable actions to administer and enforce the Charitable Gambling Law. The Section's operating expenses are financed with moneys appropriated from the Charitable Law Fund (Fund 4180). Its revenues consist of charitable trust, bingo (operators, distributors, and manufacturers), and professional solicitor filing and licensing fees, and registration and certification filing fees received for the use of sweepstakes terminal devices. The Section's expenses in excess of the money available in Fund 4180 are paid from other revenue mechanisms appropriated for use by the Attorney General.

Staff of the Attorney General has estimated that, based on similar legislation enacted by other states, the additional annual licensing revenue generated and credited to Fund 4180 could be as much as \$673,000 or more. This increase is a function of: (1) currently licensed organizations taking advantage of the revenue-generating potential of electronic instant bingo devices, the license for which is based upon the gross receipts from the conduct of bingo, and (2) new organizations applying for a license to conduct electronic instant bingo.

The work, and related operating expenses, of the Charitable Law Section will increase to review applications, conduct enforcement operations, and comply with the bill's other requirements including issuing license endorsements that the bill requires a distributor to have, and conduct additional background checks connected to any application for endorsement. Staff of the Attorney General has estimated that the Section's annual operating costs will increase by at least \$250,000, which includes the need for the equivalent of two full-time staff. It is likely that the existing cash flow in Fund 4180 can more or less support the Section's increased annual operating costs.

Enforcement

Based on the experience of other states that have enacted similar legislation, the Attorney General expects some increase in complaints, investigations, settlement negotiations, civil litigation, and criminal prosecutions. Under current law, the Attorney General is authorized to initiate civil and criminal actions with regard to bingo and gambling operations generally. It is LBO's understanding that the Attorney General's practice has been to address enforcement matters as a civil matter and to negotiate a settlement agreement to the degree that is the most appropriate remedy to the matter at hand.

Local law enforcement, the Ohio Department of Public Safety Investigative Unit, and the Ohio Casino Control Commission also have related enforcement duties, as the illegal use of electronic gambling machines is a criminal offense, a liquor permit violation, and may constitute an illegal slot machine.

A review of the Ohio Incident-Based Reporting System (OIBRS) indicates that, in any given year, there have been very few first-time criminal violations of the existing Gambling Law by charitable organizations, and no known instances of a subsequent violation. Whether the bill

will result in a noticeable increase in criminal violations requiring adjudication by local criminal justice systems is indeterminate.

Synopsis of Fiscal Effect Changes

The substitute version of H.B. 282 (l_133_1372-3) replaces the As Introduced requirement that all electronic instant bingo devices and supporting systems interface with a centralized report management system with one that instead requires any electronic instant bingo system to include an internal report management system that records information concerning the operation of the system and that meets the requirements adopted by the Attorney General by rule under the Administrative Procedure Act. Under the substitute bill, the Attorney General may, but is not required to, establish and maintain a centralized report management system that interfaces in real time with the internal report management system of every electronic instant bingo system in use in Ohio. The As Introduced bill estimated the cost of such a centralized system for the Attorney General at between \$2 million and \$4 million.

The substitute bill also establishes electronic instant bingo endorsement requirements. Should the Attorney General elect to collect fees related to endorsements, it would offset the costs incurred to monitor and inspect the instant bingo systems. Anyone who violates this requirement would be guilty of a misdemeanor of the first degree or a felony of the fifth degree on a subsequent related offense. As stated above under “**Enforcement,**” it seems likely that the Attorney General would continue to attempt to resolve any issues related to the endorsements before pursuing criminal charges.