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# OHIO LEGISLATIVE SERVICE COMMISSION

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## Synopsis of Senate Amendments

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### H.B. 29 of the 134<sup>th</sup> General Assembly

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#### **As Reported by Senate Veterans and Public Safety**

No changes made by committee.

#### **As Passed by the Senate**

##### **Athlete name, image, and likeness**

Allows intercollegiate athletes to earn compensation from their name, image, or likeness.

Prohibits an institution of higher education, athletic association, conference, or other group or organization with authority over intercollegiate athletics from taking specified actions regarding an intercollegiate athlete who earns, or obtains representation in relation to earning, compensation from the athlete's name, image, or likeness.

Specifies prohibitions and requirements with respect to contracts that provide compensation to an intercollegiate athlete for the use of the athlete's name, image, or likeness.

##### **Sports gaming**

###### **Overview**

Legalizes and regulates sports gaming (betting) in Ohio through sports gaming proprietors licensed and regulated by the Ohio Casino Control Commission to offer sports gaming online, at sports gaming facilities, and through terminals located in bars and restaurants.

Requires participants to be at least 21 and to be physically present in Ohio.

Requires the Commission to begin accepting license applications on January 1, 2022, and to begin issuing licenses on April 1, 2022.

###### **Permitted sporting events for betting**

Allows betting on any professional sport or athletic event, any collegiate sport or athletic event, any Olympic or international sports competition event, any motor race event, any horse race, or any other special event the Commission authorizes for sports gaming.

Prohibits betting on any sport or athletic event for primary or secondary school students that is conducted or sponsored by a primary or secondary school or by any other person.

Prohibits betting on an event that involves athletes or participants who are under 18, unless the Commission authorizes the event for sports gaming.

### **Sports gaming licenses**

Requires the Ohio Casino Control Commission to license sports gaming proprietors to offer sports gaming in Ohio under type A, type B, and type C licenses.

Requires the Commission also to license management services providers, who may contract with a sports gaming proprietor to operate sports gaming; type C sports gaming hosts; employees who are involved in the operation of sports gaming; and sports gaming suppliers.

Requires the Commission to license not more than 25 type A sports gaming proprietors to offer sports gaming through online sports pools and accompanying mobile applications.

Requires the Commission to license not more than 40 type B sports gaming proprietors to offer sports gaming at sports gaming facilities.

Sets a maximum number of sports gaming facilities that may be located in a county based on the county's population.

Requires the Commission to license at least three, and not more than 20, type C sports gaming proprietors to offer sports gaming through self-service terminals located at type C sports gaming hosts' facilities.

Specifies the process to apply for sports gaming proprietor licenses and the criteria the Commission must use in awarding licenses.

Allows a type A sports gaming proprietor to contract with not more than two mobile management services providers to offer sports gaming on the proprietor's behalf, except that if the proprietor is a professional sports organization, the proprietor may contract with only one mobile management services provider.

Allows a type B sports gaming proprietor to contract with one management services provider to offer sports gaming on the proprietor's behalf.

Requires a person that wishes to contract with both type A and type B sports gaming proprietors to obtain two separate licenses – a mobile management services provider license and a management services provider license – and provides processes to obtain and renew those licenses.

Specifies a process for a sports gaming proprietor that is prohibited by a league, association, or organization from operating sports gaming to appoint a management services provider and to establish a firewall between the proprietor and the management services provider in order to ensure the integrity of sporting events and of sports gaming.

Requires the Commission to approve the contract between a sports gaming proprietor and a management services provider.

Requires the Commission to adopt a rule setting a maximum number of contracts a mobile management services provider may have with type A sports gaming proprietors and a

maximum number of contracts a management services provider may have with type B sports gaming proprietors.

Allows the owner of a facility with a D-1, D-2, or D-5 liquor permit to apply to the Commission for a type C sports gaming host license to offer sports gaming through a type C sports gaming proprietor using self-service terminals located at the facility.

Specifies the process to obtain and renew such a license.

Requires an individual with sports gaming related duties with a sports gaming proprietor to receive a sports gaming occupational license, and specifies the process to apply for an initial or renewed sports gaming occupational license.

Requires a person or entity that provides sports gaming equipment or related services to a sports gaming proprietor or management services provider to have a sports gaming supplier license, and specifies the process to apply for an initial or renewed sports gaming supplier license.

Requires all applicants for sports gaming related licenses issued under the bill to establish their suitability by clear and convincing evidence and to meet certain criteria.

Specifies additional criteria for sports gaming proprietors, management services providers, and their parent companies.

Allows the Commission to deny, suspend, or revoke a license if the criteria are not met.

Requires sports gaming licensees to display their licenses or make them available for inspection.

Requires sports gaming licensees to report any material change in their information to the Commission, and requires the Commission to determine what it considers to be material.

### **Online sports gaming**

Allows a type A sports gaming proprietor to operate one or more online sports pool websites and accompanying mobile applications, and requires each website and mobile application to include the name or logo of the sports gaming proprietor and any management services provider in a conspicuous manner.

Requires the sports gaming proprietor to accept wagers only from individuals who are at least 21 and who are physically located in Ohio, and to use location based technology to prohibit individuals who are not physically present in Ohio from participating in sports gaming through the online sports pool.

Requires the server responsible for accepting wagers through the online sports pool to be located in a secure facility in Ohio.

Allows a type A sports gaming proprietor to accept a wager through an online sports pool only using a sports gaming account tied to the individual's legal name.

### **In person sports gaming**

Allows a type B sports gaming proprietor to operate one sports gaming facility per license, at which the sports gaming proprietor accepts wagers on sporting events from individuals who are at least 21 and who are physically present in the sports gaming facility, either in person or using self-service sports gaming terminals.

Requires a type B sports gaming proprietor to accept a wager only using a registration tied to the individual's legal name, unless the wager does not exceed a dollar limit determined by the Commission by rule.

Prohibits any person under 21 from entering a sports gaming facility, with certain exceptions.

Allows an employee of a sports gaming proprietor who is 18, 19, or 20 to be present in a sports gaming facility, so long as the employee's duties are not related to sports gaming.

Permits an individual who is under 21 to enter a sports gaming facility in order to pass to another area where sports gaming is not being conducted, but only if the individual is personally escorted by an employee of the sports gaming proprietor who remains in close proximity to the individual at all times in accordance with the Commission's rules.

Allows a type C sports gaming proprietor to accept wagers on sporting events that are made in person through self-service terminals located at one or more type C sports gaming hosts' facilities only from individuals who are at least 21 and who are physically present in the facility.

Allows no more than two terminals to be located in any host facility.

Specifies requirements for the terminals, including limits on the type and amount of wagers and a requirement that all financial transactions be electronic.

Requires the State Lottery Commission, in consultation with the Ohio Casino Control Commission, to work with type C sports gaming proprietors and hosts to implement and promote their sports gaming, and allows the State Lottery Commission to adopt rules under the Administrative Procedure Act for that purpose.

### **Persons who may not participate in sports gaming**

Specifies several categories of individuals who are not permitted to participate in sports gaming, including individuals who are on an exclusion list, who are associated with a sports gaming proprietor or with the Commission, or who are involved in a sporting event.

### **Permitted and prohibited sports wagers**

Provides that "sports gaming" with a type A or type B sports gaming proprietor (online or at a sports gaming facility) includes exchange wagering, parlays, spreads, over-under, moneyline, in-game wagering, single-game bets, teaser bets, in-play bets, proposition bets, pools, pari-mutuel sports wagering pools, straight bets, or any other type of wagering on sporting events approved by the Commission.

Limits “sports gaming” with a type C sports gaming proprietor to spread, over-under, and moneyline wagering on sporting events, as approved by the Commission, on terminals in bars and restaurants.

Allows the Commission, independently or at the request of any person, including a sports governing body, to prohibit or restrict wagers on a particular sporting event or to prohibit or restrict a particular type of wager.

Provides a process for a sports governing body to formally request the Commission to prohibit or restrict wagers on a particular sporting event or to prohibit or restrict a particular type of wager.

### **Sports gaming proprietor operating requirements**

Lists several requirements concerning sports gaming proprietors’ operations, including financial controls, integrity monitoring, recordkeeping, and requirements regarding promotional gaming credits and unclaimed winnings.

Requires a sports gaming proprietor, at the request of a sports governing body, to use official league data to determine the outcomes of proposition bets, so long as the Commission determines that the data are offered under commercially reasonable terms.

Allows a sports gaming proprietor to manage risk associated with wagers by rejecting or pooling one or more wagers or by laying off one or more wagers with another sports gaming proprietor.

Permits a sports gaming proprietor to employ a system that offsets loss or manages risk in the operation of sports gaming under the bill through the use of a liquidity pool in another jurisdiction, so long as certain requirements are met.

### **Ohio Casino Control Commission oversight**

Gives the Ohio Casino Control Commission jurisdiction over all persons conducting or participating in the conduct of sports gaming authorized under the bill.

Requires the Commission to adopt all rules regarding sports gaming in accordance with the Administrative Procedure Act.

Allows the Commission to adopt new regulatory restrictions under the bill during the first year after the bill’s effective date, without simultaneously removing two or more other existing regulatory restrictions.

Specifies several types of rules that the Commission must adopt governing sports gaming proprietors’ operations, including financial requirements, consumer protections, advertising guidelines, and the necessary capital investments in sports gaming facilities.

Requires the Commission to approve all sports gaming equipment and each form, variation, or composite of sports gaming to be used by sports gaming proprietors.

Requires the Commission to monitor all sports gaming conducted in Ohio, or contract with an independent integrity monitoring provider for that purpose, in order to identify any unusual betting activities or patterns that may indicate a need for further investigation.

Permits a sports governing body that believes the integrity of one of its sporting events is in question to formally request the Commission to make anonymized sports gaming data concerning the sporting event available to the sports governing body through the monitoring system, as soon after each bet is placed as is commercially reasonable.

Requires the Commission to keep confidential certain categories of information provided to the Commission by an applicant for a sports gaming license.

Specifies that certain information regarding sports gaming proprietors is subject to disclosure under the Public Records Law.

Requires the Commission to levy and collect fines for noncriminal violations of the bill and of the Commission's rules adopted under the bill.

Requires the Commission, law enforcement agencies, prosecutors, and sports governing bodies to cooperate in investigating potential violations of the bill or the Commission's rules.

Gives the Attorney General a civil cause of action to restrain any violation of the bill or of rules adopted under the bill.

### **Withholding amounts from sports gaming winnings**

Requires sports gaming proprietors to withhold state and certain municipal income taxes from patrons' winnings whenever federal income tax withholding is required.

Requires a sports gaming proprietor also to withhold any past due child or spousal support and any debts owed to the state or a political subdivision from any sports gaming winnings that meet or exceed the Internal Revenue Service federal income tax withholding threshold.

### **State revenue from sports gaming**

Imposes a 10% tax on a sports gaming proprietor's net revenue from sports gaming.

Requires that the sports gaming tax be administered in much the same way as the state's existing tax on casino revenue.

Creates the Sports Gaming Revenue Fund in the state treasury and requires that revenue from the tax imposed on sports gaming receipts, sports gaming proprietor and management services provider licensing fees, and certain fines collected by the Ohio Casino Control Commission be deposited in the fund.

Requires that 98% of the money in the Sports Gaming Revenue Fund, after deductions for tax refunds and administrative costs, be transferred to the Sports Gaming Profits Education Fund to be used for public and nonpublic K-12 education, with half the money in the Sports Gaming Profits Education Fund dedicated to interscholastic athletics and other extracurricular activities for K-12 students.

Requires that the remaining 2% of the money in the Sports Gaming Revenue Fund be transferred to the Problem Sports Gaming and Addiction Fund to pay the costs of program services to alleviate problem sports gaming in Ohio.

Specifies that sports gaming proprietors must pay commercial activity tax only on their net receipts from sports gaming, not on gross receipts.

Allows the Department of Taxation to share sports gaming tax information with the Ohio Casino Control Commission.

### **Criminal prohibitions regarding sports gaming**

Sets out a number of criminal prohibitions related to the operation of sports gaming.

### **Shipments of gambling devices**

States that all shipments of gambling devices, including any sports gaming equipment, to sports gaming licensees in Ohio are legal shipments of gambling devices into Ohio, as long as the supplier registers, records, and labels the equipment in accordance with the federal Gambling Devices Act of 1962.

### **Select Committee on Sports Gaming and Problem Gambling**

Creates the Select Committee on Sports Gaming and Problem Gambling, which must study certain issues related to the distribution of the money in the Sports Gaming Revenue Fund and compulsive and problem gambling prevention.

Specifies the process for appointing the members of the Select Committee and requirements for its operation.

Requires the Select Committee to submit a report of its findings to the General Assembly not later than January 1, 2022, and to cease to exist after it submits the report.

### **Esports**

Specifies that the General Assembly intends to introduce comprehensive legislation governing wagering on esports events (organized video game competitions between professional players).

### **Charitable bingo**

#### **Electronic instant bingo**

Establishes electronic instant bingo as a separate type of bingo, along with traditional bingo, raffles, and instant bingo, but largely regulates the operation of electronic instant bingo in the same manner as instant bingo.

Requires the Attorney General to begin to accept applications for license to conduct electronic instant bingo on January 1, 2022, and to begin to issue those licenses on April 1, 2022.

Defines “electronic instant bingo” as a form of bingo that consists of an electronic or digital representation of instant bingo and that meets a series of requirements.

Defines an “electronic instant bingo system” as a mechanical, electronic, digital, or video device that is used to play electronic instant bingo and any associated equipment or software used to conduct, manage, monitor, or document any aspect of electronic instant bingo.

Includes requirements designed to prevent an electronic instant bingo system from resembling or operating like a slot machine.

Allows a veteran's or fraternal organization to offer electronic instant bingo at one location on a maximum of seven machines, so long as it has an appropriate status under the Internal Revenue Code; qualified as a veteran's or fraternal organization on or before June 30, 2021; and has not conducted a raffle in violation of the Revised Code using an electronic raffle machine at any time after January 1, 2022.

Requires electronic instant bingo proceeds to be distributed in the same manner as instant bingo proceeds are distributed under continuing law.

Applies the same recordkeeping and operating requirements to electronic instant bingo as currently apply to instant bingo.

Requires the Attorney General to adopt rules under the Administrative Procedure Act to ensure the integrity of electronic instant bingo, and lists several topics that must be covered under those rules.

Requires a licensed distributor or manufacturer of bingo supplies to obtain an electronic instant bingo endorsement to the distributor's or manufacturer's license in order to distribute or manufacture electronic instant bingo systems.

Specifies requirements for a distributor or manufacturer to receive an endorsement, including passing a criminal records check, providing a surety bond, and paying the appropriate fee.

Allows the Attorney General to suspend or revoke an endorsement for violations of Ohio's gambling laws or rules.

Requires an individual who installs, maintains, updates, or repairs an electronic instant bingo system also to hold an appropriate and valid occupational license issued by the Ohio Casino Control Commission.

Requires a manufacturer of an electronic instant bingo system first to submit the system to an independent testing laboratory and to the Attorney General for approval.

Requires every electronic instant bingo system in use in Ohio to meet certain monitoring, recordkeeping, and verification requirements.

Allows the Attorney General to establish by rule an annual fee to be paid by electronic instant bingo system distributors to cover the cost of monitoring and inspecting systems under the bill.

Prohibits several types of conduct related to the operation of electronic instant bingo and the sale of electronic instant bingo systems and imposes a criminal penalty for a violation of the bill or the Attorney General's rules.

### **Bingo licenses, generally**

Allows the Attorney General to deny a bingo license to an organization, or suspend an organization's bingo license for up to five years, if the Attorney General has good cause to



believe that any director or officer of the organization has breached the director's or officer's fiduciary duty to the organization.

Allows the Attorney General to deny, suspend, or limit a bingo distributor or manufacturer license if the Attorney General has good cause to believe that the distributor or manufacturer, or certain partners, officers, or owners, have committed a breach of fiduciary duty, theft, or other misconduct related to a charitable organization that has a bingo license.

Eliminates a requirement that a youth athletic park organization's playing fields have been used for nonprofit youth athletic activities for at least 100 days during a given year in order for the organization to obtain a bingo license.

Requires a bingo license to indicate whether it is a Type I, Type II, or Type III license.

Makes numerous stylistic and technical changes to the section of law governing bingo licenses in order to incorporate "Type I," "Type II," and "Type III" license terminology, to clarify that an organization does not need a license to conduct a raffle, and generally to make the section easier to read.

### **Punch boards and seal cards**

Clarifies that punch boards and seal cards are types of instant bingo games and may be played under an instant bingo license.

### **Minors playing traditional bingo**

Makes a technical correction to clarify the penalty that applies to a charitable organization if it permits a person the organization knows, or should have known, is under 18 to play traditional bingo.

### **Bingo Law enforcement**

Allows the Attorney General or a law enforcement agency to examine the accounts and records of any officer, agent, trustee, member, or employee of a charitable organization with a bingo license.

Permits the Attorney General to impose a civil fine on an organization for failure to comply with the Bingo Law or related rules.

Permits the Attorney General or a law enforcement agency to investigate a bingo distributor or manufacturer or any officer, agent, trustee, member, or employee of the bingo distributor or manufacturer in relation to violations of the Bingo Law.

Permits the Attorney General to impose a civil fine on a distributor or manufacturer for failure to comply with the Bingo Law or related rules.

## **Casinos**

### **Withholding amounts from casino winnings**

Modifies the threshold and deadlines in the current law that requires a casino operator to withhold the amount of any past due child or spousal support from a patron's casino winnings, if the winnings meet or exceed a certain threshold.

Requires a casino operator to withhold the amount of any debt a patron owes to the state or a political subdivision from the patron's casino winnings, if the winnings exceed the IRS reporting threshold, in addition to any past due child or spousal support required under continuing law.

### **Institutional investors**

Changes the definition of an institutional investor to include a listed type of person or entity, such as a bank or investment firm, that owns 5% or more, but *less than 25%*, instead of 15%, of an ownership interest in a casino facility, casino operator, management company, or holding company.

## **Ohio Lottery**

### **Withholding amounts from lottery prize awards**

Changes the threshold amounts in the laws requiring the State Lottery Commission to withhold state income tax, past due child or spousal support, and debts to the state or a political subdivision from lottery prize awards that meet or exceed the threshold.

### **Select Committee on iLottery**

Creates the Select Committee on iLottery, which must study the potential effects of online lottery ticket sales (known as iLottery) on retail lottery ticket sales in Ohio.

Specifies the process for appointing the members of the Select Committee and requirements for its operation.

Requires the Select Committee to submit a report of its findings to the General Assembly not later than January 1, 2022, and to cease to exist after it submits the report.

## **Technical changes related to the Fresh Start Act**

Makes technical corrections to several sections of the Casino Law in order to accommodate the requirements of the Fresh Start Act, H.B. 263 of the 133<sup>rd</sup> General Assembly, which takes effect October 9, 2021.