

Michael Rodgers
Director of Policy and Legislation
Ohio Attorney General's Office
October 24th, 2019

Good morning Chairman Oelslager, Vice Chair Scherer, Ranking Member Cera, and members of the House Finance Committee. My name is Mike Rodgers and I am the Director of Policy and Legislation for Attorney General Dave Yost. Today I also have with me Dan Fausey, the Chief of our Charitable Law section, who is responsible for overseeing charitable gaming in Ohio. Thank you for allowing me the opportunity to testify today in support House Bill 282 on behalf of the Attorney General.

Background

The Charitable Law section within the Attorney General's Office (AGO) is the sole overseer and regulator for charitable gaming in Ohio. Last year, charities in Ohio brought in \$102 million through Type I, II, and III bingo. Charities and organizations wishing to conduct bingo must apply for and receive a license from the Ohio Attorney General's office, provide annual reports, and submit to periodic inspections from the Charitable Law Section to ensure that all of the legal requirements are being honored, and that charitable resources are being effectively monitored. Current law also provides a number of stringent restrictions on who may conduct bingo and how much they may earn directly from the conducting of bingo games. Entities that are eligible to conduct bingo include 501(c)(3)'s, volunteer fire and rescue organizations, veteran, fraternal, and sporting organizations so long as they have existed for more than two years prior to obtaining a license. Currently, there are 1800 licensed bingo operators in Ohio.

By way of background, Type I bingo is the traditional game with a caller announcing numbers where paper sheets are used to track numbers and determine winners at the luck of the draw. Type II bingo covers the sale of instant bingo in conjunction with the traditional bingo game. Type III bingo is instant bingo being conducted outside of a traditional game. Type III bingo is a game in which there is a "deal" of instant tickets—often referred to as pull-tabs—that are distributed in stacks where winners are predetermined, and the odds of winning are clearly disclosed on each card. House Bill 282 will modernize Type III bingo to allow the game to be played in an electronic format. Ohio would join 5 other states including Wisconsin and Virginia in updating their charitable gaming statute.

Requested Changes

In reviewing House Bill 282, the AGO wishes to express our firm support while also discussing a few suggested changes our office has been working on with the bill's sponsors as well as other interested parties.

- Remove language requiring inspection of electronic bingo machines by the AGO and language relating to a "centralized report management system."
 - The language in the substitute bill will provide our office the flexibility to review machines using an outside validator and eliminates the ambiguity of a costly

centralized report management system and how that would work among different manufacturers and products.

- Delay the effective date of the legislation to allow the AGO time to promulgate rules to properly regulate this update to charitable gaming.
 - Comments and feedback will need to be solicited from interested parties to ensure the new regulations are not overly burdensome. With this modernization, all of the proper procedures and regulations will need to be effective in the Ohio Administrative Code to ensure full compliance with House Bill 282's intent.
- Include language to guide the AGO in promulgating rules to enforce HB 282.
 - This will provide clear authority and guidance for the AGO to issue rules that will address the times and dates of permissible play, security requirements for the electronic instant bingo software, the number of electronic instant bingo devices permitted per location and per operator, manufacturing and testing criteria, and software criteria.
- Require background checks for manufacturers and distributors of electronic instant bingo.
 - The AGO expects many new companies to enter the marketplace upon passage of this bill. This language comes forth from discussions with other states' bingo regulators and gaming agencies and will help protect Ohio charities from fraudulent vendors.
- Add "electronic instant bingo" throughout the statutes, as applicable, to ensure that it is permissible just as instant bingo is currently permissible.
- Clarify that an electronic instant bingo machine is not a slot machine and restrict what the machines may do.
- Clarify that electronic instant bingo may be played at authorized bingo locations just like current Type III bingo license games.

Conclusion

Chairman Oelslager and members of the committee, thank you again for allowing me to testify today in support of House Bill 282. Bingo modernization within House Bill 282 is needed so that the licensed bingo community can continue to attract customers and support charitable causes that benefit all Ohioans. I'd also like to thank the bill's sponsors, Representative Holmes and Representative LaRe, for their leadership on this issue. I would be happy to answer any questions you may have at this time.