

**As Reported by the Senate State and Local Government and
Veterans Affairs Committee**

**125th General Assembly
Regular Session
2003-2004**

Sub. S. B. No. 99

Senator Blessing

A B I L L

To amend sections 3770.02, 3770.03, 3770.05, 3770.06,	1
3770.07, 3770.08, and 4301.03 and to enact	2
sections 3333.30, 3333.301, 3770.061, and 3770.21	3
to 3770.30 of the Revised Code to require the	4
State Lottery Commission to establish licensing	5
procedures for electronic lottery sales agents	6
that are horseracing permit holders and to conduct	7
lotteries that provide immediate prize	8
determinations for individual participants through	9
the use of electronic gaming devices at not more	10
than seven licensed commercial horseracing tracks;	11
to require the Board of Regents to implement the	12
Ohio Scholarship Program to provide specified	13
scholarships to certain high school graduates who	14
meet certain academic standards and enroll in	15
specified Ohio institutions of higher education;	16
to require the Board of Regents to implement the	17
Ohio Learn and Earn Scholarship Program to provide	18
certain scholarships to high school graduates who	19
meet certain academic and nonacademic requirements	20
and enroll in specified Ohio institutions of	21
higher education; to require five per cent or \$25	22
million of the net proceeds from the electronic	23
lotteries, whichever is less, to be used for	24

school building construction for elementary, 25
secondary, vocational, and special education 26
programs; and to require the remaining net 27
proceeds from the electronic lotteries to be used 28
to support first the Ohio Scholarship Program and 29
second the Ohio Learn and Earn Scholarship 30
Program. 31

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 3770.02, 3770.03, 3770.05, 3770.06, 32
3770.07, 3770.08, and 4301.03 be amended and sections 3333.30, 33
3333.301, 3770.061, 3770.21, 3770.22, 3770.23, 3770.24, 3770.25, 34
3770.26, 3770.27, 3770.28, 3770.29, and 3770.30 of the Revised 35
Code be enacted to read as follows: 36

Sec. 3333.30. (A) As used in this section: 37

(1) "Eligible institution" means a state institution of 38
higher education, a nonprofit college or university, a private 39
career school holding program authorizations issued by the state 40
board of career colleges and schools pursuant to division (C) of 41
section 3332.05 of the Revised Code, or a private institution 42
exempt from regulation under Chapter 3332. of the Revised Code as 43
prescribed in section 3333.046 of the Revised Code. 44

(2) "Eligible student" means a student who graduates in the 45
top ten per cent of the twelfth grade class from either a high 46
school operated by a city, local, exempted village, or joint 47
vocational school district, or a nonpublic high school. 48

(3) "Nonprofit college or university" means a nonprofit 49
institution of higher education in this state that has been issued 50
a certificate of authorization by the board of regents under 51
Chapter 1713. of the Revised Code. 52

(4) "State institution of higher education" has the same 53
meaning as in section 3345.011 of the Revised Code. 54

(B) There is hereby created the Ohio scholarship program to 55
be administered by the board of regents. Under the program, any 56
eligible student who graduates from high school during or after 57
the 2004-2005 academic year and enrolls in an eligible institution 58
shall receive, pursuant to rules adopted by the board under 59
division (D) of this section, a scholarship in the amount of five 60
thousand nine hundred dollars. The amount of the scholarship shall 61
be increased each academic year by five per cent, assuming the 62
student satisfies the criteria specified in the board's rules for 63
the renewal of a scholarship under the program. A scholarship is 64
renewable for up to three additional academic years. 65

(C)(1)(a) There is hereby created in the state treasury the 66
Ohio scholarship program fund. Up to one quarter of one per cent 67
of the money in the fund may be used to implement and administer 68
the Ohio scholarship program. The remaining money in the fund 69
shall be used to fund Ohio scholarship program scholarships. Any 70
interest earned on the money in the fund shall be credited to the 71
fund. The sole source of the moneys in the fund, exclusive of 72
interest, shall be the moneys the director of budget and 73
management transfers to it under division (B)(2) of section 74
3770.06 of the Revised Code. 75

(b) In accordance with the rules adopted by the board of 76
regents under division (D) of this section, school districts and 77
nonpublic high schools shall notify the board concerning each 78
eligible student in that school district or nonpublic high school 79
who enrolls in an eligible institution. Upon receipt of this 80
information, the board shall direct the director of budget and 81
management to establish an individual account for each eligible 82
student in the Ohio scholarship program fund. Upon the 83
establishment of an eligible student's account, and annually 84

thereafter for each academic year the student is eligible for a
scholarship under the program, the board shall direct the
director, subject to division (C)(2) of this section, to credit to
the account an amount equal to the eligible student's scholarship
under the program for that academic year.

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(c) Each year a student is eligible for a scholarship under
the program, the board shall cause an electronic transfer of
scholarship proceeds from the student's account in the Ohio
scholarship program fund to the eligible institution the student
is attending.

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(d)(i) Eighty-seven per cent of the money transferred to the
Ohio scholarship program fund under division (B)(2) of section
3770.06 of the Revised Code, and the interest on that money, from
the effective date of this section until June 30, 2005, shall be
retained in the fund as a reserve for potential use for the
purposes described in division (C)(1)(a) of this section. The
director of budget and management shall transfer the remaining
thirteen per cent of that money to the Ohio learn and earn
scholarship program fund created under section 3333.301 of the
Revised Code for use in accordance with that section.

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(ii) On and after July 1, 2005, after the director of budget
and management establishes and credits eligible students' accounts
under division (C)(1)(b) of this section in any academic year, the
director shall transfer ninety-five per cent of the remaining
money that was available in the fund for scholarships in that
academic year to the Ohio learn and earn scholarship program fund
created under section 3333.301 of the Revised Code for use in
accordance with that section. The remaining five per cent of that
available money shall be retained in the Ohio scholarship program
fund for use for the purposes described in division (C)(1)(a) of
this section, added to the reserve described in division
(C)(1)(d)(i) of this section, and not be transferred to the Ohio

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learn and earn scholarship program fund in any subsequent academic 117
year. 118

(2) If, in any given year, all eligible students cannot be 119
awarded a scholarship as described in division (B) of this section 120
because the number of eligible students for an Ohio scholarship 121
program scholarship in that year exceeds the amount of available 122
money in the Ohio scholarship program fund, the board of regents 123
shall reduce the maximum amount of the scholarships to be awarded 124
and credited to individual accounts in the fund as described in 125
division (C)(1)(b) of this section in that year to an amount that 126
the board determines will not exceed the amount of available money 127
in the fund. 128

(D) The board of regents shall adopt rules to implement the 129
Ohio scholarship program, including rules, consistent with 130
division (E) of this section, to be used by school districts and 131
nonpublic high schools when determining if a student graduated in 132
the top ten per cent of the twelfth grade class from a high school 133
under division (A)(2) of this section, and rules regarding the 134
criteria a student shall satisfy to be eligible for an initial 135
scholarship and for renewal of a scholarship under the program. 136

(E) For purposes of determining if a student graduated in the 137
top ten per cent of the twelfth grade class from a high school 138
under division (A)(2) of this section, the total number of 139
students in that class shall not include any otherwise eligible 140
student who either does not enroll in an eligible institution and, 141
as a result, cannot receive a scholarship under division (B) of 142
this section or who receives a scholarship or scholarships, other 143
than a scholarship under division (B) of this section, that equal 144
or exceed five thousand nine hundred dollars in the aggregate. 145

Sec. 3333.301. (A) There is hereby created in the state 146
treasury the Ohio learn and earn scholarship program fund. During 147

the first year of the implementation of the Ohio learn and earn scholarship program created by this section, up to two per cent of the money in the fund may be used to implement and administer the program; during the second year of the implementation of the program, up to one per cent of the money in the fund may be so used; and during each subsequent year of the implementation of the program, up to one-half of one per cent of the money in the fund may be so used. The remaining money in the fund shall be used to fund Ohio learn and earn scholarship program scholarships. Any interest earned on money in the fund shall be credited to the fund. The sole source of the moneys in the fund, exclusive of interest, shall be the moneys the director of budget and management transfers to it under division (C)(1)(d)(i) and (ii) of section 3333.30 of the Revised Code.

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(B)(1) The board of regents shall implement and administer an Ohio learn and earn scholarship program that shall provide scholarships to students who graduate from high school during or after the 2004-2005 academic year. A scholarship shall be in an amount up to five thousand nine hundred dollars. The amount of the scholarship shall be increased each academic year by five per cent, assuming the student satisfies the criteria specified in the rules adopted by the board under division (E) of this section for the renewal of a scholarship under the program. A scholarship is renewable for up to three additional academic years.

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(2) A student shall satisfy each of the following requirements to be eligible for a scholarship under the program:

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(a) Graduate from either a public or nonpublic high school in this state;

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(b) Enroll in a state institution of higher education, as defined in section 3345.011 of the Revised Code, a nonprofit college or university that has been issued a certificate of

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authorization by the board under Chapter 1713. of the Revised 179
Code, a private career school holding program authorizations 180
issued by the state board of career colleges and schools pursuant 181
to division (C) of section 3332.05 of the Revised Code, or a 182
private institution exempt from regulation under Chapter 3332. of 183
the Revised Code as prescribed in section 3333.046 of the Revised 184
Code; 185

(c) Meet any other requirements, including, but not limited 186
to, an income requirement, established by the board. 187

(C) The board of regents shall establish a point system that 188
shall be used in implementing the Ohio learn and earn scholarship 189
program. The board also shall establish the total score under the 190
point system that a student must receive in order to be eligible 191
for a scholarship under the program. During kindergarten through 192
twelfth grade, students shall receive points for reaching 193
achievements in specified categories including, but not limited 194
to, academics, college preparedness, extracurricular activities, 195
work experience, community service, and volunteer service. Fifty 196
per cent of the total score a student must receive in order to be 197
eligible for a scholarship under the program shall be for reaching 198
achievements in the category of academics. 199

(D) If, in any given year, all eligible students cannot be 200
awarded an Ohio learn and earn scholarship program scholarship 201
because the number of eligible students for a scholarship in that 202
year exceeds the amount of available money in the Ohio learn and 203
earn scholarship program fund, the board of regents shall reduce 204
the maximum amount of the scholarships to be awarded to an amount 205
that the board determines will not exceed the amount of available 206
money in the fund. 207

(E) The board of regents shall adopt rules to implement this 208
section, including rules regarding the criteria a student shall 209

satisfy to be eligible for an initial Ohio learn and earn 210
scholarship program scholarship and for renewal of such a 211
scholarship. Those rules also shall phase in the Ohio learn and 212
earn scholarship program beginning with students who graduate from 213
high school during the 2004-2005 academic year and shall be 214
consistent with all of the following: 215

(1) In the first and second years of phasing in the program, 216
the board shall use no more than fifteen per cent of the principal 217
of the Ohio learn and earn scholarship program fund and any 218
interest earned on that principal for the purposes of this 219
section. 220

(2) After the second year of phasing in the program and until 221
the principal of the fund equals one billion dollars, the board 222
shall use no more than ten per cent of the principal of the fund 223
and any interest earned on that principal for the purposes of this 224
section. 225

(3) The board shall fully implement the program only when the 226
principal of the fund equals one billion dollars. In any given 227
year of its full implementation of the program, the board may use 228
the money transferred in that year to the fund under division 229
(C)(1)(d)(ii) of section 3333.30 of the Revised Code for purposes 230
of this section, may use no more than ten per cent of the money 231
remaining in the fund from the previous year for purposes of this 232
section, and may use the interest earned on all money in the fund 233
for purposes of this section. If the principal of the fund at any 234
time becomes less than one billion dollars, the board shall 235
promptly cause the principal to be restored to one billion 236
dollars. 237

(F) The department of education shall work with the board of 238
regents to implement this section. 239

Sec. 3770.02. (A) Subject to the advice and consent of the senate, the governor shall appoint a director of the state lottery commission who shall serve at the pleasure of the governor. The director shall devote full time to the duties of the office and shall hold no other office or employment. The director shall meet all requirements for appointment as a member of the commission and shall, by experience and training, possess management skills that would equip the director to administer an enterprise of the nature of a state lottery. The director shall receive an annual salary in accordance with pay range 48 of section 124.152 of the Revised Code.

(B)(1) The director shall attend all meetings of the commission and shall act as its secretary. The director shall keep a record of all commission proceedings and shall keep the commission's records, files, and documents at the commission's principal office. All records of the commission's meetings shall be available for inspection by any member of the public, upon a showing of good cause and prior notification to the director.

(2) The director shall be the commission's executive officer and shall be responsible for keeping all commission records and supervising and administering the state lottery in accordance with this chapter, and carrying out all commission rules adopted under section 3770.03 of the Revised Code.

(C)(1) The director shall appoint an assistant director and deputy directors of marketing, operations, sales, finance, public relations, security, and administration, and as many regional managers as are required. The director may also appoint necessary professional, technical, and clerical assistants. All such officers and employees shall be appointed and compensated pursuant to Chapter 124. of the Revised Code. Regional and assistant regional managers, sales representatives, and any lottery

executive account representatives shall remain in the unclassified 271
service. 272

(2) The director, in consultation with the director of 273
administrative services, may establish standards of proficiency 274
and productivity for commission field representatives. 275

(D) The director shall request the bureau of criminal 276
identification and investigation, the department of public safety, 277
or any other state, local, or federal agency to supply the 278
director with the criminal records of any job applicant and may 279
periodically request the criminal records of commission employees. 280
At or prior to the time of making such a request, the director 281
shall require a job applicant or commission employee to obtain 282
fingerprint cards prescribed by the superintendent of the bureau 283
of criminal identification and investigation at a qualified law 284
enforcement agency, and the director shall cause these fingerprint 285
cards to be forwarded to the bureau of criminal identification and 286
investigation and the federal bureau of investigation. The 287
commission shall assume the cost of obtaining the fingerprint 288
cards and shall pay to each agency supplying criminal records for 289
each investigation under this division a reasonable fee, as 290
determined by the agency. 291

(E) The director shall license lottery sales agents pursuant 292
to section 3770.05 of the Revised Code and electronic lottery 293
sales agents pursuant to section 3770.24 of the Revised Code and, 294
when it is considered necessary, may revoke or suspend the license 295
of any ~~lottery sales~~ such agent under this chapter. 296

(F) The director shall confer at least once each month with 297
the commission, at which time the director shall advise it 298
regarding the operation and administration of the lottery. The 299
director shall make available at the request of the commission all 300
documents, files, and other records pertaining to the operation 301
and administration of the lottery. The director shall prepare and 302

make available to the commission each month a complete and 303
accurate accounting of lottery revenues, prize money disbursements 304
and the cost of goods and services awarded as prizes, operating 305
expenses, and all other relevant financial information, including 306
an accounting of all transfers made from any lottery funds in the 307
custody of the treasurer of state to benefit education. 308

(G) The director may enter into contracts for the operation 309
or promotion of the lottery pursuant to Chapter 125. of the 310
Revised Code. The director may enter into agreements to assist 311
organizations that deal with problem gambling. 312

(H)(1) Pursuant to rules adopted by the commission under 313
section 3770.03 of the Revised Code, the director shall require 314
~~any~~ lottery sales agents licensed under section 3770.05 of the 315
Revised Code to either mail directly to the commission or deposit 316
to the credit of the state lottery fund, in banking institutions 317
designated by the treasurer of state, net proceeds due the 318
commission as determined by the director, and to file with the 319
director or the director's designee reports of their receipts and 320
transactions in the sale of lottery tickets in the form required 321
by the director. 322

(2) Pursuant to rules adopted by the commission under Chapter 323
119. of the Revised Code, the director may impose penalties for 324
the failure of a sales agent to transfer funds to the commission 325
in a timely manner. Penalties may include monetary penalties, 326
immediate suspension or revocation of a license, or any other 327
penalty the commission adopts by rule. 328

(I) The director may arrange for any person, or any banking 329
institution, to perform functions and services in connection with 330
the operation of the lottery as the director may consider 331
necessary to carry out this chapter. 332

(J)(1) As used in this chapter, "statewide joint lottery 333

game" means a lottery game that the commission sells solely within 334
this state under an agreement with other lottery jurisdictions to 335
sell the same lottery game solely within their statewide or other 336
jurisdictional boundaries. 337

(2) If the governor directs the director to do so, the 338
director shall enter into an agreement with other lottery 339
jurisdictions to conduct statewide joint lottery games. If the 340
governor signs the agreement personally or by means of an 341
authenticating officer pursuant to section 107.15 of the Revised 342
Code, the director then may conduct statewide joint lottery games 343
under the agreement. 344

(3) The entire net proceeds from any statewide joint lottery 345
games shall be used to fund elementary, secondary, vocational, and 346
special education programs in this state. 347

(4) The commission shall conduct any statewide joint lottery 348
games in accordance with rules it adopts under division (B)(5) of 349
section 3770.03 of the Revised Code. 350

Sec. 3770.03. (A) The state lottery commission shall 351
promulgate rules under which a ~~statewide lottery~~ lotteries, 352
including, but not limited to, games providing immediate prize 353
determinations for individual participants through the use of 354
electronic gaming devices, shall be conducted. The rules shall be 355
promulgated pursuant to Chapter 119. of the Revised Code, except 356
that instant game rules shall be promulgated pursuant to section 357
111.15 of the Revised Code but are not subject to division (D) of 358
that section. Subjects covered in these rules shall include, but 359
need not be limited to, the following: 360

(1) The type of ~~lottery~~ lotteries to be conducted; 361

(2) The prices of ~~tickets~~ rights to participate in the 362
~~lottery~~ lotteries; 363

(3) The ~~number~~, nature, and value of prize awards, the manner 364
and frequency of prize ~~drawings~~ determinations, and the manner in 365
which prizes shall be awarded to ~~holders of winning tickets~~ 366
participants. 367

(B) The commission shall promulgate rules, in addition to 368
those described in division (A) of this section, pursuant to 369
Chapter 119. of the Revised Code under which ~~a statewide lottery~~ 370
~~and~~ statewide joint lottery games may, and lotteries, including, 371
but not limited to, games providing immediate prize determinations 372
for individual participants through the use of electronic gaming 373
devices shall, be conducted. Subjects covered in these rules shall 374
include, but not be limited to, the following: 375

(1) The locations at which lottery tickets may be sold and 376
the manner in which they are to be sold. These rules may authorize 377
the sale of lottery tickets by commission personnel or other 378
licensed individuals from traveling show wagons at the state fair, 379
and at any other expositions the director of the commission 380
considers acceptable. These rules shall prohibit commission 381
personnel or other licensed individuals from soliciting from an 382
exposition the right to sell lottery tickets at that exposition, 383
but shall allow commission personnel or other licensed individuals 384
to sell lottery tickets at an exposition if the exposition 385
requests commission personnel or licensed individuals to do so. 386
These rules may also address the accessibility of sales agent 387
locations to commission products in accordance with the "Americans 388
with Disabilities Act of 1990," 104 Stat. 327, 42 U.S.C.A. 12101 389
et seq. 390

(2) The manner in which lottery sales revenues are to be 391
collected, including authorization for the director to impose 392
penalties for failure by lottery sales agents or, under section 393
3770.28 of the Revised Code, electronic lottery sales agents to 394
transfer revenues to the commission in a timely manner; 395

(3) ~~The~~ Except as provided in section 3770.26 of the Revised Code, the amount of compensation to be paid licensed lottery sales agents; 396
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(4) The substantive criteria for the licensing of lottery sales agents consistent with section 3770.05 of the Revised Code, and procedures for revoking or suspending their licenses, or the licenses of electronic lottery sales agents issued under section 3770.24 of the Revised Code, consistent with Chapter 119. of the Revised Code. If circumstances, such as the nonpayment of funds owed by a lottery sales agent or electronic lottery sales agent, or other circumstances related to the public safety, convenience, or trust, require immediate action, the director may suspend a license without affording an opportunity for a prior hearing under section 119.07 of the Revised Code. 399
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(5) Special game rules to implement any agreements signed by the governor that the director enters into with other lottery jurisdictions under division (J) of section 3770.02 of the Revised Code to conduct statewide joint lottery games. The rules shall require that the entire net proceeds of those games that remain, after associated operating expenses, prize disbursements, lottery sales agent bonuses, commissions, and reimbursements, and any other expenses necessary to comply with the agreements or the rules are deducted from the gross proceeds of those games, be transferred to the lottery profits education fund under division (B) of section 3770.06 of the Revised Code. 410
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~~(C)~~(6) The manner in which lotteries that use electronic gaming devices under section 3770.22 of the Revised Code must be conducted and the security, licensing, and enforcement procedures necessary to ensure the integrity of those lotteries; 421
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(7) Licensing requirements for key gaming employees of electronic lottery sales agents, as defined in section 3770.21 of 425
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the Revised Code, or agents' contractors that employ key gaming employees; provided that the maximum initial or yearly fee for a license issued by the commission shall not exceed the commission's costs and expenses of investigation and licensing;

(8) Any other subjects the commission determines are necessary for the conduct of lotteries under section 3770.22 of the Revised Code.

(C) Chapter 2915. of the Revised Code does not apply to, affect, or prohibit lotteries conducted pursuant to this chapter.

(D)(1) The commission may not conduct, directly or in conjunction with any lottery sales agent or electronic lottery sales agent, keno or the following live casino table games:

(a) 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;

(b) Roulette, wheel of fortune, or any other game played with persons spinning wheels and participants wagering upon outcomes determined by a spinning wheel;

(c) 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.

(2) The commission may conduct lotteries replicating card games, spinning-wheel games, or cast object games by electronic gaming devices pursuant to section 3770.22 of the Revised Code.

(E)(1) The commission shall meet with the director at least once each month and shall convene other meetings at the request of the chairperson or any five of the members. No action taken by the commission shall be binding unless at least five of the members present vote in favor of the action. A written record shall be

made of the proceedings of each meeting and shall be transmitted 457
forthwith to the governor, the president of the senate, the senate 458
minority leader, the speaker of the house of representatives, and 459
the house minority leader. 460

(2) The director shall present to the commission a report 461
each month, showing the total revenues, prize disbursements, and 462
operating expenses of the state lottery for the preceding month. 463
As soon as practicable after the end of each fiscal year, the 464
commission shall prepare and transmit to the governor and the 465
general assembly a report of lottery revenues, prize 466
disbursements, and operating expenses for the preceding fiscal 467
year and any recommendations for legislation considered necessary 468
by the commission. 469

Sec. 3770.05. (A) As used in this section, "person" means any 470
person, association, corporation, partnership, club, trust, 471
estate, society, receiver, trustee, person acting in a fiduciary 472
or representative capacity, instrumentality of the state or any of 473
its political subdivisions, or any other combination of 474
individuals meeting the requirements set forth in this section or 475
established by rule or order of the commission. 476

(B) The director of the state lottery commission may license 477
any person as a lottery sales agent for the sale of lottery 478
tickets. No license shall be issued to any person or group of 479
persons to engage in the sale of lottery tickets as the person's 480
or group's sole occupation or business. 481

Before issuing any license to a lottery sales agent for the 482
sale of lottery tickets, the director shall consider the 483
following: 484

(1) The financial responsibility and security of the person 485
and the person's business or activity; 486

(2) The accessibility of the agent's place of business or activity to the public;	487 488
(3) The sufficiency of existing licensed agents to serve the public interest;	489 490
(4) The volume of expected sales by the applicant;	491
(5) Any other factors pertaining to the public interest, convenience, or trust.	492 493
(C) Except as otherwise provided in division (F) of this section, the director shall refuse to grant, or shall suspend or revoke, a license <u>issued under this section</u> , if the applicant or licensee:	494 495 496 497
(1) Has been convicted of a felony, or has been convicted of a crime involving moral turpitude;	498 499
(2) Has been convicted of an offense that involves illegal gambling;	500 501
(3) Has been found guilty of fraud or misrepresentation in any connection;	502 503
(4) Has been found to have violated any rule or order of the commission; <u>or</u>	504 505
(5) Has been convicted of illegal trafficking in food stamps.	506
(D) Except as otherwise provided in division (F) of this section, the director shall refuse to grant, or shall suspend or revoke, a license <u>issued under this section</u> , if the applicant or licensee is a corporation:	507 508 509 510
(1) Any of whose directors, officers, or controlling shareholders have been found guilty of any of the activities specified in divisions (C)(1) to (4) of this section;	511 512 513
(2) In which it appears to the director that, due to the experience, character, or general fitness of any director,	514 515

officer, or controlling shareholder, the granting of a license as 516
a lottery sales agent would be inconsistent with the public 517
interest, convenience, or trust; 518

(3) Not the owner or lessee of the business at which it will 519
conduct a lottery sales agency pursuant to the license applied 520
for, or that any person, firm, association, or corporation other 521
than the applicant shares or will share in the profits of the 522
applicant, other than receiving dividends or distributions as a 523
shareholder, or will participate in the management of the affairs 524
of the applicant. 525

(E)(1) The director shall refuse to grant a license to an 526
applicant and shall revoke a license of a licensee under this 527
section if the applicant or licensee is or has been convicted of a 528
violation of division (A) or (C)(1) of section 2913.46 of the 529
Revised Code. 530

(2) The director shall refuse to grant a license under this 531
section to an applicant that is a corporation and shall revoke the 532
license under this section of a licensee that is a corporation, if 533
the corporation is or has been convicted of a violation of 534
division (A) or (C)(1) of ~~a violation of~~ section 2913.46 of the 535
Revised Code. 536

(F) The director shall request the bureau of criminal 537
identification and investigation, the department of public safety, 538
or any other state, local, or federal agency to supply the 539
director with the criminal records of any applicant for a lottery 540
sales agent license, and may periodically request ~~such~~ those 541
records of any person to whom ~~such~~ a lottery sales agent license 542
has been issued. At or prior to the time of making such a request, 543
the director shall require an applicant or licensee to obtain 544
fingerprint cards prescribed by the superintendent of the bureau 545
of criminal identification and investigation at a qualified law 546
enforcement agency, and the director shall cause these fingerprint 547

cards to be forwarded to the bureau of criminal identification and 548
investigation and the federal bureau of investigation. The 549
commission shall assume the cost of obtaining the fingerprint 550
cards. The director shall pay to each agency supplying ~~such~~ 551
records for each investigation a reasonable fee, as determined by 552
the agency. The commission may adopt uniform rules specifying time 553
periods after which the persons described in divisions (C)(1) to 554
(4) and (D)(1) to (3) of this section may be issued a license and 555
establishing requirements for ~~such~~ those persons to seek a court 556
order to have records sealed in accordance with law. 557

(G)(1) Each applicant for a lottery sales agent license for 558
the sale of lottery tickets shall do both of the following: 559

(a) Pay to the commission a fee of twenty-five dollars upon 560
approval of the application; 561

(b) Prior to approval of the application, obtain a surety or, 562
if required, a fidelity bond in an amount to be determined by the 563
director. The bond may be with any company that complies with the 564
bonding and surety laws of this state and the requirements 565
established by rules of the commission pursuant to this chapter. 566

(2) A lottery sales agent license for the sale of lottery 567
tickets is effective for one year. A licensed lottery sales agent 568
~~shall~~, on or before the date established by the director, shall 569
renew the agent's license and provide at that time evidence to the 570
director that the surety bond required under division ~~(F)~~(G)(1)(b) 571
of this section has been renewed. The director shall certify to 572
the commission that the applicant for renewal has the required 573
bond. 574

The relationship between the state lottery commission and a 575
lottery sales agent is one of trust. A lottery sales agent 576
collects funds on behalf of the commission through the sale of 577
lottery tickets for which the agent receives a compensation. 578

(H) Pending a final resolution of any question arising under 579
this section, the director may issue a temporary lottery sales 580
agent license for the sale of lottery tickets, subject to ~~such~~ the 581
terms and conditions ~~as~~ the director may consider appropriate. 582

(I) If a lottery sales agent's rental payments for the 583
agent's premises are determined, in whole or in part, by the 584
amount of retail sales the agent makes, and the rental agreement 585
does not expressly provide that the amount of ~~such~~ those retail 586
sales includes the amounts the agent receives from lottery ticket 587
sales, only the amounts the lottery sales agent receives as 588
compensation from the state lottery commission for selling lottery 589
tickets shall be considered to be amounts the agent receives from 590
the retail sales the agent makes, for the purpose of computing the 591
agent's rental payments. 592

Sec. 3770.06. (A)(1) There is hereby created the state 593
lottery gross revenue fund, which shall be in the custody of the 594
treasurer of state, but shall not be part of the state treasury. 595
All gross revenues received from sales of ~~lottery tickets~~ rights 596
to participate in lotteries, fines, fees, and related proceeds in 597
connection with the statewide lottery and all gross proceeds from 598
statewide joint lottery games shall be deposited into the fund. 599
The treasurer of state shall invest any portion of the fund not 600
needed for immediate use in the same manner as, and subject to all 601
provisions of law with respect to the investment of, state funds. 602
The treasurer of state shall disburse money from the fund on order 603
of the director of the state lottery commission or the director's 604
designee. 605

(2) Except for gross proceeds from statewide joint lottery 606
games, all revenues of the state lottery gross revenue fund that 607
are not paid to ~~holders of winning lottery tickets~~ participants, 608
that are not required to meet short-term prize liabilities, that 609

**As Reported by the Senate State and Local Government and Veterans Affairs
Committee**

are not credited to lottery sales agents or electronic lottery 610
sales agents in the form of bonuses, commissions, or 611
reimbursements, that are not necessary for procuring, installing, 612
maintaining, servicing, operating, repairing, advertising, 613
promoting, and replacing electronic gaming devices, associated 614
equipment, and the central communications system under section 615
3770.27 of the Revised Code, that are not disbursed to the 616
department of alcohol and drug addiction services under section 617
3770.061 of the Revised Code, that are not paid to financial 618
institutions to reimburse those institutions for sales agent 619
nonsufficient funds, and that are not collected from sales agents 620
for remittance to insurers under contract to provide sales agent 621
bonding services shall be transferred to the state lottery fund, 622
which is hereby created in the state treasury. In addition, all 623
revenues of the state lottery gross revenue fund that represent 624
the gross proceeds from the statewide joint lottery games and that 625
are not paid to holders of winning lottery tickets, that are not 626
required to meet short-term prize liabilities, that are not 627
credited to lottery sales agents in the form of bonuses, 628
commissions, or reimbursements, and that are not necessary to 629
cover operating expenses associated with those games or to 630
otherwise comply with the agreements signed by the governor that 631
the director enters into under division (J) of section 3770.02 of 632
the Revised Code or the rules the commission adopts under division 633
(B)(5) of section 3770.03 of the Revised Code shall be transferred 634
to the state lottery fund. ~~All~~ 635

All investment earnings of the state lottery fund shall be 636
credited to the fund. ~~Moneys~~ Except as provided in division (B) of 637
this section, moneys shall be disbursed from the fund pursuant to 638
vouchers approved by the director. Total disbursements for 639
monetary prize awards to holders of winning lottery tickets in 640
connection with the statewide lottery and purchases of goods and 641
services awarded as prizes to holders of winning lottery tickets 642

shall be of an amount equal to at least fifty per cent of the 643
total revenue accruing from the sale of lottery tickets. 644

(B)(1) Pursuant to Section 6 of Article XV, Ohio 645
Constitution, there is hereby established in the state treasury 646
the lottery profits education fund. Whenever, in the judgment of 647
the director of budget and management, the amount to the credit of 648
the state lottery fund that does not represent the net proceeds of 649
the lotteries conducted under section 3770.22 of the Revised Code 650
and that does not represent proceeds from statewide joint lottery 651
games is in excess of that needed to meet the maturing obligations 652
of the commission and as working capital for its further 653
operations, the director shall transfer the excess to the lottery 654
profits education fund in connection with the statewide lottery. 655
In addition, the director shall transfer specified net proceeds of 656
the lotteries conducted under section 3770.22 of the Revised Code 657
that were transferred to the state lottery fund under division 658
(A)(2) of this section to the lottery profits education fund for 659
use in accordance with division (B)(2) of this section. In 660
addition, whenever, in the judgment of the director ~~of budget and~~ 661
~~management~~, the amount to the credit of the state lottery fund 662
that represents proceeds from statewide joint lottery games equals 663
the entire net proceeds of those games as described in division 664
(B)(5) of section 3770.03 of the Revised Code and the rules 665
adopted under that division, the director shall transfer those 666
proceeds to the lottery profits education fund. There also shall 667
~~also~~ be credited to the fund any repayments of moneys loaned from 668
the educational excellence investment fund. Investment earnings of 669
the lottery profits education fund shall be credited to the fund. 670

(2) The director of budget and management shall transfer the 671
initial five per cent of the net proceeds of the lotteries 672
conducted under section 3770.22 of the Revised Code that were 673
transferred to the state lottery fund under division (A)(2) of 674

this section or twenty-five million dollars of those net proceeds, 675
whichever is less, to the lottery profits education fund for use 676
in accordance with division (B)(3)(b) of this section. The 677
director shall transfer the remaining net proceeds of the 678
lotteries conducted under section 3770.22 of the Revised Code that 679
were transferred to the state lottery fund under division (A)(2) 680
of this section to the Ohio scholarship program fund created under 681
section 3333.30 of the Revised Code for use in accordance with 682
that section. 683

The (3)(a) Except as provided in division (B)(3)(b) of this 684
section, the lottery profits education fund shall be used solely 685
for the support of elementary, secondary, vocational, and special 686
education programs as determined in appropriations made by the 687
general assembly, or as provided in applicable bond proceedings 688
for the payment of debt service on obligations issued to pay costs 689
of capital facilities, including those for a system of common 690
schools throughout the state pursuant to ~~section~~ Section 2n of 691
Article VIII, Ohio Constitution. ~~When~~ 692

(b) The moneys in the lottery profits education fund that 693
represent the amount of the net proceeds of the lotteries 694
conducted under section 3770.22 of the Revised Code that were 695
transferred to the fund under division (B)(2) of this section 696
shall be used solely for school building construction for 697
elementary, secondary, vocational, and special education programs. 698

(c) When determining the availability of money in the lottery 699
profits education fund, the director of budget and management may 700
consider all balances and estimated revenues of the fund. 701

~~From~~ (4) Subject to division (B)(3)(b) of this section, from 702
the amounts that the director of budget and management transfers 703
in any fiscal year from the state lottery fund to the lottery 704
profits education fund, the director shall transfer the initial 705

ten million dollars of those amounts from the lottery profits 706
education fund to the school building program bond service fund 707
created in division (Q) of section 3318.26 of the Revised Code to 708
be pledged for the purpose of paying bond service charges as 709
defined in division (C) of section 3318.21 of the Revised Code on 710
one or more issuances of obligations, which obligations are issued 711
to provide moneys for the school building program assistance fund 712
created in section 3318.25 of the Revised Code. 713

(C) There is hereby established in the state treasury the 714
deferred prizes trust fund. With the approval of the director of 715
budget and management, an amount sufficient to fund annuity prizes 716
shall be transferred from the state lottery fund and credited to 717
the trust fund. The treasurer of state shall credit all earnings 718
arising from investments purchased under this division to the 719
trust fund. Within sixty days after the end of each fiscal year, 720
the director of budget and management shall certify the amount of 721
investment earnings necessary to have been credited to the trust 722
fund during the fiscal year just ending to provide for continued 723
funding of deferred prizes. Any earnings credited in excess of 724
this certified amount shall be transferred to the lottery profits 725
education fund. 726

To provide all or a part of the amounts necessary to fund 727
deferred prizes awarded by the commission in connection with the 728
statewide lottery, the treasurer of state, in consultation with 729
the commission, may invest moneys contained in the deferred prizes 730
trust fund ~~which represents~~ that represent proceeds from the 731
statewide lottery in obligations of the type permitted for the 732
investment of state funds but whose maturities are thirty years or 733
less. Notwithstanding the requirements of any other section of the 734
Revised Code, to provide all or part of the amounts necessary to 735
fund deferred prizes awarded by the commission in connection with 736
statewide joint lottery games, the treasurer of state, in 737

consultation with the commission, may invest moneys in the trust 738
fund ~~which~~ that represent proceeds derived from the statewide 739
joint lottery games in accordance with the rules the commission 740
adopts under division (B)(5) of section 3770.03 of the Revised 741
Code. Investments of the trust fund are not subject to the 742
provisions of division (A)(10) of section 135.143 of the Revised 743
Code limiting to twenty-five per cent the amount of the state's 744
total average portfolio that may be invested in debt interests and 745
limiting to one-half of one per cent the amount that may be 746
invested in debt interests of a single issuer. 747

All purchases made under this division shall be effected on a 748
delivery versus payment method and shall be in the custody of the 749
treasurer of state. 750

The treasurer of state may retain an investment advisor, if 751
necessary. The commission shall pay any costs incurred by the 752
treasurer of state in retaining an investment advisor. 753

(D) The auditor of state shall conduct annual audits of all 754
funds and any other audits as the auditor of state or the general 755
assembly considers necessary. The auditor of state may examine all 756
records, files, and other documents of the commission, and records 757
of lottery sales agents, and of electronic lottery sales agents 758
licensed under section 3770.24 of the Revised Code, that pertain 759
to their activities as agents, for purposes of conducting 760
authorized audits. 761

The state lottery commission shall establish an internal 762
audit program before the beginning of each fiscal year, subject to 763
the approval of the auditor of state. At the end of each fiscal 764
year, the commission shall prepare and submit an annual report to 765
the auditor of state for the auditor of state's review and 766
approval, specifying the internal audit work completed by the end 767
of that fiscal year and reporting on compliance with the annual 768
internal audit program. The form and content of the report shall 769

be prescribed by the auditor of state under division (C) of 770
section 117.20 of the Revised Code. 771

(E) Whenever, in the judgment of the director of budget and 772
management, an amount of net state lottery proceeds is necessary 773
to be applied to the payment of debt service on obligations, all 774
as defined in sections 151.01 and 151.03 of the Revised Code, the 775
director shall transfer that amount directly from the state 776
lottery fund or from the lottery profits education fund to the 777
bond service fund defined in those sections. The provisions of 778
this division are subject to any prior pledges or obligation of 779
those amounts to the payment of bond service charges as defined in 780
division (C) of section 3318.21 of the Revised Code, as referred 781
to in division (B) of this section. 782

Sec. 3770.061. Each month, the director of the state lottery 783
commission shall order the treasurer of state to disburse to the 784
department of alcohol and drug addiction services money from the 785
state lottery gross revenue fund in an amount equal to one-half of 786
one per cent of the gross proceeds attributed to lotteries 787
conducted under section 3770.22 of the Revised Code during the 788
preceding month. The department shall use this amount for the 789
treatment and prevention of problem gambling. 790

Sec. 3770.07. (A) Lottery prize awards shall be claimed by 791
~~the holder of the winning lottery ticket~~ participants, or by the 792
executor or administrator, or the trustee of a trust, of the 793
estate of a deceased ~~holder of a winning ticket~~ participant, in a 794
manner to be determined by the state lottery commission, within 795
one hundred eighty days after the date on which ~~such~~ the prize 796
award was announced if the lottery game is an on-line game, and 797
within one hundred eighty days after the close of the game if the 798
lottery game is an instant game. If no valid claim to the prize 799
award is made within the prescribed period, the prize money or the 800

cost of goods and services awarded as prizes, or, if ~~such~~ those 801
goods or services are resold by the commission, the proceeds from 802
~~such~~ that sale, shall be returned to the state lottery fund and 803
distributed in accordance with section 3770.06 of the Revised 804
Code. 805

(B) If a prize winner, as defined in section 3770.10 of the 806
Revised Code, is under eighteen years of age, or is under some 807
other legal disability, and the prize money or the cost of goods 808
or services awarded as a prize exceeds one thousand dollars, the 809
director of the state lottery commission shall order that payment 810
be made to the order of the legal guardian of that prize winner. 811
If the amount of the prize money or the cost of goods or services 812
awarded as a prize is one thousand dollars or less, the director 813
may order that payment be made to the order of the adult member, 814
if any, of that prize winner's family legally responsible for the 815
care of that prize winner. 816

(C) No right of any prize winner, as defined in section 817
3770.10 of the Revised Code, to a prize award shall be the subject 818
of a security interest or used as collateral. 819

(D)(1) No right of any prize winner, as defined in section 820
3770.10 of the Revised Code, to a prize award shall be assignable, 821
or subject to garnishment, attachment, execution, withholding, or 822
deduction, except as follows: as provided in sections 3119.80, 823
3119.81, 3121.02, 3121.03, and 3123.06 of the Revised Code; when 824
the payment is to be made to the executor or administrator, or the 825
trustee of a trust, of the estate of a winning ticket holder 826
participant; when the award of a prize is disputed, any person may 827
be awarded a prize award to which another has claimed title, 828
pursuant to the order of a court of competent jurisdiction; when 829
the director is to make a payment pursuant to ~~sections~~ section 830
3770.071 or 3770.073 of the Revised Code; or as provided in 831

sections 3770.10 to 3770.14 of the Revised Code. 832

(2) The commission shall adopt rules pursuant to section 833
3770.03 of the Revised Code concerning the payment of prize awards 834
upon the death of a prize winner. ~~Upon the death of a prize~~ 835
~~winner~~, as defined in section 3770.10 of the Revised Code. Upon 836
the death of a prize winner, the remainder of the prize winner's 837
prize award, to the extent it is not subject to a transfer 838
agreement under sections 3770.10 to 3770.14 of the Revised Code, 839
may be paid to the executor, administrator, or trustee in the form 840
of a discounted lump sum cash settlement. 841

(E) No lottery prize award shall be awarded to or for any 842
officer or employee of the state lottery commission, any officer 843
or employee of the auditor of state actively auditing, 844
coordinating and, or certifying commission drawings lotteries, or 845
any blood relative or spouse of such an officer or employee of the 846
commission or auditor of state living as a member of ~~such the~~ 847
officer's or employee's household, nor shall any such officer, 848
employee, blood relative, or spouse attempt to claim a lottery 849
prize award. 850

(F) The director may prohibit vendors to the commission and 851
their employees from being awarded a lottery prize award. 852

(G) Upon the payment of prize awards pursuant to this section 853
or section 3770.28 of the Revised Code, the director ~~and,~~ the 854
commission, and electronic lottery sales agents are discharged 855
from all further liability ~~therefor~~ for the payment of the prize 856
awards. 857

Sec. 3770.08. (A) No person shall sell a lottery ticket at a 858
price greater than that ~~fixed~~ established by rule of the state 859
lottery commission. 860

(B) No person other than a licensed lottery sales agent or 861

electronic lottery sales agent shall sell ~~lottery tickets rights~~ 862
to participate in lotteries, but nothing in this section shall be 863
construed to prevent any person from giving ~~lottery tickets rights~~ 864
to participate in lotteries to another as a gift. A transfer of 865
lottery tickets rights to participate in lotteries by any person 866
which that is made in connection with a marketing, promotional, or 867
advertising program shall be deemed to be a gift for the purposes 868
of this chapter. 869

(C) No person shall sell a lottery ticket to any person under 870
eighteen years of age, and no person under eighteen years of age 871
shall attempt to purchase a lottery ticket. No person shall sell 872
rights to participate in lotteries conducted under section 3770.22 873
of the Revised Code to any person under twenty-one years of age, 874
and no person under that age shall attempt to purchase rights to 875
participate in lotteries conducted under that section. 876

(D) No person, directly or indirectly, on behalf of self, or 877
another, nor any organization, shall invite, solicit, demand, 878
offer, or accept any payment, contribution, favor, or other 879
consideration to influence the award, renewal, or retention of a 880
lottery sales or electronic lottery sales agent license. 881

(E) Except as otherwise provided in this division, no person 882
shall sell lottery tickets on any fairgrounds during any annual 883
exhibition conducted in accordance with Chapter 991. or 1711. of 884
the Revised Code. "Fairgrounds" includes any land or property 885
under the control or management of any agricultural society or of 886
the Ohio expositions commission. This division does not apply to 887
the sale of lottery tickets by the commission at the state 888
fairground during the state fair. 889

Sec. 3770.21. As used in sections 3770.21 to 3770.30 of the 890
Revised Code: 891

(A) "Associated equipment" means any hardware or software 892

that is connected to an electronic gaming device or the central 893
communications system for the purpose of performing communications 894
to, or validation, auditing, or data and information retrieval by, 895
the state lottery commission. "Associated equipment" does not 896
include telecommunications facilities and equipment of a public 897
utility, or electronic gaming devices. 898

(B) "Central communications system" means the computer system 899
operated and controlled by the state lottery commission, to which 900
electronic gaming devices and their associated equipment 901
communicate for security, auditing, data and information 902
retrieval, and other purposes authorized under this chapter. 903

(C) "EDGE business enterprises" has the same meaning as in 904
section 123.152 of the Revised Code. 905

(D) "Electronic gaming device" means a device approved by the 906
state lottery commission for the purpose of conducting at tracks 907
lotteries that provide immediate prize determinations for 908
individual participants. 909

(E) "Electronic lottery sales agent" means a person who is a 910
permit holder and holds a current license issued under section 911
3770.24 of the Revised Code to assist the state lottery commission 912
in conducting lotteries through the use of electronic gaming 913
devices at a track. 914

(F) "Gross proceeds" means the amount of wagers by 915
participants in lotteries minus payments to winning participants. 916

(G) "Key gaming employee" means any individual employed by or 917
under contract with an electronic lottery sales agent or an 918
employee of a contractor that provides management or 919
employee-related services to the agent, including gaming operator 920
managers or assistant managers; facilities operator managers; 921
electronic games managers; accounting department personnel; count 922
room employees; cage department employees, including cashiers and 923

main bank employees; vault department employees; surveillance and 924
security department employees; floor managers; maintenance and 925
security personnel, including custodians of electronic gaming 926
devices and associated equipment and persons with access to cash 927
and accounting records within such devices or equipment; and 928
internal auditors of the electronic lottery sales agent. 929

(H) "Ohio-based business" means a business that pays the tax 930
levied under Chapter 5733. of the Revised Code and that has a 931
physical presence in this state. 932

(I) "Permit holder" means a corporation, trust, partnership, 933
limited partnership, association, person, or group of persons 934
issued a permit under Chapter 3769. of the Revised Code to conduct 935
a racing meeting. "Permit holder" does not include the holder of a 936
permit issued for a racing meeting at and during a county fair or 937
an independent fair. 938

(J) "Track" means any place, track, or enclosure where a 939
permit holder conducts live horse racing for profit at a racing 940
meeting, which is described in Section 6 of Article XV, Ohio 941
Constitution. "Track" includes facilities on premises contiguous 942
or adjacent to those places, tracks, or enclosures. 943

Sec. 3770.22. If required by the constitution of this state, 944
the state lottery commission shall conduct lotteries that provide 945
immediate prize determinations for individual participants through 946
the use of electronic gaming devices. The commission shall conduct 947
these lotteries only through electronic lottery sales agents that 948
have conducted live horseracing meetings during the past seven 949
calendar years preceding their licensing as electronic lottery 950
sales agents, and only at tracks. If, on the effective date of 951
this section, more than one permit holder conducted horseracing 952
meetings at a track during the previous calendar year, the permit 953
holders shall designate, by a written agreement, one permit 954

holder, or a person or entity owning or owned by one or more 955
permit holders, as the electronic lottery sales agent for that 956
track. The agreement shall be filed with the commission prior to 957
the issuance of an electronic lottery sales agent license and 958
shall not be modified without the consent of the commission. 959

Sec. 3770.23. An electronic gaming device shall be connected 960
to the central communications system and may be linked with other 961
electronic gaming devices for the purpose of lotteries providing 962
prizes based in whole or part upon the play of other electronic 963
gaming devices electronically connected and located at the same or 964
other tracks. The state lottery commission shall evaluate and 965
approve both the hardware of an electronic gaming device and the 966
software that is used to operate the device. The commission shall 967
not approve an electronic gaming device unless the software that 968
is used to operate it will provide to participants a projected 969
average return of more than eighty-five per cent. 970

Except as provided in the agreement required by section 971
3770.26 of the Revised Code, the number, type, denomination, and 972
location of electronic gaming devices at a track shall be within 973
the judgment of the agent. During the first six months of 974
conducting lotteries, not more than forty per cent of the 975
electronic gaming devices operated by the commission at the track 976
of an electronic lottery sales agent shall be manufactured by the 977
same entity. 978

Sec. 3770.24. (A) The director of the state lottery 979
commission shall license a permit holder as an electronic lottery 980
sales agent. Each applicant for a license as an electronic lottery 981
sales agent shall do all of the following: 982

(1) Pay to the commission a fee of one thousand dollars; 983

(2) Present proof, in the form required by the director, that 984
the applicant is a permit holder; 985

(3) Prior to the approval of the application, obtain a letter 986
of credit, or a surety or, if required by the director, a fidelity 987
bond, in an amount to be determined by the director, but not to 988
exceed one hundred thousand dollars. The bond may be with any 989
company that complies with the bonding and surety laws of this 990
state and the requirements established by rules of the commission 991
under section 3770.03 of the Revised Code. 992

The director shall certify to the commission that the 993
applicant has the required permit and letter of credit or bond. 994

(B) An electronic lottery sales agent license is effective 995
for five years. An electronic lottery sales agent, on or before 996
the date established by the director, shall renew the agent's 997
license and the agreement required by section 3770.26 of the 998
Revised Code, and provide evidence that the agent is a current 999
permit holder and has renewed the letter of credit or bond 1000
required by this section. The director shall certify to the 1001
commission that the applicant for renewal has the required permit 1002
and letter of credit or bond. 1003

(C) Any violation of this chapter, or of any rule adopted 1004
under it, is sufficient reason for the commission to refuse to 1005
issue a license, or for the commission to suspend or revoke any 1006
license issued, under this section. 1007

With respect to the issuance, refusal, suspension, or 1008
revocation of a license under this section, the action of the 1009
commission is subject to Chapter 119. of the Revised Code. 1010

Sec. 3770.25. The relationship between the state lottery 1011
commission and an electronic lottery sales agent is one of trust. 1012
An electronic lottery sales agent collects funds on behalf of the 1013

commission through the sale of rights to participate in lotteries 1014
for which the agent receives a commission. 1015

An electronic lottery sales agent may not accept any thing of 1016
value from, or enter into an agreement with, a manufacturer, 1017
distributor, or vendor of electronic gaming devices and associated 1018
equipment before filing with the commission a copy of the 1019
agreement or a document memorializing the offer of the thing of 1020
value. 1021

Sec. 3770.26. (A) The state lottery commission shall execute 1022
an agreement with each electronic lottery sales agent. Each 1023
agreement and renewed agreement shall provide all of the 1024
following: 1025

(1) That thirty-seven and one-half per cent of the gross 1026
proceeds of the lotteries conducted under section 3770.22 of the 1027
Revised Code shall be paid as a commission to the agent for 1028
services and personnel provided under section 3770.28 of the 1029
Revised Code by the agent for the lotteries; for the provision, 1030
maintenance, and repair of the buildings and grounds at the track 1031
where the electronic gaming devices are located; and for injury to 1032
the existing business of the agent as the result of the conduct of 1033
lotteries by the commission at the track; 1034

(2) That ten and one-half per cent of the gross proceeds of 1035
the lotteries conducted under section 3770.22 of the Revised Code 1036
shall be credited to the agent for reimbursement of costs and 1037
damages as a result of the operation by the commission of 1038
electronic gaming devices at the track and applied in accordance 1039
with divisions (A)(3) and (4) of this section; 1040

(3) That, from the amount credited to the agent under 1041
division (A)(2) of this section, an amount equal to nine and 1042
three-fourths per cent of the gross proceeds of lotteries 1043

conducted at the track during the previous month shall be added by 1044
the agent to the purse money for live horse racing conducted at 1045
that track; 1046

(4) That, from the amount credited to the agent under 1047
division (A)(2) of this section, an amount equal to one-fourth of 1048
one per cent of the gross proceeds of lotteries conducted at the 1049
track during the previous month shall be paid by the agent to the 1050
county in which the track is located, and one-half of one per cent 1051
of those gross proceeds shall be paid to the municipal corporation 1052
in which the track is located or, if it is not located in a 1053
municipal corporation, to the township in which it is located. If 1054
the track is located in more than one county, and municipal 1055
corporation or township, the amounts payable pursuant to this 1056
division shall be divided equally among the counties, and 1057
municipal corporations or townships. 1058

(5) That the initial five per cent of the net proceeds of the 1059
lotteries conducted under section 3770.22 of the Revised Code that 1060
are transferred to the state lottery fund created under division 1061
(A)(2) of section 3770.06 of the Revised Code or twenty-five 1062
million dollars of those net proceeds, whichever is less, shall be 1063
transferred by the director of budget and management to the 1064
lottery profits education fund to be used as specified in division 1065
(B)(3)(b) of that section; 1066

(6) That the remaining net proceeds of the lotteries 1067
conducted under section 3770.22 of the Revised Code that are 1068
transferred to the state lottery fund created under division 1069
(A)(2) of section 3770.06 of the Revised Code shall be transferred 1070
from that fund by the director of budget and management to the 1071
Ohio scholarship program fund created by section 3333.30 of the 1072
Revised Code; 1073

(7) That the agent shall give to the commission a written 1074

schedule that lists the installed cost of all fixtures and 1075
equipment supplied by the agent to assist the commission in 1076
conducting lotteries under section 3770.22 of the Revised Code, 1077
and, if the commission discontinues conducting the lotteries for 1078
any reason other than breach of the agreement by the agent or 1079
suspension or revocation of the agent's license issued under 1080
section 3770.24 of the Revised Code or permit issued under Chapter 1081
3769. of the Revised Code, that the commission shall reimburse the 1082
agent for the unamortized cost of the fixtures and equipment 1083
listed in the schedule; 1084

(8) That the agent shall conduct live horseracing meetings 1085
and simulcast racing programs each calendar year on not less than 1086
the number of days required by Chapter 3769. of the Revised Code 1087
pursuant to the permit issued by the state racing commission for 1088
the track; 1089

(9) That not less than one thousand eight hundred nor more 1090
than two thousand five hundred electronic gaming devices shall be 1091
placed at a track without a determination by the director of the 1092
state lottery commission that the number of devices is consistent 1093
with the purposes of this chapter and has been requested by the 1094
agent; 1095

(10) That lotteries conducted under section 3770.22 of the 1096
Revised Code may not be conducted between the hours of five a.m. 1097
and eight a.m. on any day; 1098

(11) That the agent shall do all of the following: 1099

(a) Set a goal to award not less than fifty per cent of the 1100
contracts related to the provision, maintenance, and repair under 1101
division (B) of section 3770.28 of the Revised Code of necessary 1102
capital improvements for the facilities at the track at which 1103
electronic gaming devices are located to, and make a good faith 1104
effort to see that not less than fifty per cent of the 1105

<u>subcontracts of those contracts are awarded to, Ohio-based</u>	1106
<u>businesses;</u>	1107
<u>(b) Set a goal to award not less than twenty per cent of the</u>	1108
<u>contracts described in division (A)(11)(a) of this section to</u>	1109
<u>Ohio-based businesses that are EDGE business enterprises;</u>	1110
<u>(c) Make a good faith effort to see that not less than twenty</u>	1111
<u>per cent of the subcontracts described in division (A)(11)(a) of</u>	1112
<u>this section are awarded to Ohio-based businesses that are EDGE</u>	1113
<u>business enterprises;</u>	1114
<u>(d) Set a goal that not less than fifty per cent of the key</u>	1115
<u>gaming employees and other personnel employed under divisions (C)</u>	1116
<u>and (D) of section 3770.28 of the Revised Code to perform duties</u>	1117
<u>to implement sections 3770.21 to 3770.30 of the Revised Code shall</u>	1118
<u>be residents of the county where the track is located or of a</u>	1119
<u>county adjacent to that county.</u>	1120
<u>(12) That, not later than one year after the initial</u>	1121
<u>implementation of sections 3770.21 to 3770.30 of the Revised Code</u>	1122
<u>and annually thereafter, the agent shall report to the commission</u>	1123
<u>on its efforts to comply with divisions (A)(11)(a) to (d) of this</u>	1124
<u>section.</u>	1125
<u>(B) The term of the agreement shall not exceed five years and</u>	1126
<u>shall not be terminated by the parties during its term, except for</u>	1127
<u>breach of a provision of the agreement, or suspension or</u>	1128
<u>revocation of an electronic lottery sales agent's license issued</u>	1129
<u>under section 3770.24 of the Revised Code or of a permit issued</u>	1130
<u>under Chapter 3769. of the Revised Code. If the commission intends</u>	1131
<u>to terminate or not renew an agreement, it shall provide the agent</u>	1132
<u>with an opportunity for an adjudication under Chapter 119. of the</u>	1133
<u>Revised Code.</u>	1134
<u>Sec. 3770.27. In conducting lotteries under section 3770.22</u>	1135

of the Revised Code, the state lottery commission shall do all of 1136
the following: 1137

(A) Approve, qualify, certify, procure, install, maintain, 1138
repair, replace, and operate all electronic gaming devices, 1139
associated equipment, and intellectual property necessary for the 1140
conduct of the lotteries; 1141

(B) Procure, install, establish, maintain, repair, replace, 1142
and operate the central communications system that provides 1143
security, auditing, and data and information retrieval as 1144
determined necessary by the commission and that does not limit 1145
participation to only one electronic gaming device manufacturer, 1146
distributor, supplier, or provider. The central communications 1147
system shall be online and in continuous communication with 1148
computers, electronic gaming devices, and associated equipment 1149
located at the tracks of electronic lottery sales agents. 1150

(C) Select, qualify, certify, retain, pay, and terminate all 1151
contractors, suppliers, service companies, and vendors of the 1152
commission necessary for the conduct of lotteries under section 1153
3770.22 of the Revised Code, including those persons that provide 1154
electronic gaming devices, associated equipment, and the central 1155
communications system; 1156

(D) Establish standards for the daily payment, by an 1157
electronic lottery sales agent through electronic transfer or 1158
other system mandated by the director, of the gross proceeds of 1159
lotteries conducted under section 3770.22 of the Revised Code, 1160
less the commission paid, and the reimbursement credited, to the 1161
agent under divisions (A)(1) and (2) of section 3770.26 of the 1162
Revised Code; 1163

(E) Review advertising and promotion of electronic lottery 1164
gaming. The commission may approve or disapprove of any 1165

advertising and promotion, but approval shall not be unreasonably withheld. The commission shall pay fifty per cent of the cost of producing, distributing, and operating any approved advertising and promotion, and the remainder of that cost shall be paid by the electronic lottery sales agent that initiates the advertising or promotion. However, excluding the initial year of the conduct of the lotteries under section 3770.22 of the Revised Code, annual advertising and promotion expenditures made by the commission shall not exceed five per cent of the annual gross proceeds of the lotteries. 1166
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Sec. 3770.28. In assisting the state lottery commission with the conduct of lotteries under section 3770.22 of the Revised Code, an electronic lottery sales agent shall do all of the following: 1176
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(A) Select the number, type, denomination, and location of, and refill, the electronic gaming devices that have been placed by the commission 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; 1180
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(B) Provide, maintain, and repair necessary capital improvements for the facilities at the track at which electronic gaming devices are located; 1187
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(C) Hire and compensate adequate personnel to ensure compliance with the provisions of this chapter relating to the operation of electronic gaming devices, including sufficient security personnel to protect and secure the devices and associated equipment, and the track at which the devices are located; 1190
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(D) Hire, compensate, and be responsible for the performance 1196
of the duties of, key gaming employees, ensuring that those 1197
employees have been and remain during the course of their 1198
employment duly licensed by the commission; 1199

(E) By electronic transfer or other system mandated by the 1200
director, transfer or deliver daily to the commission the gross 1201
proceeds of lotteries conducted under section 3770.22 of the 1202
Revised Code, less the commission paid, and the reimbursement 1203
credited, to the agent under divisions (A)(1) and (2) of section 1204
3770.26 of the Revised Code; 1205

(F) Deliver payment to winning participants of prizes awarded 1206
by lotteries conducted by the commission through electronic gaming 1207
devices at the track. 1208

Sec. 3770.29. (A) The conduct of lotteries and the operation 1209
of electronic gaming devices at tracks under section 3770.22 of 1210
the Revised Code shall not be deemed to change the character of 1211
the use of the tracks under any county, municipal, or township 1212
land use regulation, ordinance, or agreement. 1213

(B) No license or excise tax or fee shall be assessed upon or 1214
collected from an electronic lottery sales agent by any county, 1215
township, municipal corporation, school district, or other 1216
political subdivision of the state that has the authority to 1217
assess or collect a tax or fee, by reason of the conduct of 1218
lotteries at tracks under section 3770.22 of the Revised Code. 1219

Sec. 3770.30. Sections 3770.21 to 3770.30 of the Revised Code 1220
do not modify the authority of the state racing commission to 1221
regulate horse racing in accordance with Chapter 3769. of the 1222
Revised Code or, except as provided in sections 3770.21 to 3770.30 1223
of the Revised Code, the rights and responsibilities of permit 1224
holders under that chapter. 1225

Sec. 4301.03. The liquor control commission may adopt and 1226
promulgate, repeal, rescind, and amend, in the manner required by 1227
this section, rules, standards, requirements, and orders necessary 1228
to carry out this chapter and Chapter 4303. of the Revised Code, 1229
but all rules of the board of liquor control that were in effect 1230
immediately prior to April 17, 1963, shall remain in full force 1231
and effect as rules of the liquor control commission until and 1232
unless amended or repealed by the liquor control commission. The 1233
rules of the commission may include the following: 1234

(A) Rules with reference to applications for and the issuance 1235
of permits for the manufacture, distribution, transportation, and 1236
sale of beer and intoxicating liquor, and the sale of alcohol; and 1237
rules governing the procedure of the division of liquor control in 1238
the suspension, revocation, and cancellation of those permits; 1239

(B) Rules and orders providing in detail for the conduct of 1240
any retail business authorized under permits issued pursuant to 1241
this chapter and Chapter 4303. of the Revised Code, with a view to 1242
ensuring compliance with those chapters and laws relative to them, 1243
and the maintenance of public decency, sobriety, and good order in 1244
any place licensed under the permits. No rule or order shall 1245
prohibit the sale of ~~lottery tickets issued~~ rights to participate 1246
in lotteries pursuant to Chapter 3770. of the Revised Code by any 1247
retail business authorized under permits issued pursuant to that 1248
chapter. 1249

No rule or order shall prohibit pari-mutuel wagering on 1250
simulcast horse races at a satellite facility that has been issued 1251
a D liquor permit under Chapter 4303. of the Revised Code. No rule 1252
or order shall prohibit a charitable organization that holds a D-4 1253
permit from selling or serving beer or intoxicating liquor under 1254
its permit in a portion of its premises merely because that 1255
portion of its premises is used at other times for the conduct of 1256

a bingo game, as described in division (S) of section 2915.01 of 1257
the Revised Code. However, such an organization shall not sell or 1258
serve beer or intoxicating liquor or permit beer or intoxicating 1259
liquor to be consumed or seen in the same location in its premises 1260
where a bingo game, as described in division (S)(1) of section 1261
2915.01 of the Revised Code, is being conducted while the game is 1262
being conducted. As used in this division, "charitable 1263
organization" has the same meaning as in division (H) of section 1264
2915.01 of the Revised Code. No rule or order pertaining to 1265
visibility into the premises of a permit holder after the legal 1266
hours of sale shall be adopted or maintained by the commission. 1267

(C) Standards, not in conflict with those prescribed by any 1268
law of this state or the United States, to secure the use of 1269
proper ingredients and methods in the manufacture of beer, mixed 1270
beverages, and wine to be sold within this state; 1271

(D) Rules determining the nature, form, and capacity of all 1272
packages and bottles to be used for containing beer or 1273
intoxicating liquor, except for spirituous liquor to be kept or 1274
sold, governing the form of all seals and labels to be used on 1275
those packages and bottles, and requiring the label on every 1276
package, bottle, and container to state the ingredients in the 1277
contents and, except on beer, the terms of weight, volume, or 1278
proof spirits, and whether the same is beer, wine, alcohol, or any 1279
intoxicating liquor except for spirituous liquor; 1280

(E) Uniform rules governing all advertising with reference to 1281
the sale of beer and intoxicating liquor throughout the state and 1282
advertising upon and in the premises licensed for the sale of beer 1283
or intoxicating liquor; 1284

(F) Rules restricting and placing conditions upon the 1285
transfer of permits; 1286

(G) Rules and orders limiting the number of permits of any 1287

class within the state or within any political subdivision of the 1288
state; and, for that purpose, adopting reasonable classifications 1289
of persons or establishments to which any authorized class of 1290
permits may be issued within any political subdivision; 1291

(H) Rules and orders with reference to sales of beer and 1292
intoxicating liquor on Sundays and holidays and with reference to 1293
the hours of the day during which and the persons to whom 1294
intoxicating liquor of any class may be sold, and rules with 1295
reference to the manner of sale; 1296

(I) Rules requiring permit holders buying beer to pay and 1297
permit holders selling beer to collect minimum cash deposits for 1298
kegs, cases, bottles, or other returnable containers of the beer; 1299
requiring the repayment, or credit, of the minimum cash deposit 1300
charges upon the return of the empty containers; and requiring the 1301
posting of such form of indemnity or such other conditions with 1302
respect to the charging, collection, and repayment of minimum cash 1303
deposit charges for returnable containers of beer as are necessary 1304
to ensure the return of the empty containers or the repayment upon 1305
that return of the minimum cash deposits paid; 1306

(J) Rules establishing the method by which alcohol products 1307
may be imported for sale by wholesale distributors and the method 1308
by which manufacturers and suppliers may sell alcohol products to 1309
wholesale distributors. 1310

Every rule, standard, requirement, or order of the commission 1311
and every repeal, amendment, or rescission of them shall be posted 1312
for public inspection in the principal office of the commission 1313
and the principal office of the division of liquor control, and a 1314
certified copy of them shall be filed in the office of the 1315
secretary of state. An order applying only to persons named in it 1316
shall be served on the persons affected by personal delivery of a 1317
certified copy, or by mailing a certified copy to each person 1318
affected by it or, in the case of a corporation, to any officer or 1319

agent of the corporation upon whom a service of summons may be 1320
served in a civil action. The posting and filing required by this 1321
section constitutes sufficient notice to all persons affected by 1322
such rule or order which is not required to be served. General 1323
rules of the commission promulgated pursuant to this section shall 1324
be published in the manner the commission determines. 1325

Section 2. That existing sections 3770.02, 3770.03, 3770.05, 1326
3770.06, 3770.07, 3770.08, and 4301.03 of the Revised Code are 1327
hereby repealed. 1328

Section 3. (A) The agreement between the State Lottery 1329
Commission and each electronic lottery sales agent, as defined by 1330
section 3770.21 of the Revised Code, shall provide that a one-time 1331
licensing fee equal to eight thousand dollars for each electronic 1332
gaming device, as defined by that section, that is to be located 1333
at the premises of the electronic lottery sales agent shall be 1334
paid by the agent to the Commission before an electronic gaming 1335
device may be operated. If an electronic gaming device is replaced 1336
by another device, no additional licensing fee is required for the 1337
replacement device. 1338

(B) Notwithstanding any contrary provisions of section 1339
3770.26 of the Revised Code, from the date of payment of the 1340
device licensing fees through October 31, 2004, the thirty-seven 1341
and one-half per cent referred to in division (A)(1) of that 1342
section shall be changed to forty and one-half per cent, the ten 1343
and one-half per cent referred to in division (A)(2) of that 1344
section shall be changed to nine per cent, and the nine and 1345
three-fourths per cent referred to in division (A)(3) of that 1346
section shall be changed to eight and one-fourth per cent; and 1347
from November 1, 2004, until a date determined by the rules of the 1348
Commission, the thirty-seven and one-half per cent referred to in 1349
division (A)(1) of that section shall be changed to thirty-nine 1350

per cent, the ten and one-half per cent referred to in division 1351
(A)(2) of that section shall be changed to nine per cent, and the 1352
nine and three-fourths per cent referred to in division (A)(3) of 1353
that section shall be changed to eight and one-fourth per cent. 1354

(C) The Commission shall adopt rules that require electronic 1355
lottery sales agents to file all documents relating to their 1356
borrowing or financing of device licensing fees and determining 1357
the date at which the financing or borrowing is retired, and then 1358
that provide that the provisions of this section shall cease to be 1359
effective. 1360

Section 4. Prior to December 31, 2018, an electronic lottery 1361
sales agent, as defined by section 3770.21 of the Revised Code, 1362
and the Ohio Division of the Horsemen's Benevolent and Protective 1363
Association or Ohio Harness Horsemen's Association may provide, by 1364
written agreement filed with the State Lottery Commission and the 1365
State Racing Commission, that an amount equal to one per cent of 1366
the gross proceeds of the lotteries conducted under section 1367
3770.22 of the Revised Code shall be paid by the agent to one or 1368
more of the following funds, as designated by the appropriate 1369
horsemen's association: 1370

(A) The Ohio Fairs Fund created by section 3769.082 of the 1371
Revised Code; 1372

(B) The Ohio Thoroughbred Race Fund created by section 1373
3769.083 of the Revised Code; 1374

(C) The Ohio Standardbred Development Fund created by section 1375
3769.085 of the Revised Code; 1376

(D) The Ohio Quarter Horse Development Fund created by 1377
section 3769.086 of the Revised Code. 1378

If an agreement is entered into under this section, the 1379
amount required to be added to the purse money by the electronic 1380

lottery sales agent under division (A)(3) of section 3770.26 of 1381
the Revised Code shall be reduced by one per cent. 1382

Section 5. Notwithstanding any contrary provision of section 1383
3505.062, 3505.063, or 3519.21 or any other section of the Revised 1384
Code, in connection with the proposal to amend Section 6 of 1385
Article XV of the Constitution of the State of Ohio set forth in 1386
Substitute Senate Joint Resolution 8 of the 125th General Assembly 1387
that is to be presented to the electors of the state at a special 1388
election to be held on March 2, 2004, the following shall apply: 1389

(A) The General Assembly, by concurrent resolution, may 1390
prescribe the title and ballot language for, and prepare an 1391
explanation of, the proposal and submit the title, ballot 1392
language, and explanation to the Ohio Ballot Board. The 1393
explanation may include statements as to the purposes and effects 1394
of the proposal. The Ohio Ballot Board shall adopt the submitted 1395
title, ballot language, and explanation for the proposal, as if it 1396
was prescribing ballot language for or preparing an explanation of 1397
another constitutional amendment proposed by the General Assembly, 1398
unless a majority of the members of the Board finds the submitted 1399
title, ballot language, or explanation would mislead, deceive, or 1400
defraud the electors of the state voting on the proposal at the 1401
election. The Ohio Ballot Board shall certify the submitted title, 1402
ballot language, and explanation to the Secretary of State not 1403
later than eighty days before the election unless it makes such a 1404
finding. 1405

(B) The Speaker of the House of Representatives and the 1406
President of the Senate each shall appoint three individuals in 1407
favor of the proposal and three individuals against the proposal. 1408
The individuals in favor of the proposal shall draft and file 1409
arguments for the proposal, and the three individuals against the 1410
proposal shall draft and file arguments against the proposal. 1411

These arguments shall be filed with the Secretary of State not 1412
later than seventy-five days before the election and shall not 1413
exceed three hundred words. The arguments shall not be printed or 1414
included on the ballot but shall be disseminated in the same 1415
manner as arguments relating to constitutional amendments under 1416
division (C) of section 3505.063 of the Revised Code. 1417

Section 6. If any item of law that constitutes the whole or 1418
part of a codified or uncodified section of law contained in this 1419
act, or if the application of any item of law that constitutes the 1420
whole or part of a codified or uncodified section of law contained 1421
in this act, is held invalid, the invalidity does not affect other 1422
items of law or applications of items of law that can be given 1423
effect without the invalid item of law or application. To this 1424
end, the items of law of which the codified and uncodified 1425
sections of law contained in this act are composed, and their 1426
applications, are independent and severable. 1427