

# Gambling

## H.B. 29

**Primary Sponsors:** Reps. Wiggam and A. Miller

**Effective date:** March 23, 2022

### **Sports gaming**

- 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 that the server responsible for accepting wagers through the online sports pool 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 do not 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, 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 OCCC, if it determines that the study results so warrant, to establish goals to ensure that sports gaming licenses are issued to disadvantaged applicants on an equitable basis with other applicants.

**Display of license; information changes**

- Requires sports gaming licensees to display their licenses or make them available for inspection.
- Requires 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 by the act.
- Requires OCCC to adopt all rules regarding sports gaming in accordance with the Administrative Procedure Act.
- Exempts OCCC and LOT sports gaming rules from the law limiting agency rules imposing 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.
- Subjects to OCCC approval 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, to identify 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 it by an applicant for a sports gaming license.
- Specifies certain information regarding sports gaming proprietors that 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 its 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 rules adopted under it.

### **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 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**

- 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**

- 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 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.
- Abolishes the Joint Committee 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 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,<sup>3</sup> and to cease to exist after it submits the report.

## **Casinos**

### **OCCC procedures**

- Clarifies that OCCC must use the same administrative procedures to fine or penalize an applicant, licensee, or other person as it uses under continuing law 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.

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<sup>3</sup> This date appears to be a drafting error in 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 133<sup>rd</sup> General Assembly).

### **Electronic instant bingo**

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

### **Horse racing**

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