State Senator William P. Coley, II
Senate Bill 356 Sponsor Testimony
Senate State and Local Government Committee
November 15, 2016

Chairman Uecker, Ranking Member Thomas, and members of the Senate State and Local Government Committee, thank you for the opportunity to testify on behalf of Senate Bill 356.

Since before Ohio was a state, virtually all gambling has been prohibited in our territory. After statehood, in 1805, the legislature continued this prohibition, except for lotteries. Then, in the Constitution of 1851, even lotteries were prohibited. In 1973, Ohioans changed this almost total ban on gambling and approved a Constitutional Amendment to authorize lotteries. In 1975 the voters approved an amendment to authorize charitable bingo. Finally, after rejecting previous proposals involving casino gaming, voters approved such a proposal in 2009. So, Ohio has a very long history of not allowing gaming that has not been authorized by the legislature.

Senate Bill 356 clarifies the legality of business promotions such as the "Queen of Hearts" game, as well as daily fantasy sports (DFS) and e-sports contests in Ohio. Now let's talk about pools. Pools are things like the office pool or the pool at the local tavern where we all kick in a dollar, pick a square and then assign numbers to the squares. If the halftime score or the final score matches your square, you will. Well currently in Ohio, these are legal as long as 100% of the entry fees are distributed as prizes to those who entered.

However, if your same coworker or corner tavern has a weekly pool that charges $10 to enter, awards a $90 prize but requires a minimum of 10 entries, it is clearly conducting a pool for profit, which is currently defined as a "Scheme of Chance", and is in violation of Ohio Law. If the same tavern operator has other pools that pay out 100% of the amount collected in entry fees, the operator is still violating Ohio law for each pool that pays out less than 100% of the entry fees received.

This type of pool, called a pool for profit, where the operator is taking a cut of the entry fees, is currently illegal under Ohio law. This type of pool exists on certain DFS sites. Not all pools on DFS sites or e-sports tournaments fall into this definition, but the sites

currently operating in Ohio are in violation of the law. To clarify, any pool that pays out 100% of the entry fees to participants appears to be perfectly legal in Ohio. Senate Bill 356 will make it even more clear.

Senate Bill 356 also defines DFS and e-sports and gives the Casino Control Commission regulatory authority over pools, for both profit and not-for-profit, in the state. You may remember the Queen of Hearts jackpots that have climbed into the millions in the past couple of years in Ohio. Currently, pools of this nature are not regulated by any of the four gaming regulators in the state. Senate Bill 356 ensures that these games, like all other gaming in Ohio, have proper oversight. While I am pretty darn sure that everything was done correctly with those recent multi-million dollar jackpots, it will be a good thing to have the Casino Control Commission right there to supervise operations and clarify any changes in the rules that might be necessary.

This legislation is necessary to make sure DFS and e-sports are in line with current Ohio law and that, moving forward, this gaming is appropriately regulated.

Mr. Chairman and members of the committee, thank you for the opportunity to share sponsor testimony on Senate Bill 356. I am happy to answer any questions at this time.