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SUMMARY

Sports gaming

Overview

- Legalizes and regulates sports gaming (betting) in Ohio through sports gaming proprietors licensed and regulated by the Ohio Casino Control Commission (OCCC) to offer sports gaming online, at sports gaming facilities, and in the form of lottery sports gaming at bars and restaurants.
- Requires participants to be at least 21 and to be physically present in Ohio.
- Requires the Executive Director of OCCC to set an initial licensing schedule and a universal start date for sports gaming that is not later than January 1, 2023.

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 esports event, or any other special event OCCC authorizes for sports gaming.
- Prohibits betting on any sport or athletic event for primary or secondary school students.
- Prohibits betting on an event that involves athletes or participants who are under 18, unless OCCC authorizes the event for sports gaming.

Permitted and prohibited wagers

- Provides that for purposes of wagering online or in a sports gaming facility, "sports gaming" 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 OCCC.

- Limits lottery sports gaming to spread, over-under, and moneyline wagering and certain types of parlay wagering on sporting events, as approved by OCCC.
- Allows OCCC, 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 OCCC to prohibit or restrict wagers on a particular sporting event or to prohibit or restrict a particular type of wager.

Online sports gaming

- Allows a type A sports gaming proprietor to operate one or more online sports pool websites and accompanying mobile applications.
- Requires the 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 proprietor to accept a wager through an online sports pool only using a sports gaming account tied to the individual's legal name.

Sports gaming facilities

- Allows a type B sports gaming proprietor to operate one sports gaming facility per license, at which the proprietor accepts wagers on sporting events from individuals who are at least 21 and who are physically present in the facility, either in person or using self-service sports gaming terminals.
- Requires the 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 OCCC rule.
- Prohibits any person under 21 from entering a sports gaming facility, with certain exceptions for employees and for persons who are passing through to another area.

Lottery sports gaming

- Requires the State Lottery Commission (LOT) to operate lottery sports gaming as part of the statewide lottery, and requires each type C sports gaming proprietor to contract with LOT to operate lottery sports gaming on behalf of LOT in exchange for a portion of the state's proceeds from lottery sports gaming.

- Allows a type C sports gaming proprietor, acting on behalf of LOT, to accept wagers on sporting events only at type C sports gaming hosts' facilities on self-service or clerk-operated terminals, and only from individuals who are at least 21 and who are physically present in the facility.
- Specifies requirements for lottery sports gaming, including limits on the type and amount of wagers and the accepted methods of payment.
- Allows LOT to adopt rules in consultation with OCCC to implement the act, so long as those rules are not in conflict with OCCC rules.

Sports gaming licenses

- Requires OCCC to license sports gaming proprietors to offer sports gaming in Ohio under type A, type B, and type C licenses.
- Requires OCCC also to license management services providers, who may contract with a type A or type B 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.

Sports gaming proprietors

- Initially sets a maximum of 25 licensed type A sports gaming proprietors, who offer sports gaming through online sports pools and accompanying mobile applications, with an option for OCCC to issue additional type A licenses under certain circumstances.
- Requires OCCC 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 OCCC to license at least two, and not more than 20, type C sports gaming proprietors to contract with LOT to offer lottery sports gaming at type C sports gaming hosts' facilities.
- Specifies the process to apply for sports gaming proprietor licenses and the criteria OCCC must use in awarding licenses.

Management services providers

- Creates two categories: "mobile management services providers," which may contract with type A sports gaming proprietors, and "management services providers," which may contract with type B sports gaming proprietors, to operate sports gaming on behalf of the proprietors.
- Allows a type A sports gaming proprietor, in general, to contract with only one mobile management services provider, but allows for a second contract under certain circumstances.

- Allows a type B sports gaming proprietor to contract with one management services provider.
- Requires a separate mobile management services provider or management services provider license for each contract, and requires OCCC to set a maximum number of licenses a person may hold.
- Provides processes to obtain and renew those licenses.
- Specifies a process for a professional sports organization that is prohibited by a league, association, or organization from operating sports gaming to appoint a mobile management services provider or management services provider and to establish a firewall between the professional sports organization and the provider in order to ensure the integrity of sporting events and of sports gaming.
- Requires OCCC to approve the contract between a sports gaming proprietor and a mobile management services provider or a management services provider.

Type C sports gaming hosts

- Allows the owner of a facility with a D-1, D-2, or D-5 liquor permit to apply to OCCC for a type C sports gaming host license to offer lottery sports gaming at the facility through a type C sports gaming proprietor.
- Specifies the process to obtain and renew such a license.
- Provides requirements concerning agreements between type C sports gaming proprietors and their hosts.

Sports gaming occupational licenses

- Requires an individual with sports gaming related duties with a sports gaming proprietor to receive a sports gaming occupational license.
- Exempts a type C sports gaming host and its employees from the requirement to obtain a sports gaming occupational license.
- Specifies the process to apply for an initial or renewed sports gaming occupational license.

Sports gaming suppliers

- 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.
- Specifies the process to apply for an initial or renewed sports gaming supplier license.

License preferences and suitability factors

- Requires OCCC, in issuing initial and renewed type A and B sports gaming proprietor licenses, to give preference to applicants that are professional sports organizations, casino operators, or racino operators.

- Prohibits OCCC from giving preference to an applicant for a sports gaming proprietor license on the basis that the applicant, or the applicant's parent company or subsidiary, currently contract, or have contracted, with LOT or any other state agency.
- Requires OCCC to consider certain factors in issuing sports gaming proprietor, management services provider, and sports gaming supplier licenses.

Denial, suspension, and revocation of licenses

- Requires all applicants for sports gaming related licenses issued under the act, other than type C sports gaming hosts, 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 OCCC to deny, suspend, or revoke a license if the criteria are not met.

Equity in licensing

- Requires an independent study to determine whether, and the extent to which, qualified persons experience discrimination or disadvantage in the sports gaming industry on the basis of their membership in a racial minority group, their color or ethnicity, their gender, or their disability.
- Requires that, if OCCC determines that the results of the study so warrant, OCCC must establish goals to ensure that sports gaming licenses are issued to disadvantaged applicants on an equitable basis with other applicants.

Display of license

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

Changes to license information

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

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 OCCC, or who are involved in a sporting event.
- Requires OCCC to maintain an involuntary exclusion list for purposes of sports gaming, as well as a voluntary exclusion program.
- Requires a sports gaming proprietor to employ commercially reasonable methods to prevent those individuals from placing bets with the proprietor.

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.

OCCC oversight

- Gives OCCC jurisdiction over all persons conducting or participating in the conduct of sports gaming authorized under the act.
- Requires OCCC to adopt all rules regarding sports gaming in accordance with the Administrative Procedure Act.
- Exempts OCCC and LOT rules regarding sports gaming from continuing-law limitations on agency regulatory restrictions.
- Specifies several types of rules that OCCC must adopt governing sports gaming proprietors' operations, including financial requirements, consumer protections, advertising guidelines, and the necessary capital investments in sports gaming facilities.
- Requires OCCC to approve all sports gaming equipment and each form, variation, or composite of sports gaming to be used by sports gaming proprietors.
- Requires OCCC 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.
- Requires OCCC to prescribe rules requiring sports gaming proprietors to share anonymized sports gaming data with sports governing bodies and state universities for certain purposes.
- Requires OCCC to keep confidential certain categories of information provided to OCCC 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.
- Allows OCCC to conduct adjudications under the Administrative Procedure Act to regulate sports gaming, and allows OCCC's Executive Director to issue emergency orders for that purpose.
- Requires OCCC to levy and collect fines for noncriminal violations of the act and of OCCC's rules adopted under the act.
- Requires OCCC, law enforcement agencies, prosecutors, and sports governing bodies to cooperate in investigating potential violations of the act or OCCC's rules.
- Gives the Attorney General a civil cause of action to restrain any violation of the act or of rules adopted under the act.

Withholding amounts from sports gaming winnings

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

Lottery sports gaming revenue

- Treats the proceeds of lottery sports gaming the same as the state's other lottery proceeds, and requires the state's profits to be used to support public education.

Tax on sports gaming

- Imposes a 10% tax on a type A or type B 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.
- Applies the sports gaming tax to any unlicensed person who operates a sports gaming facility.

Distribution of state sports gaming revenue

- Creates the Sports Gaming Revenue Fund in the state treasury and requires that revenue from the tax imposed on sports gaming receipts, most sports gaming proprietor and management services provider license fees, and certain fines collected by OCCC 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 and 2% be transferred to the Problem Sports Gaming and Addiction Fund.
- Requires that the money in the Sports Gaming Profits Education Fund be used for the support of public and nonpublic K-12 education, with one-half used to support K-12 interscholastic athletics and other extracurricular activities.
- Allocates 0.5% of sports gaming proprietor and management services provider license fees to the Sports Gaming Profits Veterans Fund, which the Director of Veterans Services must use to fund certain programs.

Commercial activity tax on sports gaming proprietors

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

Sharing of confidential tax information

- Allows the Department of Taxation to share sports gaming tax information with OCCC.

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.

Implementation process

- Requires the OCCC Executive Director to designate a universal start date for sports gaming that is not later than January 1, 2023, and prohibits sports gaming in Ohio before that date.
- Requires the Executive Director to set a series of deadlines for the purpose of issuing sports gaming licenses in anticipation of the universal start date.
- Allows the Executive Director to issue provisional sports gaming licenses through June 30, 2023.

Joint Committee on Sports Gaming

- Establishes the Joint Committee on Sports Gaming, which must monitor the implementation of sports gaming under the act and report its recommendations, if any, to the General Assembly.
- Specifies the process for appointing House and Senate members to the Joint Committee and requirements for its operation.
- Specifies that the Joint Committee ceases to exist on March 23, 2024.

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.

Casinos

OCCC procedures

- Clarifies that OCCC must use the same administrative procedures in order to fine or penalize an applicant, licensee, or other person as OCCC uses under continuing law in order to limit, condition, restrict, suspend, revoke, deny, or refuse to renew a license.
- Modifies the procedures that apply when OCCC adds a person’s name to the casino involuntary exclusion list.
- Adds language to the law to explicitly allow OCCC to share information about the participants in the casino voluntary exclusion program with LOT.
- Expands the Revised Code’s general definition of “peace officer” to include OCCC’s gaming agents.

Casino operations

- 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.
- Eliminates a requirement that a casino operator obtain OCCC’s approval before acquiring certain types of debt.
- Applies the gross casino revenue tax to any unlicensed person who operates a casino.
- Makes technical corrections to several sections of the Casino Law in order to accommodate the requirements of the Fresh Start Act.

Electronic instant bingo

- Eliminates a requirement in law that any individual who installs, maintains, updates, or repairs an electronic instant bingo system hold an appropriate and valid occupational license issued by OCCC.

Horse racing

- Adjusts the permitted uses of the Ohio State Racing Commission Fund.

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DETAILED ANALYSIS

Sports gaming

Overview

The act legalizes and regulates sports gaming (betting) in Ohio through sports gaming proprietors licensed and regulated by the Ohio Casino Control Commission (OCCC) to offer sports gaming online, at sports gaming facilities, and in the form of lottery sports gaming at bars and restaurants. Participants must be at least 21 and must be physically present in Ohio. The Executive Director of OCCC must set an initial licensing schedule and a universal start date for sports gaming that is not later than January 1, 2023.¹

Under prior law, taking and paying off bets on the outcomes of sporting events was considered illegal gambling. The act makes an exception for the forms of sports gaming permitted under the act, but sports betting outside the framework of the act remains illegal.²

The federal Professional and Amateur Sports Protection Act of 1992 (PASPA) generally prohibits the states from legalizing sports betting. However, in 2018, the U.S. Supreme Court overturned PASPA on the ground that it violates the states' rights under the 10th Amendment to the U.S. Constitution. Consequently, that law no longer prevents Ohio from legalizing and regulating sports betting.³

Permitted sporting events for betting

Under the act, "sports gaming" means the business of accepting wagers on sporting events. To "wager" or "bet" means to risk a sum of money or thing of value on an uncertain occurrence. "Sports gaming" does not include casino gaming, fantasy contest entry fees, horse racing wagering, or lottery games (other than lottery sports gaming, described below), which are all regulated separately under continuing law.

¹ R.C. Chapter 3775 and Section 4 of the act.

² R.C. 2915.01(A).

³ R.C. 2915.02, not in the act, and *Murphy v. National Collegiate Athletic Association*, 138 S.Ct. 1461 (2018).

A “sporting event” that may be bet on under the act is any of the following, the individual performance statistics of athletes or participants in any of the following, or a combination:

- **A professional sport or athletic event**, meaning an event at which two or more persons participate in sports or athletic events and receive compensation, or the potential for compensation based on their performance, in excess of actual expenses for their participation in the event;
- **A collegiate sport or athletic event**, meaning a sport or athletic event offered, sponsored by, or played in connection with a public or private post-secondary educational institution;
- **An Olympic or international sports competition event**;
- **A motor race event**;
- **An esports event**, meaning an organized video game competition that is regulated by a sports governing body and that is held between professional players who play individually or as teams. (A sports governing body is a regional, national, or international organization having ultimate authority over the rules and codes of conduct with respect to a sporting event and the participants in the sporting event, such as a professional sports league.)
- **Any other special event** that OCCG authorizes for sports gaming.

The act 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, or on the individual performance statistics of athletes or participants in the sport or athletic event. For example, betting on high school sports is not allowed under the act.

The act also prohibits betting on an event that involves athletes or participants who are under 18 or on the individual performance statistics of athletes or participants in such an event, unless OCCG authorizes the event for sports gaming.⁴

Permitted and prohibited wagers

For purposes of wagering online or in a sports gaming facility, “sports gaming” 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 OCCG. However, lottery sports gaming may only include spread, over-under, and moneyline wagering and certain types of parlay wagering on sporting events, as approved by OCCG.⁵

⁴ R.C. 3772.01 and 3775.01.

⁵ R.C. 3775.01. For explanations of several common types of sports wagers, see Vegas.com, [Sports Betting](#), and Online Gambling Sites, [How to Bet on Sports – Guide to the Different Types of Wagers](#).

The act allows OCCC, independently or at the request of any person, including a sports governing body, to adopt rules to prohibit or restrict wagering on a particular sporting event or to prohibit or restrict a particular type of wager. OCCC also must adopt rules prescribing a process by which OCCC may impose such a prohibition or restriction on a temporary emergency basis instead of by rule.

A sports governing body may formally request OCCC to prohibit or restrict wagering on a particular sporting event or to prohibit or restrict a particular type of wager. The sports governing body must submit the formal request in the form and manner prescribed by OCCC. Upon receiving the request, OCCC promptly must send written notice of the request to every sports gaming proprietor and must consider any timely response submitted by a sports gaming proprietor.

If OCCC determines that the sports governing body has shown good cause through its formal request to grant the prohibition or restriction, OCCC promptly must grant it. If OCCC determines that the sports governing body has not shown good cause, OCCC promptly must provide the sports governing body with notice and an opportunity for a hearing to offer further evidence in support of granting the prohibition or restriction.⁶

Online sports gaming

The act allows a type A sports gaming proprietor to operate one or more online sports pool websites and accompanying mobile applications. “Online sports pool” means sports gaming in which a wager on a sporting event is made through a computer or mobile device and accepted through an online gaming website. Each website and mobile application must include the name or logo of the proprietor and any management services provider in a conspicuous manner.

The proprietor may accept wagers only from individuals who are at least 21 and who are physically located in Ohio. The proprietor must use location based technology (sometimes called geofencing) to prohibit individuals who are not physically present in Ohio from participating in sports gaming through the online sports pool. The server responsible for accepting wagers through the online sports pool also must be located in a secure facility in Ohio.

A proprietor may accept an online wager from an individual only using the individual’s sports gaming account. A sports gaming account is an electronic account that an individual establishes for the purpose of sports gaming, including making deposits and withdrawals, wagering amounts, and receiving payouts on winning wagers. The sports gaming account must be in the individual’s full legal name, and must not be in the name of any beneficiary, custodian, joint trust, corporation, partnership, or other organization or entity. An individual may establish and fund a sports gaming account in person through employees or sales agents of a sports gaming proprietor or, pursuant to OCCC’s rules, over the internet through a proprietor’s

⁶ R.C. 3775.02(C).

website or mobile application in a manner that complies with the proprietor's internal controls.⁷

Sports gaming facilities

The act allows a type B sports gaming proprietor to operate one sports gaming facility per license, at which the 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. The act's licensure requirements, discussed below, limit the locations of sports gaming facilities based on county population and limit the total number of facilities statewide to 40.

In general, before accepting any wager on a sporting event, a type B proprietor must require the individual to register with the proprietor, provide the individual's full legal name and any other information required by OCCC or requested by the proprietor, and place all wagers on sporting events placed with the proprietor through that registration. But, a type B proprietor may accept an anonymous wager from an individual if the amount of the wager does not exceed a dollar limit determined by OCCC by rule.

The act generally prohibits any person under 21 from entering a sports gaming facility. However, an employee of a sports gaming proprietor who is 18, 19, or 20 may be present in a sports gaming facility, if the employee's duties are not related to sports gaming. (An employee must be 21 to receive a sports gaming occupational license.)

An individual who is under 21 may 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 proprietor who remains in close proximity to the individual at all times in accordance with OCCC's rules.⁸

Lottery sports gaming

Administrative requirements

The act requires the State Lottery Commission (LOT) to operate lottery sports gaming as part of the statewide lottery. (LOT is not required to be licensed as a sports gaming proprietor for that purpose.) Each type C sports gaming proprietor must contract with LOT to operate lottery sports gaming on behalf of LOT in exchange for a portion of the state's proceeds from lottery sports gaming. This is similar to the state's continuing arrangement for the operation of other lottery games. OCCC still must license and regulate type C sports gaming proprietors the same as other sports gaming proprietors.

The act allows a type C proprietor, acting on behalf of LOT, to offer lottery sports gaming only at type C sports gaming hosts' facilities on self-service or clerk-operated terminals, and only to individuals who are at least 21 and who are physically present in the facility. As is

⁷ R.C. 3775.04(A) and 3775.11.

⁸ R.C. 3775.04(B) and 3775.12.

discussed below in more detail, a type C sports gaming host must be licensed by OCCC and must have a D-1, D-2, or D-5 liquor permit for the facility, such as a bar or restaurant. However, the host's staff are not required to have sports gaming occupational licenses.

If a type C proprietor intends to install more than two terminals in any host's facility, the proprietor must notify OCCC of that fact not later than seven days before installing the additional terminals. OCCC may disallow the installation of more than two terminals in the facility, in accordance with OCCC rules. A type C proprietor may adapt any existing self-service or clerk-operated lottery terminals owned or operated by the proprietor or by LOT also to serve as lottery sports gaming terminals, subject to OCCC and LOT rules. That is, if LOT's current contractor that operates other lottery games obtains a type C proprietor license, that contractor may adapt its existing lottery terminals to offer sports gaming in addition to other games.

LOT may adopt rules under the Administrative Procedure Act, in consultation with OCCC, to implement the act, so long as those rules are not in conflict with OCCC rules. The act requires OCCC and LOT rules concerning lottery sports gaming to apply identically in all applicable respects to lottery sports gaming offered on a self-service terminal and to lottery sports gaming offered on a clerk-operated terminal. For example, a type C proprietor must be permitted to offer the same types of wagers through self-service terminals as through clerks.⁹

Conduct of lottery sports gaming

Under the act, lottery sports gaming is subject to the same general regulations as other sports gaming, but is a more limited form of sports gaming. A type C sports gaming proprietor may offer only the following types of wagers, as approved by OCCC: spread wagers, over-under wagers, moneyline wagers, and parlay wagers that are based on not more than four component wagers. As with other types of sports gaming, the self-service terminal or the clerk, as applicable, must verify that the participant is at least 21.

A self-service terminal or clerk must not accept wagers aggregating more than \$700 in a calendar week from any one participant. And, a participant may pay only by cash, credit card, debit card, or electronic payment account. "Electronic payment account" means an account maintained with a third party for purposes of making electronic payments, such as PayPal, Google Pay, or Apple Pay, that is intended for general use and not only for sports gaming purposes. A participant may not pay using an electronic sports gaming account of the kind used for mobile betting with a type A sports gaming proprietor.

Winnings from lottery sports gaming generally are treated the same as any other lottery prize award. If a person's winnings are of an amount that is not subject to withholding of taxes and other amounts (generally, less than \$600), the person may receive them as a credit to the person's credit or debit card or electronic payment account; in cash from any type C sports gaming host; or by any additional method permitted by LOT rules. If the winnings are subject to

⁹ R.C. 3770.03, 3770.23, 3770.24, 3770.25, 3775.01, 3775.02(A), and 3775.03(A).

withholding, the person may receive them in the same manner as any other lottery prize award that is subject to withholding. LOT currently allows winners to claim larger lottery prizes online, by mail, or in person at certain offices throughout Ohio, after they complete the required paperwork for tax purposes.¹⁰

Sports gaming licenses

The act requires OCCC to license sports gaming proprietors to offer sports gaming in Ohio under type A, type B, and type C licenses. As used in the act, “sports gaming proprietor” means a person licensed by OCCC under a type A, type B, or type C license.¹¹ The act also requires OCCC to license management services providers, who may contract with a type A or type B 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.

Type A sports gaming proprietors

A type A sports gaming proprietor license authorizes a proprietor to offer sports gaming through one or more online sports pools and accompanying mobile applications. The act initially sets a maximum of 25 licensed type A sports gaming proprietors at any one time. However, when that maximum is reached, the act allows OCCC to issue additional type A licenses to eligible applicants who demonstrate to OCCC that Ohio’s sports gaming market needs additional type A licenses.

In addition to meeting several other requirements discussed below, to be eligible for the license, a type A sports gaming proprietor must either (1) operate a sports gaming facility under a type B sports gaming proprietor license, or (2) maintain at least one operational place of business in Ohio at which the proprietor regularly maintains multiple employees.

OCCC must adopt by rule a procedure allowing OCCC to revoke a type A sports gaming proprietor license if the proprietor does not offer sports gaming to patrons under the license for a continuous period of one year or more.¹²

Type B sports gaming proprietors

A type B sports gaming proprietor license authorizes a proprietor to offer sports gaming at one sports gaming facility at a location specified on the license. The act requires OCCC to license not more than 40 type B sports gaming proprietors at any one time, and sets a maximum number of sports gaming facilities that may be located in a county based on the county’s population as determined by the 2010 federal census, as follows:

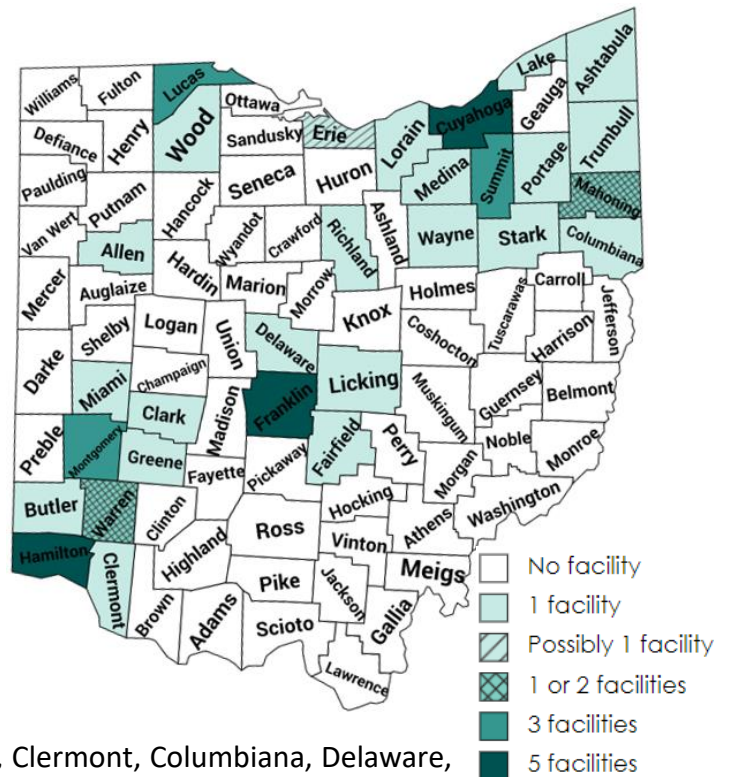
¹⁰ R.C. 3770.07, 3770.10, and 3770.25.

¹¹ R.C. 3775.01.

¹² R.C. 3775.01 and 3775.04(A).

No sports gaming facility in a county with a population of less than 100,000, except:

- If the county has a population of at least 50,000, OCCC may permit one facility if OCCC determines, in consultation with the Department of Development, that the county received at least 5 million visitors for purposes of tourism during the most recent calendar year for which the necessary data are available. It appears that Erie County might qualify under this exception.¹³
- One sports gaming facility in a county with a population of 100,000 to 399,999 (Allen, Ashtabula, Butler, Clark, Clermont, Columbiana, Delaware, Fairfield, Greene, Lake, Licking, Lorain, Mahoning, Medina, Miami, Portage, Richland, Stark, Trumbull, Warren, Wayne, and Wood counties), except:
 - If a racino is operating in the county, OCCC may license one additional facility. Of those counties, Mahoning and Warren counties currently have racinos.
 - Three sports gaming facilities in a county with a population of 400,000 to 799,999 (Lucas, Montgomery, and Summit counties);
 - Five sports gaming facilities in a county with a population of 800,000 or more (Cuyahoga, Franklin, and Hamilton counties).



OCCC cannot grant the maximum number of licenses in every county because doing so would mean issuing 49 licenses instead of the statewide maximum of 40.

The act allows OCCC to issue an initial type B sports gaming proprietor license only to a person who conducts significant economic activity in the county in which the sports gaming facility is to be located. OCCC must consult the Department of Development in making that determination.¹⁴

¹³ Ohio's Lake Erie Shores and Islands, *State of Tourism: An Overview of 2018*.

¹⁴ R.C. 3775.01 and 3775.04(B). See also U.S. Census Bureau, *Ohio: 2010 Summary Population and Housing Characteristics*.

Type C sports gaming proprietors

A type C sports gaming proprietor license authorizes a proprietor to contract with LOT to offer lottery sports gaming through self-service or clerk-operated terminals located at certain host facilities, such as bars and restaurants. OCCC must license at least two, and not more than 20, type C sports gaming proprietors at any one time. However, if only one eligible and suitable person applies for a type C sports gaming proprietor license, OCCC must issue the license.¹⁵

Application for sports gaming proprietor license

An applicant for an initial or renewed type A, type B, or type C sports gaming proprietor license must do all of the following:

- Submit a written application on a form furnished by OCCC;
- Pay a nonrefundable application fee in an amount prescribed by OCCC by rule;
- Submit two complete sets of fingerprints to OCCC for the purpose of conducting a criminal records check through the Ohio Bureau of Criminal Identification and Investigation (BCII) and pay the BCII fee for the check;
- Submit an audit of the applicant's financial transactions and the condition of the applicant's total operations for the previous fiscal year prepared by a certified public accountant in accordance with generally accepted accounting principles and state and federal laws;
- Satisfy any other requirements for licensure under the act and under OCCC's rules, as discussed below.

If the application is for an initial type B sports gaming proprietor license, the application must specify the intended location of the sports gaming facility or, at a minimum, the county in which the facility is to be located if the license is granted, and must indicate the expected overall capital investment in the facility, including its size, furnishings, and equipment. If the application is for a renewed type B sports gaming proprietor license, the application must specify the location of the sports gaming facility or, if the applicant intends to relocate the facility, the intended new location or, at a minimum, the county in which the facility is to be located if the renewal is granted.

The act includes a number of factors that OCCC must consider in issuing sports gaming licenses, including minimum qualifications and preferences for certain types of applicants. In particular, the act treats applicants for proprietor licenses differently based on whether they are casino operators, racino operators (video lottery sales agents who operate video lottery terminals in horse racing facilities), or professional sports organizations. A "professional sports organization" is any of the following:

¹⁵ R.C. 3775.01 and 3775.04(C).

- The owner of a professional sports team in Ohio that is a member of the National Football League, the National Hockey League, Major League Baseball, Major League Soccer, or the National Basketball Association;
- The owner of a sports facility in Ohio that hosts an annual tournament on the Professional Golf Association (PGA) Tour or a wholly owned for-profit subsidiary of the owner, if the owner is a nonprofit corporation or organization;
- A promoter of a National Association for Stock Car Auto Racing (NASCAR) national touring race conducted in Ohio.

For further discussion of these preferences and qualifications, see “**License preferences and suitability factors**” and “**Denial, suspension, and revocation of licenses**,” below.¹⁶

Sports gaming proprietor license term and fees

A type A, type B, or type C sports gaming proprietor license is valid for a term of five years. When the license expires, the proprietor may apply to renew the license in the same manner as for an initial license, unless the license is suspended or revoked or OCCC determines that the proprietor is not in compliance with the act or with OCCC’s rules.

Upon receiving a sports gaming proprietor license, the proprietor must give to the state a surety bond, in an amount and in the form approved by OCCC, to guarantee that the applicant faithfully makes all payments required by the act and by OCCC’s rules during the license period.

The proprietor also must pay the following nonrefundable license fees, as applicable.¹⁷

License type	Upon issuance	One year after issuance	Two years after issuance	Three years after issuance	Four years after issuance
Type A					
<ul style="list-style-type: none"> ▪ Initial or renewal – professional sports organization that is not contracting with more than one mobile management services provider 	\$500,000	\$125,000	\$125,000	\$125,000	\$125,000
<ul style="list-style-type: none"> ▪ Initial or renewal – any other type A sports gaming proprietor that is not 	\$750,000	\$187,500	\$187,500	\$187,500	\$187,500

¹⁶ R.C. 109.572, 3775.01, 3775.03(B), and 3775.04(D).

¹⁷ R.C. 3775.04(E) and (F).

License type	Upon issuance	One year after issuance	Two years after issuance	Three years after issuance	Four years after issuance
contracting with more than one mobile management services provider					
▪ Initial – professional sports organization that is contracting with two mobile management services providers	\$1,666,667	\$416,667	\$416,667	\$416,667	\$416,667
▪ Initial – any other type A sports gaming proprietor that is contracting with two mobile management services providers	\$2,500,000	\$625,000	\$625,000	\$625,000	\$625,000
▪ Renewal – professional sports organization that is contracting with two mobile management services providers	\$500,000	\$125,000	\$125,000	\$125,000	\$125,000
▪ Renewal – any other type A sports gaming proprietor that is contracting with two mobile management services providers	\$750,000	\$187,500	\$187,500	\$187,500	\$187,500
Type B					
▪ Initial or renewal – type B proprietor that is also a type A proprietor	\$100,000	\$10,000	\$10,000	\$10,000	\$10,000
▪ Initial or renewal – any other type B proprietor	\$50,000	\$10,000	\$10,000	\$10,000	\$10,000
Type C					
▪ Initial	\$100,000	None	None	None	None
▪ Renewal	\$25,000	None	None	None	None

Management services providers

Generally

The act creates two categories: “mobile management services providers,” which may contract with type A sports gaming proprietors, and “management services providers,” which may contract with type B sports gaming proprietors. These entities operate sports gaming on behalf of the proprietor, either because the proprietor is not operating sports gaming on its own, or because the proprietor wishes to offer sports gaming through multiple avenues.

In general, a type A sports gaming proprietor may contract with only one mobile management services provider. However, OCCC may authorize a proprietor to have a second mobile management services provider if all of the following apply:

- The proprietor is a professional sports organization, a casino operator, or a racino operator;
- The proprietor’s license was issued as one of the 25 initial licenses OCCC may issue and not as an additional license authorized by OCCC based on an economic assessment;
- The proprietor demonstrates both of the following to OCCC:
 - The second contract would generate an incremental economic benefit to Ohio beyond the economic benefits generated by the first contract;
 - The second contract will not prevent another type A sports gaming proprietor from securing a contract with a mobile management services provider.

As noted above, increased license fees apply to a type A proprietor that has two mobile management services providers. The second mobile management services provider (called the “designated second” provider) also must pay higher license fees, as noted below. OCCC must adopt by rule a procedure allowing OCCC to revoke a designated second mobile management services provider’s license if the licensee does not actively offer sports gaming under the license to the economic benefit of Ohio for a continuous period of one year or more.

A type B sports gaming proprietor may contract with only one management services provider to offer sports gaming at a sports gaming facility on the sports gaming proprietor’s behalf, in a manner authorized under the contract. A type C sports gaming proprietor may not contract with a mobile management services provider or a management services provider.

The remainder of this analysis generally refers to management services providers as a single type of entity where the act’s requirements with respect to them are the same.¹⁸

Professional sports organization league restrictions

The act specifies that a type A or type B sports gaming proprietor that is a professional sports organization and is a member of a league, association, or organization that prevents the

¹⁸ R.C. 3775.01, 3775.05, and 3775.051.

proprietor from being subject to the regulatory control of OCCC or from otherwise operating under the license may contractually appoint a management services provider for all aspects of OCCC oversight and operating under the proprietor's license. The proprietor must not have control over the management services provider, and the management services provider must not have control over the proprietor.

The proprietor and the management services provider must not exchange any information that may compromise the integrity of sporting events or of sports gaming. OCCC must adopt by rule procedures for the proprietor and the management services provider to follow to ensure the integrity of sporting events and of sports gaming, including procedures to prevent any exchange of information or conflict of interest between the proprietor and the management services provider.

For example, if a sports gaming proprietor is the owner of a sports team, the team's league might prohibit the team from operating sports betting with respect to that sport. The act would allow the proprietor to assign all of its sports gaming activities to a management services provider that operates behind a firewall, preventing any inside wagering information from affecting game play, and preventing any inside team information from affecting wagering.¹⁹

Licensing process

An applicant for an initial or renewed management services provider license must meet all requirements for licensure established by OCCC, pay a nonrefundable application fee in an amount determined by OCCC by rule, and submit two complete sets of fingerprints to OCCC for the purpose of conducting a criminal records check through BCII and pay the BCII fee for the check. A separate license is required for each contract with a sports gaming proprietor, and OCCC must adopt a rule setting the maximum number of mobile management services provider and management services provider licenses a single person may hold.

OCCC may accept another jurisdiction's license, if OCCC determines it has similar licensing requirements, as evidence that the applicant meets the requirements for the license.

A management services provider license is valid for a term of five years. When the license expires, the management services provider must apply for a renewed license in the same manner as for an initial license.

Management services providers must pay the following nonrefundable license fees, as applicable.²⁰

¹⁹ R.C. 3775.05(A)(2) and 3775.051(A)(2).

²⁰ R.C. 3775.05 and 3775.051.

License type	Upon issuance	One year after issuance	Two years after issuance	Three years after issuance	Four years after issuance
Mobile management services provider					
▪ Initial or renewal – designated first mobile management services provider for a professional sports organization	\$1,000,000	\$250,000	\$250,000	\$250,000	\$250,000
▪ Initial or renewal – designated first mobile management services provider for any other type A sports gaming proprietor	\$750,000	\$187,500	\$187,500	\$187,500	\$187,500
▪ Initial – designated second mobile management services provider for a professional sports organization	\$3,333,333	\$833,333	\$833,333	\$833,333	\$833,333
▪ Initial – designated second mobile management services provider for any other type A sports gaming proprietor	\$2,500,000	\$625,000	\$625,000	\$625,000	\$625,000
▪ Renewal – designated second mobile management services provider for a professional sports organization	\$1,000,000	\$250,000	\$250,000	\$250,000	\$250,000
▪ Renewal – designated second mobile management services provider for any other type A sports gaming proprietor	\$750,000	\$187,500	\$187,500	\$187,500	\$187,500

License type	Upon issuance	One year after issuance	Two years after issuance	Three years after issuance	Four years after issuance
Management services provider					
<ul style="list-style-type: none"> ▪ Initial or renewal – if contracting with a type B sports gaming proprietor that is also a type A sports gaming proprietor 	\$100,000	\$10,000	\$10,000	\$10,000	\$10,000
<ul style="list-style-type: none"> ▪ Initial or renewal – if contracting with any other type B sports gaming proprietor 	\$50,000	\$10,000	\$10,000	\$10,000	\$10,000

Contract requirements

A management services provider may offer sports gaming only in accordance with the act, OCCC's rules, and the nature of the proprietor's license. OCCC must approve a written contract between the sports gaming proprietor and the management services provider, and must give advance approval of any material change to the contract. The proprietor or the management services provider may not assign, delegate, subcontract, or transfer the management services provider's duties and responsibilities under the contract to a third party.

The provisions of the act that apply to a sports gaming proprietor apply to its management services provider with respect to all rights, duties, and liabilities of the proprietor assigned, delegated, subcontracted, or transferred to the management services provider as though the management services provider were a sports gaming proprietor. Unless the context requires otherwise, references in the act to a sports gaming proprietor apply to a management services provider to the extent that the management services provider is acting on behalf of the sports gaming proprietor pursuant to the contract.²¹

Type C sports gaming hosts

The owner of a facility with a D-1, D-2, or D-5 liquor permit (typically a bar or restaurant) may apply to OCCC for a type C sports gaming host license to offer lottery sports gaming through a type C sports gaming proprietor using self-service or clerk-operated sports gaming terminals located at the facility.

A type C sports gaming host may enter into an agreement with a type C sports gaming proprietor, specifying the terms under which the host will offer lottery sports gaming through the proprietor, such as terms requiring the proprietor and the host to share the proceeds of

²¹ R.C. 3775.05 and 3775.051.

sports gaming conducted at the host's facility. The proprietor must notify OCCC of each type C sports gaming host that offers sports gaming through the proprietor. The act prohibits the proprietor from requiring a host to pay any portion of the cost of acquiring, installing, operating, adapting, or maintaining any self-service sports gaming terminal in a host's facility.

OCCC must issue a type C sports gaming host license to any eligible applicant that LOT recommends. An applicant for an initial or renewed license must apply on a form prescribed by OCCC and pay a nonrefundable application fee in an amount determined by OCCC by rule. Unlike with other sports gaming licenses, an applicant for a type C sports gaming host license is not required to undergo a criminal background check or licensure suitability investigation. OCCC must investigate the applicant only to determine whether the applicant is eligible for the license and to ensure that the applicant complies with the act and with OCCC's rules.

Upon receiving the license, the applicant must pay a nonrefundable license fee of \$1,000. The license is valid for three years, and the licensee may apply for renewal in the same manner as for an initial license. Subject to the terms of the host's agreement with the proprietor, the host may offer sports gaming through a different proprietor during the period of the license, so long as the new proprietor notifies OCCC in advance, in accordance with OCCC's rules.

OCCC must revoke a type C sports gaming host license if the licensee ceases to hold a valid class D liquor permit for the facility.²²

Sports gaming occupational licenses

Who must be licensed

The act requires an individual whose duties with a sports gaming proprietor include any of the following to be at least 21 and to hold an appropriate and valid sports gaming occupational license issued by OCCC at all times:

- Accepting wagers on sporting events on behalf of a proprietor;
- Handling money as part of operating sports gaming on behalf of a proprietor, including a cashier, change person, count team, or coin wrapper;
- Providing security for the operation of sports gaming by a proprietor, including a guard or observer, other than providing general security at a type C sports gaming host's facility;
- Performing other duties such that the individual has the ability to alter material aspects of sports gaming conducted by a proprietor.

An individual is not required to have a sports gaming occupational license if the individual's duties are related solely to nongaming activities such as entertainment,

²² R.C. 3775.03(B), 3775.07, and 3775.09. See also Ohio Department of Commerce, Division of Liquor Control, [Permit Classes](#).

maintenance, or preparing or serving food or beverages. Further, an individual who is, or is employed by, a type C sports gaming host (for instance, a bartender who operates a lottery sports gaming terminal) is not required to have a sports gaming occupational license.

A sports gaming occupational license permits the licensee to be employed in the capacity OCCC designates for the three-year duration of the license. OCCC may establish by rule job classifications with different requirements.²³

Licensing process

An applicant for an initial or renewed sports gaming occupational license must do all of the following:

- Submit a written application on a form furnished by OCCC;
- Pay a nonrefundable application fee of \$100. OCCC may annually increase the amount of the application fee in an amount that does not exceed the percentage increase in the Consumer Price Index for the previous year, as necessary to cover the cost of processing the application.
- Submit two complete sets of fingerprints to OCCC for the purpose of conducting a criminal records check through BCII and pay the BCII fee for the check.

Upon receiving the license, the applicant must pay a nonrefundable license fee of \$50. The applicant's employer may pay any or all of the fees on behalf of the applicant.

If an applicant for a sports gaming occupational license currently holds a casino or video lottery license, OCCC's rules must not require the applicant to satisfy any additional requirement for the sports gaming occupational license that is substantially similar to any requirement the applicant previously has satisfied to obtain or renew the casino or video lottery license.

Further, OCCC may adopt rules allowing an individual who holds a sports gaming occupational license from another jurisdiction to be licensed in Ohio by reciprocity, so long as that jurisdiction's requirements to receive the license and the activities authorized by the license are substantially similar to the requirements for the Ohio license the individual seeks.²⁴

Sports gaming suppliers

Who must be licensed

The act requires a person or entity that provides sports gaming equipment or related services to a sports gaming proprietor or management services provider to hold an appropriate and valid sports gaming supplier license issued by OCCC. The activities covered by the license include providing services, directly or indirectly, that are necessary to create a betting market

²³ R.C. 3775.06.

²⁴ R.C. 3775.06.

or to determine bet outcomes. “Sports gaming equipment” means any of the following that directly relate to or affect, or are used or consumed in, the operation of sports gaming:

- Any mechanical, electronic, or other device, mechanism, or equipment, including a self-service sports gaming terminal;
- Any software, application, components, or other goods;
- Anything to be installed or used on a patron’s personal device.

For example, a person who provides gaming terminals, a mobile betting application, bookmaking software, or data feeds of sports scores must be licensed as a sports gaming supplier.

A sports gaming supplier that provides sports gaming equipment or services to be used through a sports gaming proprietor or management services provider is not considered a sports gaming proprietor or management services provider solely on that basis. And, a sports governing body that provides official league data concerning its own sporting event is not considered a sports gaming supplier solely on that basis.²⁵

Licensing process

An applicant for an initial or renewed sports gaming supplier license must do all of the following:

- Submit a written application on a form prescribed by OCCC;
- Pay a nonrefundable application fee of \$10,000. OCCC may annually increase the amount of the application fee in an amount that does not exceed the percentage increase in the Consumer Price Index for the previous year, as necessary to cover the cost of processing the application.
- Submit two complete sets of fingerprints to OCCC for the purpose of conducting a criminal records check through BCII and pay the BCII fee for the check.

If an applicant for a sports gaming supplier license currently holds a casino or video lottery license, OCCC’s rules must not require the applicant to satisfy any additional requirement for the sports gaming supplier license that is substantially similar to any requirement the applicant previously has satisfied in order to obtain or renew the casino or video lottery license.

Further, OCCC may accept another jurisdiction’s license, if OCCC determines it has similar licensing requirements, as evidence that the applicant meets the requirements for an Ohio sports gaming supplier license.

²⁵ R.C. 3775.01 and 3775.08.

Upon receiving the initial or renewed license, the applicant must pay a nonrefundable license fee of \$15,000. The license is valid for three years.²⁶

License preferences and suitability factors

Preferences regarding type A and type B sports gaming proprietors

In issuing initial and renewed type A and type B sports gaming proprietor licenses, the act requires OCCC to give preference to applicants that are professional sports organizations, casino operators, or racino operators, subject to the suitability factors described below. OCCC must give equal preference among professional sports organizations, casino operators, and racino operators.

If a sports gaming proprietor license was issued or renewed because of a preference, and the sports gaming proprietor ceases to qualify as a professional sports organization (for example, if the team leaves Ohio) or ceases to be a casino or racino operator, as applicable, OCCC must revoke the license.²⁷

No preference for state contractors

The act prohibits OCCC from giving preference to an applicant for a sports gaming proprietor license on the basis that the applicant, a person that has control over the applicant, or a person over which the applicant has control, currently contract, or have contracted, with LOT or any other state agency.²⁸

Suitability factors

In issuing initial and renewed sports gaming proprietor, management services provider, and sports gaming supplier licenses, OCCC must consider all of the following factors, in addition to all other requirements for licensure specified under the act and in OCCC's rules:²⁹

- The reputation, experience, and financial integrity of the applicant and any person that controls the applicant, as determined under the act (see “**Denial, suspension, and revocation of licenses,**” below);
- The financial ability of the applicant to purchase and maintain adequate liability and casualty insurance and to provide an adequate surety bond;
- The past and present compliance of the applicant and its affiliates or affiliated companies with gambling-related licensing requirements in Ohio or any other jurisdiction, including whether the applicant has a history of noncompliance with those requirements;

²⁶ R.C. 3775.08.

²⁷ R.C. 3775.01, 3775.041(A), and 3775.09(D).

²⁸ R.C. 3775.041(D).

²⁹ R.C. 3775.041(B).

- Whether the applicant has been charged with, indicted for, or convicted of any felony or misdemeanor criminal offense under the laws of any jurisdiction, not including any traffic violation;
- Whether the applicant has filed, or had filed against it, a proceeding for bankruptcy, or has ever been involved in any formal process to adjust, defer, suspend, or otherwise work out the payment of any debt;
- Whether the applicant has been served with a complaint or other notice filed with any public body regarding a payment of any tax required under federal, state, or local law that has been delinquent for one or more years;
- Whether the applicant is or has been a defendant in litigation involving its business practices;
- Whether awarding a license would undermine the public's confidence in the sports gaming industry in Ohio.

In the case of a sports gaming proprietor license, OCCC also must consider all of the following:³⁰

- The nature of the applicant's current or intended physical presence in Ohio, including any expenditures for physical infrastructure;
- The length of time, if any, for which the applicant has been doing any kind of business in Ohio;
- The total amount of taxable income the applicant pays, or will pay, to its employees in Ohio;
- The applicant's current or intended local and statewide economic involvement in Ohio;
- The applicant's other current or intended contributions to Ohio, including promoting tourism.

Denial, suspension, and revocation of licenses

Generally

An applicant for any sports gaming license issued under the act, other than a type C sports gaming host license, must establish the applicant's suitability for the license by clear and convincing evidence.

OCCC must conduct a complete investigation of each applicant for an initial or renewed license, and must not grant a sports gaming license, other than a type C sports gaming host license, to an applicant if evidence satisfactory to OCCC exists that the applicant has done any of the following:

³⁰ R.C. 3775.041(C).

- Knowingly made a false statement to OCCC;
- Been suspended from operating a gambling game, gaming device, or gaming operation, or had a license revoked by any governmental unit of a national, state, or local body exercising governmental functions;
- Been convicted of a disqualifying offense, as determined by OCCC;
- Been directly involved in or employed by any offshore wagering market that illegally serviced the U.S. or otherwise accepted illegal wagers from individuals located in the U.S. on or after April 16, 2015.

OCCC also must not grant a sports gaming license to a nonprofit corporation or organization, to an individual who is under 21, or to an OCCC employee.³¹

Sports gaming proprietors and management services providers

OCCC may deny a sports gaming proprietor or management services provider license to an applicant, reprimand a proprietor or management services provider, or suspend or revoke a proprietor or management services provider license if any of the following are true:

- The applicant or licensee has not demonstrated to OCCC's satisfaction financial responsibility sufficient to adequately meet the requirements of the enterprise;
- The applicant or licensee is not the true owner of the business or is not the sole owner and has not disclosed the existence or identity of other persons who have an ownership interest in the business;
- The applicant or licensee is a corporation that sells more than 5% of its voting stock, or more than 5% of the voting stock of a corporation that controls the applicant or licensee, or sells its assets, other than those bought and sold in the ordinary course of business, or any interest in the assets, to any person who has control of the applicant or licensee and who has not already been determined by OCCC to have met the applicable licensing qualifications.

No member of OCCC may have any affiliation with a sports gaming proprietor or management services provider.³²

Parent and subsidiary companies

Additionally, each person who has control of an applicant for a sports gaming proprietor, management services provider, or sports gaming supplier license must meet the qualifications for the applicable license. For purposes of the act, any of the following persons are considered to have control of an applicant:³³

³¹ R.C. 3772.02, 3775.01, 3775.02, 3775.03, and 3775.09. See also R.C. 9.79, not in the act.

³² R.C. 3772.02 and 3775.09.

³³ R.C. 3775.03 and 3775.09.

- If the applicant is a corporation, a person associated with the applicant, including any corporate holding company, parent company, or subsidiary company of the applicant, that has the ability to control the activities of the applicant or elect a majority of its board of directors, other than any bank or other licensed lending institution that holds a mortgage or other lien acquired in the ordinary course of business;
- If the applicant is not a corporation, a person associated with the applicant that directly or indirectly holds a beneficial or proprietary interest in the applicant's business operation or that OCCC otherwise determines has the ability to control the applicant;
- Key personnel of the applicant, including any executive, employee, or agency, having the power to exercise significant influence over decisions concerning any part of the applicant's business operation.

Equity in licensing

The act requires the Director of Administrative Services to engage an independent consultant to conduct a study to determine whether, and the extent to which, qualified persons experience discrimination or disadvantage in the sports gaming industry on the basis of their membership in a racial minority group, their color or ethnicity, their gender, or their disability. The Director must provide the results of the study to OCCC and must inform OCCC whether, in the Director's opinion, the results of the study warrant action by OCCC.

If OCCC determines that the results of the study so warrant, OCCC must establish goals to ensure that sports gaming licenses are issued to disadvantaged applicants on an equitable basis with other applicants. OCCC also must disseminate information about the licensing goals through targeted media and may require, by rule, that sports gaming proprietors pay the media costs.³⁴

Display of license

A sports gaming proprietor or management services provider must display its license conspicuously in its place of business or have the license available for inspection by any agent of OCCC or any law enforcement agency. Each type C sports gaming host must display its license conspicuously in its place of business.

Each holder of a sports gaming occupational license must have an indicator of licensure prominently displayed when present in a sports gaming facility at all times, in accordance with OCCC rules.³⁵

³⁴ R.C. 3775.091.

³⁵ R.C. 3775.03(D).

Changes to license information

The act requires a sports gaming licensee to give OCCC written notice within ten days of any material change to any information provided in the licensee's application for a license or renewal. OCCC must specify by rule which changes it considers to be material.³⁶

Persons who may not participate in sports gaming

The act lists several categories of individuals who are not permitted to participate in sports gaming, and requires a sports gaming proprietor to employ commercially reasonable methods to prevent those individuals from placing bets with the proprietor.

Underage persons

The act prohibits any person under 21 from participating in sports gaming. Whoever knowingly permits an individual under 21 to engage in sports gaming, or knowingly aids, induces, or causes an individual under 21, other than a sports gaming proprietor's employee, to enter or attempt to enter a sports gaming facility, is guilty of a first degree misdemeanor on the first offense and a fifth degree felony on a subsequent offense.

The act also generally prohibits a person under 21 from knowingly entering, or attempting to enter, a sports gaming facility, except as specifically permitted for purposes other than sports gaming. A violation of that prohibition is a first degree misdemeanor on a first offense and a fifth degree felony on a subsequent offense. However, the act does not place a criminal penalty on an underage person for participating in sports gaming.

All types of sports gaming proprietors are required to follow age verification procedures before allowing a patron to participate in sports gaming (see "**Sports gaming proprietor operating requirements**," below).³⁷

Proxy betting

Under the act, each sports gaming proprietor must employ commercially reasonable methods to prevent any person from placing a wager with the proprietor on behalf of another person (for example, an underage person or a person located outside Ohio).³⁸

Involuntary exclusion

Involuntary exclusion by OCCC

The act requires OCCC to maintain a list of persons who are prohibited from participating in the play or operation of sports gaming anywhere in Ohio and from entering a sports gaming facility or its grounds. This list is known as an involuntary exclusion list, and OCCC must maintain it largely in the same manner as OCCC maintains the casino involuntary exclusion list under continuing law.

³⁶ R.C. 3775.03(E).

³⁷ R.C. 3775.99(A).

³⁸ R.C. 3775.13(G).

Persons on the involuntary exclusion list must be identified by name and physical description, and OCCC must publish the list on its website and periodically send copies to sports gaming proprietors. A sports gaming proprietor must take steps necessary to ensure that its appropriate agents and employees are aware of the list, its function, and any updates to the list.

The involuntary exclusion list may include any person, as determined by OCCC, whose presence in a sports gaming facility or whose participation in the play or operation of sports gaming in Ohio poses a threat to the interests of the state, to achieving the interests of the act, or to the strict and effective regulation of sports gaming. In determining whether to include a person on the list, OCCC may consider any of the following:

- Any prior conviction of a felony offense, a crime involving moral turpitude, or a gaming law violation in Ohio or another state or under federal law;
- A violation, or conspiracy to violate, any provision of the act that consists of any of the following:
 - A failure to disclose an interest in a sports gaming-related person or entity for which the person must obtain a license;
 - Purposeful evasion of taxes or fees;
 - A notorious or unsavory reputation that would adversely affect public confidence and trust that sports gaming is free from criminal or corruptive elements;
 - A violation of an order of OCCC or any other governmental agency that warrants inclusion on the list.
- Whether the person has pending charges or indictments for a gaming or gambling crime or a crime related to the integrity of gaming operations in any state;
- Whether the person's conduct or reputation is such that the person's presence in the sports gaming industry may call into question the honesty and integrity of sports gaming operations or interfere with the orderly conduct of sports gaming operations;
- Whether the person is a career or professional offender whose presence in the sports gaming industry would be adverse to the interest of licensed gaming in Ohio, or has a known relationship or connection with such a person;
- Whether OCCC has suspended the person's gaming privileges;
- Whether OCCC has revoked the person's casino or sports gaming licenses;
- Whether OCCC determines that the person poses a threat to the safety of patrons or employees of a sports gaming facility;
- Whether the person has a history of conduct involving the disruption of gaming operations.

A person's race, color, creed, national origin or ancestry, or sex are not grounds for placing the person on the involuntary exclusion list.

The act requires OCCC to notify a person of OCCC's intent to add the person to the involuntary exclusion list. The notice must be by personal service, by certified mail to the person's last known address, or, if service cannot be accomplished by those methods, by publication daily for two weeks in (1) a newspaper of general circulation within the county in which the person resides, and (2) a newspaper of general circulation within each county in which a sports gaming facility is located.

Within 30 days after receiving notice, the person may request a hearing before OCCC to demonstrate why the person should not be added to the list. If the person does not request a hearing, OCCC may hold a hearing anyway, but is not required to. OCCC may reopen the adjudication at any time. If OCCC orders that a person be removed from the exclusion list, OCCC must publish a revised version of the list without the person's name.³⁹

Involuntary exclusion by a sports gaming proprietor

A sports gaming proprietor also may exclude any individual from participating in the play or operation of sports gaming conducted by the proprietor and may exclude any individual from entering a sports gaming facility, or the grounds of a sports gaming facility, that is under the control of the proprietor. The proprietor must keep a list of all excluded individuals. If a proprietor excludes an individual because the proprietor determines that the individual engaged or attempted to engage in any sports gaming related activity that is prohibited under the act or under OCCC's rules, the proprietor must report that fact to OCCC.⁴⁰

Voluntary exclusion

The act also requires OCCC to administer a voluntary exclusion program to allow individuals to exclude themselves from participating in any sports gaming in Ohio (usually because of they have a history of problem gambling). OCCC must publish the locations at which a person may register for the program. This program is separate from, but similar to, the continuing-law voluntary exclusion program for casino gaming.

A person who registers for the program must agree to refrain from participating in any sports gaming in Ohio, and may leave the program only in accordance with OCCC rules. OCCC must keep the voluntary exclusion list and participants' personal information confidential, and may disseminate the list to only LOT, to sports gaming proprietors and their agents and employees for enforcement purposes, and to other entities upon the participant's request.

Sports gaming proprietors must employ commercially reasonable methods to prevent participants in the voluntary exclusion program from engaging in sports gaming. Proprietors also must make all reasonable attempts, as determined by OCCC, to cease all direct marketing efforts to program participants. A proprietor must not cash a participant's check or extend credit to the participant in any manner. However, a proprietor still may seek to collect any debts the participant incurred before entering the program.

³⁹ R.C. 3772.031 and 3775.13(A).

⁴⁰ R.C. 3775.13(B).

OCCC must determine, by rule, whether a participant in the sports gaming voluntary exclusion program also automatically becomes a participant in the casino voluntary exclusion program. Similarly, LOT must determine, by rule, whether a participant in the sports gaming voluntary exclusion program also automatically becomes a participant in any exclusion program established under the Lottery Law. (Currently, OCCC and LOT operate a joint casino and racino voluntary exclusion program.) A current participant in the casino and racino voluntary exclusion program is not automatically enrolled in the sports gaming voluntary exclusion program.

The act specifies that, absent gross negligence, OCCC, other state agencies, sports gaming licensees, and their agents or employees are immune from any type of civil liability on the basis that a participant in the voluntary exclusion program enters or accesses a sports gaming facility or participates in sports gaming in Ohio.⁴¹

Industry insiders

No sports gaming proprietor, no director, officer, agent, or employee of a proprietor, no other person who has a financial interest in a proprietor, and no person living in the same household as any of those persons, may engage in any sports gaming conducted by the proprietor, other than as part of operating sports gaming or as part of the employee's employment. A sports gaming proprietor must employ commercially reasonable methods to prevent those persons, and any other person who has access to confidential information held by the proprietor, from engaging in sports gaming conducted by the proprietor.

No member or employee of OCCC or LOT may knowingly participate in sports gaming in Ohio or participate in sports gaming outside Ohio with any person or entity that is directly or indirectly owned or operated by an Ohio sports gaming proprietor.

Finally, a sports gaming proprietor must employ commercially reasonable methods to prevent any person involved in a sporting event with respect to which sports gaming is permitted from engaging in any sports gaming with the proprietor, based on publicly available information and any information provided by a sports governing body. A person is considered to be involved in a sporting event if the person is an athlete, participant, coach, referee, team owner, or sports governing body with respect to the sporting event; any agent or employee of such an athlete, participant, coach, referee, team owner, or sports governing body; and any agent or employee of an athlete, participant, or referee union with respect to the sporting event.

OCCC must adopt rules specifying a procedure for a sports governing body to provide to OCCC a list of persons who are involved in sporting events, including those persons' full legal names, dates of birth, and Social Security numbers, for the purpose of preventing them from engaging in sports gaming. OCCC must make the list available to each sports gaming proprietor

⁴¹ R.C. 3775.01, 3775.02(A)(11), and 3775.13(C).

and to LOT. The information in the list is not a public record, and OCCC, LOT, and each proprietor must keep it confidential.⁴²

Sports gaming proprietor operating requirements

Under the act, a sports gaming proprietor must do all of the following:

- Conduct all sports gaming activities and functions in a manner that does not pose a threat to the public health, safety, or welfare of Ohio citizens;
- Adopt comprehensive house rules for game play governing sports gaming transactions with its patrons, including rules that specify the amounts to be paid on winning wagers and the effect of schedule changes, and submit them to OCCC for approval before implementing them. The proprietor must publish its house rules as part of its minimum internal control standards, must display the house rules, together with any other information OCCC considers appropriate, conspicuously in each sports gaming facility and in any other place or manner prescribed by OCCC, and must make copies of its house rules readily available to patrons.
- Keep current in all payments and obligations to OCCC;
- Provide a secure location for the placement, operation, and use of sports gaming equipment;
- Prevent any person from tampering with or interfering with the operation of sports gaming;
- Employ commercially reasonable methods to prevent the proprietor and its agents and employees from disclosing any confidential information in the possession of the proprietor that could affect the conduct of sports gaming;
- Ensure that sports gaming conducted at a sports gaming facility is within the sight and control of designated employees of the proprietor and that sports gaming is conducted under continuous observation by security equipment in conformity with OCCC's specifications and requirements;
- Ensure that sports gaming occurs only in the locations and manner approved by OCCC;
- Maintain sufficient funds and other supplies to conduct sports gaming at all times;
- Maintain daily records showing the proprietor's sports gaming receipts and timely file with OCCC any additional reports required by rule or by other provisions of the Revised Code;
- Submit to OCCC, each fiscal year, an audit of the proprietor's financial transactions and the condition of the proprietor's total operations prepared by a certified public

⁴² R.C. 3772.03, 3775.01, 3775.13, and 3775.14(A)(2).

accountant in accordance with general accepted accounting principles and applicable state and federal laws;

- Submit to OCCC, at least once every three years, an audit of the proprietor's information technology systems and security protocols prepared by a qualified, independent, and capable third party, as determined by, and in a manner approved by, OCCC.

The act requires a sports gaming proprietor immediately to report to OCCC any information in the proprietor's possession related to any of the following:

- Any wager in violation of the act, OCCC's rules, or federal law;
- Abnormal sports gaming activity or patterns that may indicate a concern regarding the integrity of a sporting event;
- Suspicious wagering activities;
- Any conduct that corrupts a wagering outcome of a sporting event for purposes of financial gain;
- Any criminal or disciplinary proceedings commenced against the proprietor by any person other than OCCC in connection with the proprietor's operations.

A sports gaming proprietor may 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. A proprietor also may employ a system that offsets loss or manages risk in the operation of sports gaming under the act through the use of a liquidity pool in another jurisdiction in which the proprietor or an affiliate or other third party also is licensed, provided that at all times, adequate protections are maintained to ensure sufficient funds are available to pay patrons.

The act allows a sports gaming proprietor to provide promotional gaming credits to patrons, subject to oversight by OCCC. "Promotional gaming credit" means a credit, discount, or other similar item issued to a patron to enable the placement of, or increase in, a wager on a sporting event. As is explained below under "**Tax on sports gaming**," the act gives proprietors a partial tax deduction on the value of promotional gaming credits redeemed by patrons beginning in 2027.

If a sports gaming patron does not claim a winning wager from a proprietor within one year from the last day on which the sporting event is held, the proprietor's obligation to pay the winnings expires, and the proprietor must remit the winnings to OCCC to be deposited in the Sports Gaming Revenue Fund discussed below.

The act requires a sports gaming proprietor to maintain the confidentiality of any information provided to the proprietor by a sports governing body that the sports governing body designates as confidential, except as otherwise required by law or by order of OCCC. The proprietor must not use such confidential information for business or marketing purposes, except with the sports governing body's express written approval. Likewise, a sports governing body must maintain the confidentiality of any information provided to it by a sports gaming proprietor that the proprietor designates as confidential, except as otherwise required by law

or by order of OCCC. The sports governing body must not use such confidential information for business or marketing purposes, except with the proprietor's express written approval.

Finally, the act specifies that a sports gaming proprietor is not liable under the laws of Ohio to any party, including a patron, for disclosing information as required under the act or for refusing to disclose information that is not required by law to be disclosed.⁴³

OCCC oversight

The act gives OCCC jurisdiction over all persons conducting or participating in the conduct of sports gaming authorized under the act, including the authority to license, regulate, investigate, and penalize those persons in a manner that is consistent with OCCC's authority with respect to casino gaming. The same notice and hearing procedures apply when OCCC penalizes persons under the Sports Gaming Law as under the Casino Law.⁴⁴

Administrative rules

In all cases in which the act requires or allows OCCC to make administrative rules, OCCC must do so in accordance with the Administrative Procedure Act. The act exempts rules adopted by OCCC and LOT concerning sports gaming from continuing-law limitations on agency regulatory restrictions, such as the law specifying that an agency may not adopt a new regulatory restriction without simultaneously removing two or more other existing regulatory restrictions.

Under the act, OCCC must adopt rules that include all of the following:

- Procedures for a sports gaming proprietor to accept wagers on a sporting event or series of sporting events;
- The types of wagering tickets proprietors are to use;
- The manner in which proprietors are to issue tickets;
- The type of records sports gaming licensees must keep;
- The system to be used to place a wager;
- The manner in which proprietors must verify that their patrons are at least 21;
- Protections for a player placing a wager;
- Measures to promote responsible sports gaming;
- Penalties and fines for violating the act or rules adopted under the act;
- Restrictions to ensure that proprietors' advertisements for sports gaming meet all of the following requirements:

⁴³ R.C. 3775.01 and 3775.10.

⁴⁴ R.C. 3772.03, 3772.04, and 3775.02(A).

- They clearly convey the conditions under which sports gaming is being offered, including information about the cost to participate and the nature of any promotions and information to assist patrons in understanding the odds of winning;
 - They disclose the identity of the proprietor and, if applicable, the management services provider;
 - They do not target individuals under 21, other individuals who are ineligible to participate in sports gaming, problem gamblers, or other vulnerable individuals;
 - They provide information about how to access resources related to problem gambling;
 - They are not false, misleading, or deceptive to a reasonable consumer.
- Any other procedure or thing OCCC determines necessary to ensure the integrity of sports gaming regulated by OCCC.

Further, OCCC must adopt rules establishing minimum internal control standards for the administration of sports gaming proprietors' operations, sports gaming equipment, systems, or other items used by proprietors to conduct sports gaming, and the maintenance of proprietors' financial records and other required records. OCCC may approve minimum internal control standards proposed by sports gaming proprietors.⁴⁵

Approving equipment and forms of sports gaming

OCCC must approve all sports gaming equipment and each form, variation, or composite of sports gaming to be used by sports gaming proprietors. Before approval, a piece of sports gaming equipment or a form, variation, or composite of sports gaming must undergo scientific testing or technical evaluation, as OCCC determines appropriate.

OCCC may require the testing or evaluation to be conducted at the expense of the sports gaming supplier or proprietor, as applicable, by an independent testing laboratory certified by OCCC. OCCC may certify an independent testing laboratory if it is competent and qualified to perform those functions and if it is not affiliated with a sports gaming proprietor, management services provider, sports gaming supplier, or sports governing body. OCCC must adopt rules prescribing the certification standards, fees, and duties that apply to a certified independent testing laboratory.

OCCC's rules must require sports gaming licensees and sports gaming facilities to use only approved sports gaming equipment acquired from a licensed sports gaming supplier and to use only approved forms, variations, or composites of sports gaming.⁴⁶

⁴⁵ R.C. 121.95 and 3775.02.

⁴⁶ R.C. 3775.02(E).

Integrity monitoring and data analysis

Under the act, OCCC must 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. OCCC must require each sports gaming proprietor to participate in the monitoring system as part of its minimum internal control standards. The information in the monitoring system is not a public record. OCCC may disclose the information in the system only as necessary for investigative or law enforcement purposes or pursuant to a court order.

The act requires OCCC to prescribe by rule a procedure by which a sports governing body may request anonymized sports gaming data from a sports gaming proprietor if the sports governing body believes that the integrity of one of its sporting events is in question. The proprietor must promptly provide that data upon receiving a valid request.

OCCC also must prescribe a procedure for a state university to request anonymized sports gaming data from a sports gaming proprietor for the purpose of conducting research to assist OCCC in ensuring the integrity of sports gaming or to improve state-funded services related to responsible gambling and problem gambling. The proprietor must promptly provide that data upon receiving a valid request. The data are not a public record, and the state university must not disclose them to any person, except for the purpose of conducting that research, as part of a peer-reviewed research report, or pursuant to an agreement with the sports gaming proprietor.⁴⁷

Confidentiality of licensee information

The act provides that, notwithstanding any contrary provision of the Public Records Law, OCCC must not disclose to the public any of the following information or documents concerning a person who has applied for or been issued a sports gaming license or the person's spouse, dependent, or employee, unless the person authorizes OCCC to disclose the information:

- A Social Security number, passport number, or federal tax identification number;
- A home address, telephone number, or electronic mail address;
- A birth certificate;
- A driver's license or state identification card number;
- The name or address of a previous spouse;
- A date or place of birth;
- Any personal financial information or records, including personal tax returns and information and records of criminal proceedings;
- Any information concerning a minor child;

⁴⁷ R.C. 3775.02(B)(12) and (13) and (I).

- Any information concerning a person OCCC has reason to know is a victim of domestic violence, sexual assault, or stalking;
- Any trade secret, medical records, or patents or exclusive licenses;
- Security information, including risk prevention plans, detection and countermeasures, location of count rooms or other money storage areas, emergency management plans, security and surveillance plans, equipment and usage protocols, and theft and fraud prevention plans and countermeasures;
- Any other information that OCCC receives from another jurisdiction relating to a person who holds, held, or has applied for a sports gaming license;
- Any other information that is exempt from disclosure under the Public Records Law.

OCCC may disclose the above information to LOT or to the Inspector General, a prosecutor, a law enforcement agency, or any other appropriate governmental entity or licensing agency, provided that the recipient must not disclose the information and documents to the public.

However, the act specifies that all of the following information, other than the information listed above, is subject to disclosure as a public record under the Public Records Law:⁴⁸

- The information a sports gaming proprietor or management services provider or an applicant for a sports gaming proprietor or management services provider license has submitted to OCCC as part of applying for or renewing a license;
- The name, place of employment, job title, and gaming experience of a person who has applied for or been issued a sports gaming license;
- OCCC's reasons for denying or revoking a sports gaming license or for taking other disciplinary action under the act;
- The information in a return a sports gaming proprietor files with the Tax Commissioner concerning sports gaming receipts.

Administrative adjudications and penalties

OCCC may conduct adjudications under the Administrative Procedure Act, and in accordance with OCCC's continuing procedures for Casino Law related adjudications, to penalize or fine sports gaming licensees, applicants, and other persons and to limit, condition, restrict, suspend, revoke, deny, or refuse to renew any sports gaming license. OCCC's Executive Director also may issue emergency orders with respect to sports gaming according to the same procedures that apply under the Casino Law. The act requires OCCC to levy and collect fines for noncriminal violations of the act and of OCCC's rules adopted under the act.⁴⁹

⁴⁸ R.C. 3775.14 and 5753.04(D).

⁴⁹ R.C. 3775.02(G) and (H).

Other enforcement actions

The Executive Director of OCCC promptly must report to OCCC any facts or circumstances related to the operation of a sports gaming licensee that constitute a violation of state or federal law, and immediately must report any suspicious wagering to the appropriate state or federal authorities.

OCCC must cooperate with any investigation conducted by a law enforcement agency or sports governing body, including by providing, or facilitating the provision of, wagering information and audio or video files related to persons placing wagers, provided that OCCC is not required to provide any information to a sports governing body that would jeopardize an ongoing criminal investigation.

A sheriff, chief of police, or prosecutor must furnish to OCCC, on forms prescribed by OCCC, any information obtained concerning any apparent violation of the act or OCCC's rules. If the information is considered a confidential law enforcement investigatory record under the Public Records Law, OCCC must not disclose the information to the public.

The act gives the Attorney General a civil cause of action to restrain any violation of the act or of rules adopted under the act. Upon the request of OCCC or its Executive Director, the Attorney General must commence and prosecute such an action to completion. The court must give the action priority over all other civil actions. Such an action does not preclude an administrative or criminal proceeding on the same facts. The Attorney General may enter into an agreement with a state or local law enforcement agency to carry out those duties.⁵⁰

Withholding amounts from sports gaming winnings

Income tax

Under continuing law, individuals are subject to federal, state, and municipal income tax on their gambling winnings. The act provides that, when the amount of a patron's winnings must be reported to the Internal Revenue Service (IRS) for federal income tax purposes (generally, if the winnings are \$600 or more), a sports gaming proprietor must withhold state income tax. If the bet is made at a sports gaming facility or at a racino that offers lottery sports gaming, the proprietor also must withhold any applicable municipal income taxes on a person's winnings. Similar requirements already apply to the withholding of taxes on an individual's casino and lottery winnings under continuing law.

In the case of winnings from lottery sports gaming, the act requires LOT to withhold federal and state income tax on winnings that meet or exceed the IRS reporting threshold, the same as LOT does under continuing law for other lottery prize awards.⁵¹

⁵⁰ R.C. 3775.02(J) and (K).

⁵¹ R.C. 718.031, 718.08, 5747.02, 5747.063, 5747.064, 5747.08, and 5747.20. See also Internal Revenue Service, [Publication 3908](#).

Past due child and spousal support

The act requires a sports gaming proprietor to use a real time data match program implemented by the Department of Job and Family Services to withhold the amount of any past due child or spousal support from a patron's payout of sports gaming winnings, if the winnings meet or exceed the IRS reporting threshold. The proprietor must transmit the money to the Department within 14 days. Under continuing law, the Department operates similar data match programs for withholding amounts from lottery and casino winnings.

With respect to lottery sports gaming winnings, the act requires LOT to withhold any past due child or spousal support from winnings that meet or exceed the IRS reporting threshold, the same as for other lottery prize awards.⁵²

Debts to the state or a political subdivision

The act also requires a sports gaming proprietor to withhold the amount of any debt a patron owes to the state or a political subdivision from the patron's sports gaming winnings if they meet or exceed the IRS reporting threshold. Under the act, the Attorney General must develop and implement a real time data match program for sports gaming proprietors to use to determine whether patrons owe any debts to the state or a political subdivision that have become final, similar to the systems that LOT and casino operators use under continuing law. Before disbursing any winnings that meet or exceed the threshold, the sports gaming proprietor must check the program. If the program indicates that the patron owes any such amounts, the proprietor must withhold the amount of the debt from the winnings, up to the total amount of the winnings, and transmit it to Attorney General within 14 days.

If the patron also is in default under a child or spousal support order, the proprietor must withhold the past due support and transmit it to the Department before transmitting any remaining amount to the Attorney General to satisfy government debts.

After receiving the money from the proprietor, the Attorney General must apply it toward the patron's debt to the state or a political subdivision. If the patron has multiple debts of that kind, the money must be applied against the debts in the following order of priority, which is the same order of priority that applies under continuing law concerning debts to be satisfied from lottery and casino winnings:

- Personal liabilities for corporate tax debts;
- Amounts owed to the state;
- Amounts owed to political subdivisions.

The Attorney General may adopt rules under the Administrative Procedure Act to implement those requirements.⁵³

⁵² R.C. 3123.89 and 3123.90.

⁵³ R.C. 3775.16.

State revenue from sports gaming

Lottery sports gaming revenue

Under the act, all gross proceeds of lottery sports gaming must be deposited in the State Lottery Gross Revenue Fund, the same as for other lottery proceeds. After LOT pays out prizes and amounts due to contractors and lottery sales agents, the remaining amount in the State Lottery Gross Revenue Fund is deposited in the Lottery Profits Education Fund. The Ohio Constitution requires all profits of the Ohio Lottery to be used for the support of public education.⁵⁴

Tax on sports gaming

The act levies a 10% tax on a type A or type B sports gaming proprietor's net revenue from sports gaming. (The revenue from lottery sports gaming conducted by a type C proprietor is not subject to this tax because the state owns the revenue.) The tax is imposed on the proprietor's "sports gaming receipts," which include the total amount received as wagers, less the total of the following:

- Cash paid as winnings;
- Voided wagers;
- Beginning in 2027, a portion of the value of any promotional gaming credits wagered by patrons, as follows:
 - Between January 1, 2027 and December 31, 2031, 10% of those promotional gaming credits;
 - On and after January 1, 2032, 20% of those promotional gaming credits.⁵⁵

The tax operates in much the same way as the state's tax on casino gaming revenue. The Department of Taxation administers the tax, and the same filing requirements, penalties, and refund and assessment procedures that apply to the casino gaming tax also apply to the sports gaming tax. As with the casino gaming tax, a sports gaming proprietor must file daily tax returns showing the sports gaming proprietor's sports gaming receipts and pay the tax due. Returns are to be filed electronically on each day that banks are open.⁵⁶

Distribution of state sports gaming revenue

The act creates the Sports Gaming Revenue Fund in the state treasury and requires most state revenues generated from sports gaming to be deposited in the fund. Those revenues include all of the following:

⁵⁴ R.C. 3770.06. See also Ohio Constitution Article XV, Section 6(A).

⁵⁵ R.C. 5753.01.

⁵⁶ R.C. 5753.01, 5753.021, 5753.03, 5753.04, 5753.05, 5753.06, 5753.061, 5753.07, 5753.08, 5753.10, and 5753.12.

- Revenue from the 10% tax imposed on type A and type B sports gaming proprietors' sports gaming receipts;
- 99.5% of the fees for sports gaming proprietor and management services provider licenses (with the remaining 0.5% being deposited in the Sports Gaming Profits Veterans Fund discussed below);
- Fines paid to OCCC as penalties for noncriminal violations of the law governing sports gaming;
- Unclaimed winnings.

(Other fees paid to OCCC, such as application fees and fees for licenses for sports gaming suppliers, type C sports gaming hosts, and occupational licenses, are deposited in the Casino Control Commission Fund to support OCCC's operations.)⁵⁷

After deducting from the Sports Gaming Revenue Fund any amounts needed to pay tax refunds and to cover the Department of Taxation's administrative expenses, the Director of Budget and Management must transfer the remainder in the Sports Gaming Revenue Fund on or before the 15th day of the month following the end of each calendar quarter. Of those remaining moneys, 98% must go to the Sport Gaming Profits Education Fund, and 2% must go to the Problem Sports Gaming Fund to fund programs to alleviate problem sports gaming.

The act specifies that the money in the Sports Gaming Profits Education Fund must be used for the support of public and nonpublic K-12 education, as determined in appropriations made by the General Assembly, with one-half used to support K-12 interscholastic athletics and other extracurricular activities.

The Director of Veterans Services must use the money in the Sports Gaming Profits Veterans Fund, which consists of 0.5% of sports gaming proprietor and management services provider license fees, for the following purposes:

- For the direct benefit of veterans and their spouses and dependents, for the following purposes:
 - Job training or assistance for job retraining;
 - Assistance during a period of unemployment due to prolonged physical or mental illness or disability of the veteran resulting from service in the Armed Forces;
 - Individual counseling or family counseling programs;
 - Family support group programs or programs for children of members of the Armed Forces;
 - Honor guard services.

⁵⁷ R.C. 3775.02(G), 3775.04(D), 3775.05(B)(3), 3775.051(B)(3), 3775.10(F), and 5753.031.

- To provide additional funding to a county veterans service commission to alleviate inequality of funding among such commissions or in response to an emergency or declared disaster;
- To provide additional funding to an Ohio veterans home;
- To provide funding to a program administered by the Ohio National Guard that provides support to members of the Armed Forces and their families, especially during deployments.

All interest generated by the gaming revenue-related funds created by the act is credited back to those funds.⁵⁸

Commercial activity tax on sports gaming proprietors

Sports gaming proprietors, other than type C proprietors, whose proceeds belong to the LOT, are subject to Ohio's primary business tax, the commercial activity tax (CAT). That tax is levied on a business's gross receipts, which generally includes all amounts received by the business. However, continuing law provides that casinos are taxed only on their gross casino revenue (generally, amounts wagered less winnings paid).

The act creates a similar exception for sports gaming receipts. Under the act, a sports gaming proprietor is only required to pay the CAT on its sports gaming receipts (amounts wagered less winnings paid, as described above), not on the gross amount it receives from sports gaming.⁵⁹

Sharing of confidential tax information

Ongoing law requires that tax information provided to the Department of Taxation remain confidential, unless an exception applies. There are continuing exceptions that allow the Department to share with LOT and OCCC information relating to taxpayers' compliance with the casino gaming tax and withholding taxes.

The act adds an exception that also allows the Department to share sports gaming tax information with OCCC.⁶⁰ In addition, as noted above in "**Confidentiality of licensee information**," the information in a return filed by a sports gaming proprietor concerning sports gaming receipts is subject to disclosure as a public record.

Unlicensed sports gaming facility operators

The act applies the sports gaming tax to any person who operates a sports gaming facility without holding a valid license. The Tax Commissioner may issue an assessment against any such person for the tax due from their unlicensed activities. This tax applies only to persons

⁵⁸ R.C. 3772.062, 3775.02(G), 5753.031, and 5902.22.

⁵⁹ R.C. 5751.01.

⁶⁰ R.C. 5703.21.

operating sports gaming facilities, so does not appear to apply to persons offering online gaming without a license.⁶¹

Criminal prohibitions regarding sports gaming

The act sets out a number of criminal prohibitions concerning sports gaming. See the table below for the continuing-law maximum prison or jail terms and fines for the various levels of criminal offenses the act applies to those prohibitions.

The act prohibits any person from knowingly doing any of the following, and makes those violations a first degree misdemeanor for a first offense and a fifth degree felony for a subsequent offense:

- Making a false statement on an application submitted to OCCC;
- Permitting an individual under 21 to engage in sports gaming;
- Aiding, inducing, or causing an individual under 21 who is not an employee of the sports gaming proprietor to enter or attempt to enter a sports gaming facility;
- Entering or attempting to enter a sports gaming facility while under 21, except as permitted under the act for employees of the sports gaming proprietor or for individuals who are being escorted to another area;
- Being a sports gaming proprietor or an employee of a sports gaming proprietor and participating in sports gaming offered by the proprietor, other than as part of operating sports gaming or as part of the employee's employment.

Further, the act prohibits any person from knowingly doing any of the following, makes those violations a fifth degree felony for the first offense and a fourth degree felony for a subsequent offense, and specifies that if the violator is a sports gaming licensee, OCCC must revoke the license after the first offense:

- Offering, promising, or giving anything of value to anyone for the purpose of influencing the outcome of a sporting event or attempting to do so;
- Placing, increasing, or decreasing a wager after acquiring knowledge not available to the general public that anyone has been offered, promised, or given anything of value for the purpose of influencing the outcome of the sporting event upon which the wager is placed, increased, or decreased, or attempting to do so;
- Manufacturing, selling, or distributing any device that the person intends to be used to violate any law governing sports gaming in Ohio or another state;
- Placing a bet or aiding any other individual in placing a bet on a sporting event after unlawfully acquiring knowledge of the outcome on which winnings from that bet are contingent;

⁶¹ R.C. 5753.12.

- Claiming, collecting, or taking anything of value from a sports gaming proprietor with intent to defraud, or attempting to do so, without having made a wager in which the amount or value is legitimately won or owed;
- Placing a wager using counterfeit currency or another counterfeit form of credit approved for wagering;
- Possessing any device intended to be used to violate the law governing sports gaming or any OCCC rule governing sports gaming or any materials used to manufacture such a device. That prohibition does not apply to a sports gaming proprietor or to a proprietor's employee or agent who is acting in furtherance of the proprietor's interest.
- Changing or altering the normal outcome of any sports gaming conducted through an online sports pool, including any system used to monitor the online sports pool, or the way in which the outcome is reported to any patron;
- Operating sports gaming in a manner other than the manner required under the act. Premises or any internet website used or occupied in violation of that provision constitute a nuisance subject to abatement under the Nuisance Law.

The act prohibits any person from knowingly doing any of the following; makes those violations a third degree felony; specifies that if the person is a sports gaming licensee, OCCC must revoke the person's license after the first offense; and specifies that if the person is a public servant or political party official, the person is forever disqualified from holding any public office, employment, or position of trust in Ohio:

- Offering, promising, or giving anything of value or benefit to a person who is connected with a sports gaming proprietor, OCCC, LOT, or an agent or employee of any of those entities, under an agreement to influence, or with the intent to influence, the actions of the person to whom the offer, promise, or gift is made in order to affect or attempt to affect the outcome of sports gaming conducted in Ohio or an official action of a member, agent, or employee of OCCC or LOT;
- Soliciting, accepting, or receiving a promise of anything of value or benefit while the person is connected with a sports gaming proprietor, OCCC, or LOT or an agent or employee of those entities under an agreement to influence, or with the intent to influence, the actions of the person to affect or attempt to affect the outcome of sports gaming conducted in Ohio or an official action of a member, agent, or employee of OCCC or LOT.

Finally, the act prohibits any person from knowingly doing any of the following while participating in sports gaming or otherwise transacting with a sports gaming proprietor as permitted under the law governing sports gaming, and makes those violations a fifth degree felony on the first offense and a fourth degree felony on a subsequent offense (essentially,

these prohibitions penalize a person who attempts to circumvent state or federal anti-money laundering laws):⁶²

- Causing or attempting to cause a sports gaming proprietor to fail to file a report required under the federal Bank Secrecy Act of 1970, which requires financial institutions to keep records and file reports on certain financial transactions, or under the provision of Ohio law that requires financial institutions also to file those reports with the Attorney General;
- Causing or attempting to cause a sports gaming proprietor to fail to file a report or maintain a record required by an order issued under the Federal Deposit Insurance Act or under the federal law that applies similar reporting requirements to institutions that are not federally insured;
- Causing or attempting to cause a sports gaming proprietor to file a report under the Bank Secrecy Act of 1970 or the parallel provision of Ohio law, if the report contains a material omission or misstatement of fact;
- Causing or attempting to cause a sports gaming proprietor to file a report or maintain a record required by an order issued under the federal law that allows a bank to be relieved from liability for a loss resulting from a payment related to redeeming a savings bond or savings note, if the report or record contains a material omission or misstatement of fact;
- Causing or attempting to cause a sports gaming proprietor to maintain a record required under any regulation prescribed under the Federal Deposit Insurance Act or under the federal law that applies similar reporting requirements to institutions that are not federally insured, if the record contains a material omission or misstatement of fact;
- Structuring a transaction with one or more sports gaming proprietors, being complicit in structuring such a transaction, attempting to structure such a transaction, or being complicit in an attempt to structure such a transaction. For purposes of this provision, “structuring a transaction” has the same meaning as in the provisions of Ohio law that mirror the Bank Secrecy Act of 1970, which is dividing a transaction that otherwise would be reportable into two or more transactions that, if considered separately, would not be reportable.

The table below lists the continuing law maximum sentences for the various levels of criminal offenses the act assigns to the offenses it creates.⁶³

⁶² R.C. 3775.99.

⁶³ See R.C. 2929.14, 2929.18, 2929.24, and 2929.28, not in the act.

Continuing law maximum sentences for criminal offenses		
Level of offense	Prison or jail term	Fine
Third degree felony	3 years	\$10,000
Fourth degree felony	18 months	\$5,000
Fifth degree felony	1 year	\$2,500
First degree misdemeanor	6 months	\$1,000

Shipments of gambling devices

The act states that all shipments of gambling devices, including any sports gaming equipment, to sports gaming proprietors, management services providers, sports gaming suppliers, or type C sports gaming hosts 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. That federal law prohibits any person from knowingly transporting any gambling device into a state, but allows states and political subdivisions to pass laws exempting themselves from the prohibition.⁶⁴

Implementation process

Universal start date

The act requires the Executive Director of OCCC to designate a universal start date for sports gaming that is not later than January 1, 2023. No person may offer sports gaming in Ohio before the universal start date.⁶⁵

Initial licensing

The Executive Director of OCCC must set a series of deadlines by which persons must apply for sports gaming licenses in order to begin operating on the universal start date. Those deadlines must include two phases:

- An earlier deadline for applications associated with any of the following:
 - A type A sports gaming proprietor and its designated first mobile management services provider;
 - A type B sports gaming proprietor;
 - A type C sports gaming proprietor.
- A later deadline for applications associated with any of the following:

⁶⁴ R.C. 3775.15. See also 15 United States Code 1172.

⁶⁵ Section 4(A) of the act.

- A type A sports gaming proprietor’s designated second mobile management services provider;
- A type C sports gaming host. OCCC must process applications for host licenses in an order that creates equity among applications from all areas of the state.

If a person applies for a sports gaming license after the applicable deadline, OCCC is not required to review the application in time to issue the person a license before the universal start date.⁶⁶

Provisional licenses

Through June 30, 2023, the act allows the Executive Director of OCCC, at the request of an applicant, to issue a provisional sports gaming license, so long as the applicant has submitted a completed application and the required fee. OCCC may prescribe by rule the requirements to receive a provisional license, including additional application and license fees.

In evaluating a request for a provisional license, the Executive Director may consider the applicant’s apparent eligibility for the full license, including whether the applicant has previously undergone a suitability investigation similar to the one required for the full license.

The Executive Director must set the validity period for a provisional license, provided that it may not exceed three months, with one renewal for an additional three months.⁶⁷

Joint Committee on Sports Gaming

The act establishes the Joint Committee on Sports Gaming, which must monitor the implementation of sports gaming under the act and report its recommendations, if any, to the General Assembly. Any study, or any expense incurred, in furtherance of the Committee’s objectives must be paid from the Casino Control Commission Fund or another appropriation provided by law.

The Committee consists of three members of the Senate appointed by the Senate President and three members of the House appointed by the Speaker. Not more than two members appointed from each chamber may be members of the same political party. The President and the Speaker must designate co-chairpersons of the Committee. Members must serve without additional compensation, but must be reimbursed for actual and necessary expenses incurred in the performance of their official duties.

The Committee ceases to exist on March 23, 2024.⁶⁸

⁶⁶ Section 4(B) of the act.

⁶⁷ Section 4(C) of the act.

⁶⁸ Section 5 of the act.

Select Committee on Sports Gaming and Problem Gambling

Additionally, the act creates the Select Committee on Sports Gaming and Problem Gambling, which must study all of the following:

- Whether a portion of the money in the Sports Gaming Revenue Fund created under the act should be allocated to make grants to youth sports programs;
- Whether an appropriate amount of the money in the Sports Gaming Revenue Fund is allocated to the Problem Sports Gaming Fund;
- Whether sports gaming proprietors and LOT should be required to develop and implement compulsive and problem gambling plans with respect to sports gaming, similar to the plans casino operators develop and implement under the Casino Law;
- Whether the Attorney General should be required to develop and implement a compulsive and problem gambling program for instant bingo and electronic instant bingo license holders to train and assist license holders in preventing, and educating participants about, problem gambling.

The Select Committee consists of the following nine members, who must serve without compensation:

- Two members of the Senate appointed by the Senate President;
- One member of the Senate appointed by the Senate Minority Leader;
- Two members of the House appointed by the Speaker;
- One member of the House appointed by the House Minority Leader;
- One member of the public appointed by the Senate President;
- One member of the public appointed by the Speaker of the House;
- One member of the public appointed by the Governor.

The Select Committee must elect a chairperson from among its members. Vacancies on the Select Committee must be filled in the manner provided for original appointments.

Not later than January 1, 2022, the Select Committee must submit a report of its findings to the General Assembly. After it submits the report, the Select Committee ceases to exist. (The Committee's deadline to submit a report passed before the act took effect.)⁶⁹

⁶⁹ Section 6 of the act.

Casinos

OCCC procedures

Administrative hearings

The act clarifies that OCCC must use the same administrative procedures in order to fine or penalize an applicant, licensee, or other person as OCCC uses under continuing law in order to limit, condition, restrict, suspend, revoke, deny, or refuse to renew a license. Those procedures include notice requirements, a formal hearing, and factors OCCC must consider in making decisions.⁷⁰

Casino involuntary exclusion list

The act modifies the procedures that apply when OCCC adds a person's name to the casino involuntary exclusion list. Prior law specified that the person was entitled to an adjudication hearing, but appeared to require OCCC to hold a hearing even if the person did not request one. Under the act, if the person does not request a hearing, OCCC may, but is not required to, hold a hearing. The act also specifies that OCCC may reopen an adjudication at any time.⁷¹

Casino and racino voluntary exclusion program

The act adds language to the law to explicitly allow OCCC to share information about the participants in the casino voluntary exclusion program with LOT, as well as with sports gaming proprietors and their agents and employees. Previously, OCCC shared that information with LOT under a separate provision of law that allows OCCC to do so with each participant's consent. OCCC and LOT use this information-sharing ability to operate a joint voluntary exclusion program for casinos and racinos.⁷²

Gaming agents as peace officers

The act expands the Revised Code's general definition of "peace officer" to include OCCC's gaming agents. Under prior law, gaming agents already were considered peace officers for certain purposes related to enforcing the Casino Law, but were not included in the general definition of "peace officer."

As a result of the act's change to the definition, gaming agents are considered peace officers for purposes of at least 93 additional Revised Code sections, including several provisions related to arrest or the issuance and execution of warrants, as well as the application of increased penalties for assault when the victim is a peace officer.⁷³

⁷⁰ R.C. 3772.04.

⁷¹ R.C. 3772.031(D).

⁷² R.C. 3772.03(D)(10)(d).

⁷³ R.C. 2935.01. See also R.C. 2903.13, not in the act.

Casino operations

Institutional investors

For purposes of the Casino Law, the act 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.

Under continuing law, being classified as an institutional investor allows a person to be exempt from more restrictive regulation as a holding company that has control over a casino operator, management company, or gaming-related vendor.⁷⁴

Debt transactions

The act eliminates a requirement that a casino operator obtain OCCC's approval before acquiring certain types of debt. Prior law required a casino operator to apply to OCCC on a prescribed form before engaging in a debt transaction that caused the casino operator to acquire debt of \$500,000 or more. That restriction did not apply to debts to affiliated companies, so long as the debts did not exceed \$10 million at any one time.⁷⁵

Tax on unlicensed casino facilities

Similar to a provision added for sports gaming facilities, the act applies the gross casino revenue tax to any person operating a casino without a valid license. The Tax Commissioner may issue an assessment against any such person for the tax due from their unlicensed activities.⁷⁶

Technical changes related to the Fresh Start Act

The 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 133rd General Assembly, which took effect October 9, 2021. The Fresh Start Act places uniform requirements on state licensing authorities, including OCCC, concerning the criminal offenses that disqualify an individual for a license. The act changes several references in the Casino Law as necessary to acknowledge the new requirements.⁷⁷

Electronic instant bingo

The act eliminates a requirement in law that any individual who installs, maintains, updates, or repairs an electronic instant bingo system hold an appropriate and valid occupational license issued by OCCC. Under continuing law, a distributor of electronic instant

⁷⁴ R.C. 3772.01(O).

⁷⁵ Repeal of R.C. 3772.28.

⁷⁶ R.C. 5753.12.

⁷⁷ R.C. 109.572, 3772.01, and 3772.07. See also R.C. 9.79, not in the act.

bingo systems still must have an electronic instant bingo endorsement to the person's distributor license issued by the Attorney General.⁷⁸

Continuing law, enacted earlier in 2021, allows certain veterans and fraternal organizations to offer electronic instant bingo for charitable purposes. For more background on electronic instant bingo, see LSC's [final analysis of H.B. 110 of the 134th General Assembly](#), beginning on page 59.

Horse racing

Finally, the act adjusts the permitted uses of the Ohio State Racing Commission Fund. Under continuing law, 3% of the revenue from Ohio's tax on casinos is deposited in the fund to support the efforts and activities of the State Racing Commission to promote horse racing in Ohio at which pari-mutuel wagering is conducted. The act increases, from 5% to 10%, the share of the money in the fund that the Commission may use to cover operating expenses necessary to administer the fund.⁷⁹

HISTORY

Action	Date
Introduced	02-03-21
Reported, H. Armed Services & Veterans Affairs	03-04-21
Passed House (91-2)	03-10-21
Reported, S. Veterans & Public Safety	06-02-21
Passed Senate (31-0)	06-24-21
House refused to concur in Senate amendments (0-97)	06-28-21
Senate requested conference committee	09-21-21
House acceded to request for conference committee	10-06-21
Senate agreed to conference committee report (31-1)	12-08-21
House agreed to conference committee report (72-13)	12-08-21

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⁷⁸ R.C. 2915.081.

⁷⁹ R.C. 5753.03(D).