

Executive

As Passed by the House

In Senate Finance

LOTCD1            State Lottery Commission Rule-making Procedures

R.C.        *3770.03, 111.15*

Requires the State Lottery Commission to adopt non-instant game rules in the same manner as instant game rules in that all game rules are to be adopted under the abbreviated rule-making procedure and are not subject to legislative review and invalidation.

No provision.

No provision.

**Fiscal effect: None.**

LOTCD8            Lottery Notice Information

R.C.        *3770.03, 3770.031*

No provision.

Adds to the list of topics for rules promulgated by the State Lottery Commission a requirement that certain notices appear on a lottery ticket, including one that must appear if the word "education" is used in any advertising for a statewide lottery, which must include information on the percentage that lottery profits contribute to all education funding in Ohio. Requires this notice to appear on any television advertising for the Ohio Lottery and on the first page of the web site for the Ohio Lottery.

No provision.

**Fiscal effect: Potential increase in ticket printing costs, which would be paid from the State Lottery Fund (Fund 7044).**

## Executive

## As Passed by the House

## In Senate Finance

---

**LOTCD2                      Alternative to Surety Bonding for Lottery Sales Agents**
**R.C.            3770.05**

Authorizes the Director of the Ohio Lottery Commission, with the Commission's approval to adopt an alternative program or policy for a lottery sales agent license applicant to establish financial responsibility, in lieu of obtaining a surety bond or making a dedicated account deposit. Allows lottery sales agents to participate in the new program or policy with the Director's approval.

**Fiscal effect: The financial responsibility program is intended to protect the Lottery Commission against an agent's failure to make prompt and accurate payments for lottery ticket sales, against lost or stolen tickets, and against damaged equipment issued to the agent. This provision specifies that the alternative program or policy must protect the interests of the State Lottery. There should be no fiscal effect from this provision.**

**R.C.            3770.05**

Same as the Executive.

**Fiscal effect: Same as the Executive.**

No provision.

---

**LOTCD3                      Application and Renewal Fees**
**R.C.            3770.05**

Eliminates the requirement that lottery sales agent license application fees, the license renewal fee, and administrative fees charged by the State Lottery Commission be approved by the Controlling Board.

Authorizes the State Lottery Commission to charge an applicant fees for a lottery sales agent license, rather than a fee, but makes it permissive for the Commission to charge those fees or to charge license renewal fees.

**Fiscal effect: Potential minimal loss.**

**R.C.            3770.05**

No provision.

Same as the Executive.

**Fiscal effect: Same as the Executive.**

**R.C.            3770.05**

No provision.

Same as the Executive.

**Fiscal effect: Same as the Executive.**

---

## Executive

## As Passed by the House

## In Senate Finance

## LOTCD9 Private Management of the State Lottery

Executive	As Passed by the House	In Senate Finance
LOTCD9	Private Management of the State Lottery	
(1) No provision.	(1) No provision.	<b>R.C. 3770.15, 3770.02, 3770.03, and 3770.06</b> (1) Requires the Director of the State Lottery Commission to enter into an agreement with a private lottery manager for the management of the day-to-day operations of the Commission in exchange for a negotiated management fee; also requires the Director to execute the initial private lottery management agreement by June 1, 2012.
(2) No provision.	(2) No provision.	(2) States that the private lottery management agreement, and any renewal of the agreement, is subject to the approval of the Commission and the Controlling Board, and prohibits the agreement from becoming effective until approved by the Commission and the Controlling Board.
(3) No provision.	(3) No provision.	(3) States the term of the initial private lottery management agreement is 10 years and the term of any subsequent agreement must not be less than 10 years or more than 20 years, and requires it to contain a provision allowing for the early termination of the agreement for cause.
(4) No provision.	(4) No provision.	(4) Requires the management fee for the private lottery manager, including any performance-based incentive payment, to be paid from the State Lottery Gross Revenue Fund.
(5) No provision.	(5) No provision.	(5) Requires the Director, subject to the approval of the Commission and the Controlling Board, to retain the services of qualified advisors to assist in the selection process.
(6) No provision.	(6) No provision.	(6) Requires the Director to issue a request for qualifications that must include a statement of the scope of the management services to be provided, a description of the required minimum qualifications, the evaluation criteria that will be used to select the most qualified manager, and the baseline level of net lottery profits that the private lottery

## Executive

## As Passed by the House

## In Senate Finance

(7) No provision.

(7) No provision.

manager must exceed.

(7) Requires the Director, in consultation with the advisors, to evaluate the submitted statements of qualifications, to hold discussions with the responding offerors and rank them. Also requires the Director to invite at least two offerors to submit a proposed business plan; determine the offeror whose proposal provides the greatest value to the state; and recommend to the Commission and Controlling Board the offeror to be awarded the agreement and seek the Commission's approval of the recommended offeror's business plan.

(8) No provision.

(8) No provision.

(8) Requires the Director, upon failure to negotiate a contract with the offeror ranked most-qualified, to inform the offeror in writing of the termination of negotiations and enter into negotiations with the offeror ranked next most qualified.

(9) No provision.

(9) No provision.

(9) Permits all duties and responsibilities of the Director to be performed by the private lottery manager or the Director as determined in the private lottery management agreement.

(10) No provision.

(10) No provision.

(10) Requires the private lottery manager to prepare and make available for public inspection a comprehensive description of the terms and conditions of each lottery game, including the title and term, general design, price of tickets, structure, nature and value of prize awards, frequency of prize drawings, and validity of tickets.

(11) No provision.

(11) No provision.

(11) Specifies that the execution of a private lottery management agreement does not result in the taxation of any revenue from lottery operations, goods, services, or property purchased, procured, acquired, or used by the Commission or private lottery manager unless those were subject to taxation before the execution of the private lottery management agreement. Specifies that the management fee and other compensation paid to the private lottery manager are exempt from state or local taxes.

Executive	As Passed by the House	In Senate Finance
(12) No provision.	(12) No provision.	(12) Specifies that persons employed by the private lottery manager are not public employees and are not entitled to any rights or benefits conferred upon public employees or subject to any restrictions or limitations imposed upon public employees by the laws of Ohio or any political subdivision of Ohio.
(13) No provision.	(13) No provision.	(13) Permits, instead of requires, the Director to appoint an assistant director and deputy directors.  <b>Fiscal effect: Securing the services of qualified advisors for the selection of a private manager would increase expenditures of the State Lottery Fund (Fund 7044) in FY 2012. The net fiscal effect of a private manager managing the day-to-day operations of the State Lottery Commission will be dependent on the terms of the agreement to be negotiated between the selected private manager and the Director of the State Lottery Commission, subject to the approval of the Controlling Board. Net profits from the conduct of lotteries are transferred to the Lottery Profits Education Fund (Fund 7017).</b>
<b>LOTCD4            Transfers to the Lottery Profits Education Fund</b>		
<b>Section: 329.10</b> Requires the Director of Budget and Management to transfer an amount greater than or equal to \$717.5 million in fiscal year 2012 and \$680.5 million in fiscal year 2013 from the State Lottery Fund (Fund 7044) to the Lottery Profits Education Fund (Fund 7017). States that such transfers represent the estimated net income from operations of the Commission in FY 2012 and FY 2013.	<b>Section: 329.10</b> Same as the Executive.	<b>Section: 329.10</b> Same as the Executive.

## Executive

## As Passed by the House

## In Senate Finance

**LOTCD5      Operating Expenses****Section: 329.10**

Authorizes the Controlling Board, at the request of the State Lottery Commission, to authorize additional appropriations for operating expenses of the State Lottery Commission from the State Lottery Fund up to a maximum of 15 percent of anticipated total revenue from the sale of lottery tickets.

**Section: 329.10**

Same as the Executive.

**Section: 329.10**

Same as the Executive.

**LOTCD6      Direct Prize Payments****Section: 329.10**

Appropriates any amounts, in addition to the amounts appropriated in SLF Fund 7044 appropriation item 950601, Direct Prize Payments, that the Director of the State Lottery Commission determines to be necessary to fund prizes, bonuses, and commissions.

**Section: 329.10**

Same as the Executive.

**Section: 329.10**

Same as the Executive.

**LOTCD7      Annuity Prizes****Section: 329.10**

Authorizes the State Lottery Commission, with the approval of the Office of Budget and Management, to transfer an amount sufficient to fund deferred prizes from the State Lottery Fund (Fund 7044) to the Deferred Prizes Trust Fund (Fund 8710). Appropriates any amounts, in addition to the amounts appropriated in appropriation item 950602, Annuity Prizes, that the Director of the State Lottery Commission determines to be necessary to fund deferred prizes and interest earnings. Requires the Treasurer of State, from time to time, to credit Fund 8710 the pro rata share of interest earned on invested balances.

**Section: 329.10**

Same as the Executive.

**Section: 329.10**

Same as the Executive.

Executive

As Passed by the House

In Senate Finance

---