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S.B. 269*
134th General Assembly

Bill Analysis

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Version: As Reported by Senate Government Oversight

Primary Sponsor: Sen. Manning

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SUMMARY

- Defines “internet lottery gaming” as an internet-based version of lottery gaming in which lots are drawn to determine a winner by chance among those who have purchased a lottery ticket.
- Specifies what kinds of games and gambling are not included in internet lottery gaming, namely: electronic versions of specific number match games or games of chance; horse wagering; casino gaming; fantasy contests; sports gaming and lottery sports gaming; or a casino game featuring the ability to reveal all symbols in the game through a single action.
- Clarifies that the State Lottery Commission has the authority to conduct internet lottery gaming.
- Requires the Commission to adopt rules to implement internet lottery gaming if the Commission elects to authorize internet lottery gaming.
- Imposes a one-year moratorium on conducting statewide joint lottery games as internet lottery gaming.
- Requires the Commission to pay all lottery sales agents an equal share of 3.5% of the sales generated by internet lottery gaming quarterly every year.
- Requires the Commission to increase the base commission rate earned by all lottery sales agents by 0.25% for the first year that internet lottery gaming is authorized by the Commission, then by another 0.25% afterward.

* This analysis was prepared before the report of the Senate Government Oversight Committee appeared in the Senate Journal. Note that the legislative history may be incomplete.

DETAILED ANALYSIS

Internet lottery gaming

What is internet lottery gaming?

The bill clarifies that the State Lottery Commission maintains the authority to conduct internet lottery gaming.¹ “Internet lottery gaming” is defined in the bill as an internet-based version of lottery gaming in which lots are drawn to determine a winner by chance among those who have purchased a lottery ticket. Internet lottery gaming does not include video lottery terminal games.²

The bill prohibits internet lottery gaming from including any of the following:

- Electronic versions of Pick 3,³ Pick 4,⁴ Pick 5,⁵ Rolling Cash Five,⁶ or Classic Lotto;⁷
- Electronic versions of games of chance as defined in the Gambling Law;⁸
- Wagering on horse racing;
- Casino gaming;⁹
- Fantasy contests;¹⁰
- Sports gaming, including lottery sports gaming;¹¹
- Any type of game that resembles a casino game featuring the ability to reveal all of the symbols in the game through a single action, such as by activating a “reveal all” game control or operation.¹²

¹ R.C. 3770.03(A) and 3770.26(B).

² R.C. 3770.26(A).

³ Ohio Administrative Code (O.A.C.) 3770:1-7-20.

⁴ O.A.C. 3770:1-7-25.

⁵ O.A.C. 3770:1-7-101.

⁶ O.A.C. 3770:1-9-23.

⁷ O.A.C. 3770:1-9-53.

⁸ “Game of chance” is defined in R.C. 2915.01, not in the bill as “poker, craps, roulette, or other game in which a player gives anything of value in the hope of gain, the outcome of which is determined largely by chance, but does not include bingo.”

⁹ See Ohio Constitution, Article XV, Section 6(C)(4) and Chapter 3772 of the Revised Code, not in the bill.

¹⁰ See Chapter 3774 of the Revised Code, not in the bill.

¹¹ See Chapter 3775 of the Revised Code, not in the bill.

¹² R.C. 3770.26(C).

Implementation

Under the bill, the Commission may conduct internet lottery gaming, though the Commission is not required to do so. If the Commission conducts internet lottery gaming, the Commission must adopt rules in accordance with the Administrative Procedure Act to implement internet lottery gaming.¹³

For one year after the bill's effective date, the Commission must not offer statewide joint lottery games as internet lottery games.¹⁴

Payment to lottery sales agents

Quarterly, the bill requires the Commission to pay all licensed lottery sales agents an equal share of the total value of 3.5% of sales generated by internet lottery gaming in that calendar quarter.¹⁵ Additionally, beginning at such time as the Commission elects to authorize internet lottery gaming, the Commission must increase the base commission rate paid to licensed lottery agents by 0.25% relative to the base commission rate in effect at the time of the bill's effective date. One year thereafter, the Commission must increase the base commission rate paid to licensed lottery agents by another 0.25% for a total of 0.5% relative to the base commission rate in effect at the time of the bill's effective date.¹⁶

At the time that this analysis was written, the base commission rate paid by the Commission to licensed lottery sales agents is 5.5%. The base commission rate is determined by the Director of the Commission.¹⁷

HISTORY

Action	Date
Introduced	11-23-21
Reported, S. Government Oversight	---

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¹³ R.C. 3770.26(B). See Chapter 119 of the Revised Code, not in the bill.

¹⁴ R.C. 3770.26(D). "Statewide joint lottery game" means a lottery game that the Commission sells solely within this state under an agreement with other lottery jurisdictions to sell the same lottery game solely within their statewide or other jurisdictional boundaries (R.C. 3772.02(J)(1), not in the bill).

¹⁵ R.C. 3770.26(E).

¹⁶ R.C. 3770.03(B)(3).

¹⁷ O.A.C. 3770-4-09.