



S.B. 99

125th General Assembly
(As Introduced)

Sen. Blessing

BILL SUMMARY

- Enacts several statutory requirements concerning (1) the State Lottery Commission's operation of lotteries using electronic gaming devices at horse racing tracks and (2) academic scholarships, funded by a portion of the proceeds of these lotteries, for certain eligible Ohio high school graduates--all of which will take effect only if a specified proposal to amend Section 6 of Article XV of the Ohio Constitution to permit these lotteries is approved by the electors of the state at the general election to be held on November 4, 2003.
- Requires the Director of the State Lottery Commission to license holders of permits issued under the Horse Racing Law as electronic lottery sales agents, establishes licensure requirements, and provides for license renewal every five years.
- Requires the Commission to execute renewable agreements with these agents that provide for the distribution of the gross proceeds of the lotteries in certain ways and that contain other specified provisions.
- Requires the Commission to perform specified actions in conducting the lotteries, including the operation of all electronic gaming devices and of an on-line central communications system that provides security, auditing, and data and information retrieval.
- Establishes the responsibilities of electronic lottery sales agents.
- Requires the Commission to adopt rules addressing specified topics necessary to implement the provisions concerning the conduct of lotteries using electronic gaming devices.

- Precludes the Commission from conducting Keno and specified live casino table games, but authorizes it to conduct lotteries replicating them by electronic gaming devices.
- Prohibits the assessment on or collection from an agent of a license or excise tax or fee by any political subdivision by reason of the conduct of lotteries using electronic gaming devices at tracks.
- Creates Ohio Scholars Program scholarships, which provide full-tuition scholarships or tuition scholarships of \$5,000, whichever is less, for one academic year to eligible Ohio high school graduates who enroll in state-assisted institutions of higher education or private colleges or universities in the state.
- Requires a portion of the proceeds from the operation of the lotteries using electronic gaming devices to be used to fund those scholarships.
- Requires the Department of Education to adopt rules necessary for implementing those scholarships.

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CONTENT AND OPERATION

Overview

The bill enacts several statutory requirements concerning the State Lottery Commission's operation of lotteries using electronic gaming devices at horse racing tracks. A portion of the proceeds of these lotteries is to be used to fund Ohio Scholars Program Scholarships, which are created by the bill and provide a one academic year tuition scholarship to eligible Ohio high school graduates who enroll in state-assisted institutions of higher education or private colleges or universities in the state.

The bill's amendments and enactments, however, *do not take effect* unless a proposal to amend Section 6 of Article XV of the Constitution of the State of Ohio is approved by the electors of the state at the general election to be held on November 4, 2003 (Section 5).¹

Operation of lotteries using electronic gaming devices

Definitions

The bill defines the following terms for purposes of its provisions for the operation of lotteries using electronic gaming devices at horseracing tracks (R.C. 3770.21):

- "Associated equipment" means any hardware or software that is connected to an electronic gaming device (see below) or the central communications system (see below) for the purpose of performing communications to, or validation, auditing, or data and information retrieval by, the State Lottery Commission. It does not include telecommunications facilities and equipment of a public utility or electronic gaming devices.
- "Central communications system" means the computer system operated and controlled by the Commission to which electronic gaming devices and their

¹ Presumably, the bill is referring to Senate Joint Resolution 8 of the 125th General Assembly. Senate Joint Resolution 8, if approved, will amend Section 6 of Article XV of the Ohio Constitution to require an agency of the state conducting lotteries to conduct lottery games, with immediate prize determinations for individual participants, by electronic devices, in those counties where licensed horseracing tracks operated during calendar year 2002, but in no more locations than the number of licensed horseracing tracks that operated in each such county during that year. Additionally, it will require that the entire net proceeds of those lottery games be used to fund school building construction and scholarships for Ohio students at Ohio institutions of higher education.

associated equipment communicate for security, auditing, data and information retrieval, and other purposes authorized under the bill.

- "Electronic gaming device" means a device approved by the Commission for the purpose of conducting at tracks (see below) lotteries that provide immediate prize determinations for individual participants.
- "Electronic lottery sales agent" means a person who is a permit holder (see below) and who holds a current license issued under the bill to assist the Commission in conducting lotteries through the use of electronic gaming devices at a track.
- "Gross proceeds" means the amount of wagers by participants in lotteries minus payments to winning participants.
- "Key gaming employee" means any individual employed by or under contract with an electronic lottery sales agent or an employee of a contractor that provides management or employee-related services to the agent. These include gaming operator managers or assistant managers; facilities operator managers; electronic games managers; accounting department personnel; count room employees; cage department employees, including cashiers and main bank employees; vault department employees; surveillance and security department employees; floor managers; maintenance and security personnel, including custodians of electronic gaming devices and associated equipment and persons with access to cash and accounting records within those devices or equipment; and internal auditors of the agent.
- "Permit holder" means a corporation, trust, partnership, limited partnership, association, person, or group of persons issued a permit under the Horse Racing Law to conduct a racing meeting. It does not include the holder of a permit issued for a racing meeting at a county fair or an independent fair, but it does include a holder of a permit issued for a racing meeting at a county agricultural society's fairground if the holder of the permit previously has conducted and presently is conducting pari-mutuel wagering on horse racing on the premises of the fairground. (See also R.C. 1711.09 and 1711.11(H).)
- "Track" means any place, track, or enclosure where a permit holder conducts live horse racing for profit at a racing meeting, and includes facilities on premises contiguous or adjacent to those places, tracks, or enclosures.



Establishment of lotteries using electronic gaming devices

The bill requires the State Lottery Commission to conduct lotteries that provide immediate prize determinations for individual participants through the use of electronic gaming devices ("lotteries"). The Commission must conduct these lotteries only through electronic lottery sales agents ("agents") that have conducted live horse-racing meetings during the past seven calendar years preceding their licensing as agents and only at tracks. If, on the bill's effective date, more than one permit holder conducted horse-racing meetings at a track during the previous calendar year, the permit holders must designate, by a written agreement, one permit holder, or a person or entity owning or owned by one or more permit holders, as the agent for that track. The agreement must be filed with the Commission prior to the issuance of an agent license and cannot be modified without the Commission's consent. (R.C. 3770.22.)

Licensure of electronic gaming sales agents

Under the bill, the Director of the State Lottery Commission must license as an electronic gaming sales agent a permit holder who applies for the license. Each applicant must do all of the following (R.C. 3770.24(A)):

- Pay to the Commission a fee of \$1,000;
- Present proof, in the form the Director requires, that the applicant is a permit holder;
- Prior to the approval of the application, obtain a letter of credit, or a surety or, if the Director requires, a fidelity bond, in an amount the Director determines, but not to exceed \$100,000. A bond may be with any company that complies with the bonding and surety laws of Ohio and requirements established by Commission rules adopted under the bill (see "**Rules**," below).

The Director must certify to the Commission that an applicant has the required permit and letter of credit or bond (R.C. 3770.24(A)).

An agent's license is effective for five years, and an agent, on or before the date the Director establishes, must renew the agent's license and the agreement required by the bill (see "**Agreement between the Commission and electronic lottery sales agents**," below) and provide evidence that the agent is a current permit holder and has renewed the required letter of credit or bond. The Director again must certify to the Commission that an applicant for renewal has the required permit and letter of credit or bond. (R.C. 3770.24(B).)

The bill specifies that any violation of the bill's provisions or the other provisions of the State Lottery Law, or of any rule adopted under that law, is sufficient reason for the Commission to refuse to issue a license to an applicant or for the Commission to suspend or revoke any license issued under the bill. Any action of the Commission with respect to the issuance, refusal, suspension, or revocation of a license under the bill is subject to the Administrative Procedure Act. (R.C. 3770.24(C).)

Relationship between the Commission and electronic lottery sales agents

The bill states that the relationship between the State Lottery Commission and an electronic lottery sales agent is one of trust. An agent collects funds on behalf of the Commission through the sale of "rights to participate in lotteries" for which the agent receives a commission. An agent may not accept any thing of value from, or enter into an agreement with, a manufacturer, distributor, or vendor of electronic gaming devices and associated equipment before filing with the Commission a copy of the agreement or a document memorializing the offer of the thing of value. (R.C. 3770.25.)

Agreement between the Commission and electronic lottery sales agents

Under the bill, the State Lottery Commission must execute an agreement with each electronic lottery sales agent. Each agreement and renewed agreement must provide all of the following (R.C. 3770.26(A)(1) to (9); Section 3(A) and (B)):

- **Device licensing fee.** That the agent pay to the Commission a one-time licensing fee equal to \$8,000 for each electronic lottery device that is to be located at the agent's premises before a device can be operated. If a device is replaced by another device, no additional licensing fee is required for the replacement device.
- **Commission.** That a certain percentage of the gross proceeds of the lotteries using electronic gaming devices must be paid as a commission to the agent for services and personnel provided under the bill by the agent for the lotteries (see "**Responsibilities of an electronic lottery sales agent,**" below); for the provision, maintenance, and repair of the buildings and grounds at the track where the devices are located; and for injury to the agent's existing business as the result of the Commission's conduct of lotteries at the track. From the date an agent pays the agent's licensing fee for devices through June 30, 2004, the percentage of the gross proceeds paid as a commission will be 40.5%. Then, from July 1, 2004, until a date determined by Commission rules, the percentage will be decreased to 39%.

Finally, following the date set by the Commission, the percentage will be decreased to 37.5%.

- **Reimbursement of costs.** That a certain percentage of the gross proceeds of the lotteries using electronic gaming devices must be credited to the agent for reimbursement of costs and damages as a result of the Commission's operation of electronic gaming devices at the track. From the date an agent pays the agent's licensing fee for devices through June 30, 2004, the percentage of the gross proceeds credited as reimbursement will be 9%. And, from July 1, 2004, until a date determined by Commission rules, the percentage will continue to be 9%. Finally, following the date set by the Commission, the percentage will increase to 10.5%.

From the above percentage amount of the gross proceeds credited for reimbursement, the agent must add a certain amount of the gross proceeds of lotteries conducted at a track during the previous month to the *purse money* for live horse racing conducted at that track. From the date an agent pays the agent's licensing fee for devices through June 30, 2004, the percentage of the gross proceeds added to the purse money will be 8.5%. And, from July 1, 2004, until a date determined by Commission rules adopted, the percentage will continue to be 8.5%. Finally, following the date set by the Commission, the percentage will increase to 10%.

Also, from the above percentage amount of the gross proceeds credited for reimbursement, the agent must pay an amount equal to .25% of the gross proceeds of lotteries conducted at a track during the previous month to the *county* in which the track is located, and an amount equal to .25% of those gross proceeds to the *municipal corporation* in which the track is located or, if it is not located within a municipal corporation, to the *township* in which it is located. If the track is located in more than one county, and municipal corporation or township, the amounts payable must be divided equally among the counties, and municipal corporations or townships.

- **College scholarships.** That a portion of the proceeds of the lotteries using electronic gaming devices, as determined in appropriations made by the General Assembly, must be paid out of the State Lottery Gross Revenue Fund by the Treasurer of State and credited to the Ohio Scholars Program Scholarship Fund (see "**Ohio Scholars Program Scholarships**," below).
- **Fixtures and equipment.** That the agent must give to the Commission a written schedule that lists the installed cost of all fixtures and equipment the agent supplies to assist the Commission in conducting lotteries using electronic gaming devices, and, if the Commission discontinues conducting the lotteries for any reason other than breach of the agreement by the agent

or suspension or revocation of the agent's license or the associated permit issued under the Horse Racing Law, that the Commission must reimburse the agent for the unamortized cost of the fixtures and equipment listed in the schedule.

- **Required conduct of horse racing.** That the agent must conduct live horse-racing meetings and simulcast racing programs each calendar year on not less than the number of days required by the Horse Racing Law pursuant to the permit issued by the State Racing Commission for that track.
- **Number of devices.** That not less than 1,800 nor more than 2,500 electronic gaming devices may be placed at a track without a determination by the Commission's Director or the Commission that the number of devices is consistent with the bill's purposes and has been requested by the agent.
- **Hours of electronic lotteries.** That lotteries using electronic gaming devices may not be conducted between the hours of 5 a.m. and 8 a.m. on any day.

Under the bill, the term of the agreement cannot exceed five years, and the agreement cannot be terminated by the parties during its term, except for breach of a provision of the agreement, or suspension or revocation of an agent's license issued under the bill or of a permit issued under the Horse Racing Law. If the Commission intends to terminate or not renew an agreement, it must provide the agent with an opportunity for an adjudication under the Administrative Procedure Act. (R.C. 3770.26(B).)

Special distribution of money

The bill allows an electronic lottery sales agent and the Ohio Division of the Horsemen's Benevolent and Protective Association or Ohio Harness Horsemen's Association, prior to December 31, 2018, to agree in writing that an amount equal to 1% of the gross proceeds of the lotteries conducted under the bill be paid by the agent to one or more specified funds designated by the appropriate horsemen's association. The written agreement must be filed with the State Lottery Commission and the State Racing Commission. The funds that may be designated are the Ohio Fairs Fund, the Ohio Thoroughbred Race Fund, the Ohio Standardbred Development Fund, and the Ohio Quarter Horse Development Fund. (Section 4.)

Responsibilities of the Commission

The bill requires the State Lottery Commission to do all of the following in conducting lotteries using electronic gaming devices (R.C. 3770.27):

- Approve, qualify, certify, procure, install, maintain, repair, replace, and operate all electronic gaming devices, associated equipment, and intellectual property necessary for the conduct of the lotteries.
- Procure, install, establish, maintain, repair, replace, and operate the central communications system that provides security, auditing, and data and information retrieval as determined necessary by the Commission and that does not limit participation to only one electronic gaming device manufacturer, distributor, supplier, or provider. The system must be on-line and in continuous communication with computers, electronic gaming devices, and associated equipment located at the tracks of electronic lottery sales agents.
- Select, qualify, certify, retain, pay, and terminate all contractors, suppliers, service companies, and vendors of the Commission necessary for the conduct of the lotteries, including those persons that provide the devices, associated equipment, and the central communications system.
- Establish standards for the daily payment by an agent, through electronic transfer or other system the Commission's Director mandates, of the gross proceeds of the lotteries, less the commission paid and the reimbursement credited to the agent under the bill.
- Review advertising and promotion of the lotteries. The Commission must pay 50% of the cost of producing, distributing, and operating any approved advertising and promotion. The remainder must be paid by the agent that initiates the advertising or promotion.

Responsibilities of an electronic lottery sales agent

The bill requires an electronic lottery sales agent to do all of the following in assisting the State Lottery Commission with the conduct of lotteries using electronic gaming devices (R.C. 3770.28):

(1) Select the number, type, denomination, and location of and refill the electronic gaming devices that the Commission places at the track, and promptly report to the electronic gaming device manufacturer and the Commission any malfunctions of the devices or failures of the manufacturers or service technicians to promptly service and repair the devices or associated equipment;

(2) Provide, maintain, and repair necessary capital improvements for the facilities at the track at which the devices are located;

(3) Hire and compensate adequate personnel to ensure compliance with the bill, including sufficient security personnel to protect and secure the devices and associated equipment and the track at which the devices are located;

(4) Hire, compensate, and be responsible for the performance of the duties of, key gaming employees, ensuring that they have been and remain during the course of their employment duly licensed by the Commission;

(5) By electronic transfer or other system the Director mandates, transfer or deliver daily to the Commission the gross proceeds of the lotteries, less the commission paid and the reimbursement credited to the agent under the bill;

(6) Deliver payment to winning participants of prizes awarded by lotteries conducted at the track.

Rules

In general. Current law requires the State Lottery Commission to adopt rules in accordance with the Administrative Procedure Act under which a statewide lottery may be conducted. The bill instead requires the Commission to adopt rules in accordance with the APA under which *lotteries*, including, but not limited to, games providing immediate prize determinations for individual participants through the use of electronic gaming devices, *must* be conducted. It then slightly modifies the topics to be addressed by those rules to include language encompassing lotteries using electronic gaming devices. (R.C. 3770.03(A).)

Additional rules. Current law also requires the Commission to adopt additional specified rules in accordance with the APA under which a statewide lottery and statewide joint lottery games may be conducted. The bill, however, requires the Commission to adopt the additional specified rules for statewide joint lottery games that may be conducted (similar to current law), and for *lotteries*, including, but not limited to, games providing immediate prize determinations for individual participants through the use of electronic gaming devices, that *must* be conducted. (R.C. 3770.03(B).) The bill modifies certain of the subjects that these additional rules currently must address and adds new subjects as follows (R.C. 3770.03(B)):

(1) Currently, the rules must address the manner in which lottery sales revenues are to be collected, including authorization for the Commission's Director to impose penalties for a failure of a lottery sales (ticket) agent to transfer revenues to the Commission in a timely manner. The bill adds electronic lottery sales agents to this requirement.

(2) Currently, the rules must establish the amount of compensation to be paid licensed agents. The bill retains this requirement, but creates an exception to

it because the compensation to be provided to electronic lottery sales agents is in accordance with their agreements with the Commission under the bill.

(3) Currently, the rules must establish the substantive criteria for the licensing of lottery sales (ticket) agents and procedures for revoking or suspending their licenses. The bill specifies the revocation and suspension procedures also must apply to the licenses of electronic lottery sales agents. (See also R.C. 3770.02(E).)

(4) The bill adds as required subjects (a) the manner in which lotteries that use electronic gaming devices must be conducted and the security, licensing, and enforcement procedures necessary to ensure the integrity of those lotteries, (b) licensing requirements for key gaming employees of electronic lottery sales agents or agents' contractors that employ key gaming employees (the maximum initial or yearly fee for a license issued by the Commission cannot exceed under the rules the Commission's cost and expenses of investigation and licensing), and (c) any other subjects the Commission determines are necessary for the conduct of lotteries using electronic gaming devices.

Uncodified law. The bill requires the Commission in uncodified law to adopt rules that (1) require electronic lottery sales agents to file all documents relating to their borrowing or financing of *device licensing fees* (the \$8,000 amounts discussed previously) and determining the date at which the financing or borrowing is retired, and (2) provide that, following the retirement of the financing or borrowing, these rules will cease to be effective (Section 3(C)).

Prohibitions

Particular games. The bill prohibits the State Lottery Commission from conducting, directly or in conjunction with any lottery sales agent or electronic lottery sales agent, Keno or the following live casino table games (R.C. 3770.03(D)(1)):

- Card games (including poker, blackjack, twenty-one, casino war, or baccarat) played with persons dealing cards and participants wagering on outcomes determined by the dealt cards;
- Roulette, wheel of fortune, or any other game played with persons spinning wheels and participants wagering on outcomes determined by a spinning wheel;
- Craps, mah jong, sic bo, or any other game played with persons casting or dealing dice, tiles, or similar objects, and participants wagering on outcomes determined by the location or appearance of the objects cast.

However, the bill allows the Commission to conduct lotteries replicating card games, spinning-wheel games, or cast-object games by electronic gaming devices (R.C. 3770.03(D)(2)).

Sales and gifts. Current law prohibits any person other than a licensed lottery sales agent from selling lottery tickets, but that prohibition and others discussed below cannot be construed to prevent any person from giving lottery tickets as a gift. A transfer of lottery tickets by any person that is made in connection with a marketing, promotional, or advertising program must be deemed to be a gift for the purposes of the State Lottery Law. The bill replaces "lottery tickets" with "rights to participate in lotteries" in these provisions and expands their language to specifically include electronic lottery sales agents--thus covering lotteries using electronic gaming devices. (R.C. 3770.08(B).)

Permissible purchases. The bill prohibits any person from selling rights to participate in lotteries using electronic gaming devices to any person under 21 years of age. Additionally, no person under that age may attempt to purchase those rights. (R.C. 3770.08(C).)

License awards. Current law prohibits anyone from inviting, soliciting, demanding, offering, or accepting any payment, contribution, favor, or other consideration to influence the award, renewal, or retention of a lottery sales agent license. The bill adds electronic lottery sales agent licenses to this prohibition. (R.C. 3770.08(D).)²

Lottery money

Current law requires that all gross revenues received from sales of lottery tickets, fines, fees, and related proceeds in connection with the statewide lottery and all gross proceeds from statewide joint lottery games be deposited into the State Lottery Gross Revenue Fund, which is in the custody of the Treasurer of State but is not part of the state treasury. The bill replaces "lottery tickets" with "rights to participate in lotteries" for purposes of the gross revenues received from lotteries that must be deposited into the Fund and, in doing so, covers lotteries using electronic gaming devices. (R.C. 3770.06(A).)

Current law also provides that, except for gross proceeds from statewide joint lottery games, all revenues of the State Lottery Gross Revenue Fund that are not paid to holders of winning lottery tickets, that are not required to meet short-term prize liabilities, that are not credited to lottery sales agents in the form of bonuses, commissions, or reimbursements, that are not paid to financial

² A violation of any provision discussed in this portion of the analysis is a criminal offense--specifically, a misdemeanor of the third degree (R.C. 3770.99--not in the bill).

institutions to reimburse those institutions for sales agent nonsufficient funds, and that "are" collected from sales agents for remittance to insurers under contract to provide sales agent bonding services must be transferred to the State Lottery Fund in the state treasury. The bill expands this requirement to cover lotteries using electronic gaming devices by providing that, except for gross proceeds from statewide joint lottery games, all revenues of the State Lottery Gross Revenue Fund that are not paid to winning *participants*, that are not required to meet short-term prize liabilities, that are not credited to lottery sales agents or *electronic lottery sales agents* in the form of bonuses, commissions, or reimbursements, that are not necessary for procuring, installing, maintaining, servicing, operating, repairing, advertising, promoting, and replacing *electronic gaming devices*, associated equipment, and the central communications system, that are not paid out and credited to the Ohio Scholars Program Scholarships Fund (see "*Ohio Scholars Program scholarships*," below), that are not paid to financial institutions to reimburse those institutions for sales agent nonsufficient funds, and that are *not* collected from sales agents for remittance to insurers under contract to provide sales agent bonding services must be transferred to the State Lottery Fund. (R.C. 3770.06(A).)

As under current law, at specified times, the Director of Budget and Management must transfer excess moneys in the State Lottery Fund to the Lottery Profits Education Fund. The latter fund must be used solely for the support of elementary, secondary, vocational, and special education programs (as determined in General Assembly appropriations) or as provided in bond proceedings for the payment of debt service on obligations issued to pay costs of school building--capital facilities. (R.C. 3770.06(B).)

Miscellaneous provisions

Impact on local communities. The conduct of lotteries and the operation of electronic gaming devices at tracks under the bill cannot be deemed to change the character of the use of the tracks under any county, municipal, or township land use regulation, ordinance, or agreement (R.C. 3770.29(A)). The bill also prohibits any license or excise tax or fee from being assessed on or collected from an electronic lottery sales agent by any county, township, municipal corporation, school district, or other political subdivision of the state that has the authority to assess or collect a tax or fee, by reason of the conduct of lotteries using electronic gaming devices at tracks (R.C. 3770.29(B)).

Impact on the State Racing Commission. The bill's provisions relating to the conduct of lotteries using electronic gaming devices do not modify the authority of the State Racing Commission to regulate horse racing or, except as provided in the bill, the rights and responsibilities of permit holders under the Horse Racing Law (R.C. 3770.30).



Hardware and software. The bill requires an electronic gaming device to be connected to the central communications system and permits it to be linked with other similar devices for the purpose of lotteries providing prizes based, in whole or part, on the outcomes of the devices electronically connected and located at the same or other tracks. The State Lottery Commission must evaluate and approve both the hardware of an electronic gaming device and the software that is used to operate it. The Commission cannot approve an electronic gaming device unless that software will provide to participants a projected average return of more than 90%. (R.C. 3770.23.)

Except as provided in the agreements between the Commission and electronic lottery sales agents, the number, type, denomination, and location of electronic gaming devices at a track must be within the judgment of an agent. During the first six months of conducting lotteries, not more than 40% of the devices the Commission operates at an agent's track can be manufactured by the same entity. (R.C. 3770.23.)

Audits. Current law requires the Auditor of State to conduct annual audits of all lottery funds and any other audits that the Auditor of State or the General Assembly considers necessary. The Auditor of State may examine all records, files, and other documents of the Commission, and the records of lottery sales agents that pertain to their activities as agents, for purposes of conducting authorized audits. The bill includes the records of licensed electronic lottery sales agents in that examination authority. (R.C. 3770.06(D).)

Gambling Law applicability. The bill states that the Gambling Law does not apply to, affect, or prohibit lotteries conducted under the State Lottery Law (R.C. 3770.03(C)).

Conforming changes. Finally, the bill makes necessary conforming changes in statutes that contain references to the existing lottery program (R.C. 3770.05, 3770.07, and 4301.03(B)).

Ohio Scholars Program scholarships

Eligibility

The bill creates Ohio Scholars Program scholarships, which provide Ohio high school graduates with either a full-tuition scholarship or a tuition scholarship of \$5,000, whichever is less, for one academic year at specified institutions of higher education (R.C. 3333.30(A) and (C)). A graduate is eligible to receive a scholarship upon enrollment in a state-assisted institution of higher education or a private college or university in Ohio--if both of the following apply (R.C. 3333.30(A) and (C)):

(1) The student received passing scores for graduation, as applicable, on the Ohio ninth grade proficiency tests or on the Ohio graduation tests.

(2) The student graduated with a grade point average of at least 3.0 out of 4.0.

Funding

The Ohio Scholars Program scholarships are to be funded through the Ohio Scholars Program Scholarships Fund, which the bill establishes in the state treasury. The Fund will consist of portions of the proceeds from the lotteries conducted using electronic gaming devices that are paid out of the State Lottery Gross Revenue Fund (see "Lottery money," above). The actual amount of those portions will be determined in appropriations made by the General Assembly. (R.C. 3333.30(B) and (C).)

Implementation

The bill requires the Department of Education to adopt rules necessary for the implementation of the Ohio Scholars Program scholarships in accordance with the Administrative Procedure Act (R.C. 3333.30(D)).

Severability clause

The bill includes a severability clause (Section 6). The bill's severability clause is in addition to the existing, general severability statutory provision that is applicable to all provisions of the Revised Code (R.C. 1.50--not in the bill).

HISTORY

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Introduced	06-03-03	pp. 401-402

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