



**Testimony Before the Ohio Senate Select Committee on Gaming  
Tara Jones, Intralot Director of Government Relations  
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Chairman Schuring, Vice Chair Manning and members of the Senate Select Committee on Gaming, thank you for the opportunity to testify today as an Interested Party on Senate Bill 176.

My name is Tara Jones, and I am the Director of Government Relations for Intralot. My family and I live in Lorain County and our CEO, Byron Boothe, is a native of Ironton, Ohio.

Intralot is a contractor for 13 lotteries throughout North America, including proudly serving as the contractor for the Ohio Lottery. We currently provide the sports betting platform to three U.S. lotteries and are in conversations with policy makers in several other states contemplating sports wagering legislation. While our U.S. headquarters is in Duluth, Georgia, Intralot employs over 150 Ohioans including field service retail support and call center retail support in our Strongsville, Ohio office. Intralot also maintains consistent production employees at our worldwide lottery self-service manufacturing facility located in Mason, Ohio.

First, let me thank you for including the Ohio Lottery as one channel for sports betting in Ohio. We have seen throughout the country that many states are including their state lottery in sports betting. This is a testament to the fact that state lotteries are capable of mitigating risk and seek to maximize their governing ability.

As you have designated in the current version of Senate Bill 176, the Ohio Lottery Commission has the ability to regulate sports gaming lottery in Ohio. As the bill stands, this provides a sports betting parimutuel pool game to be available at retail establishments under the Ohio Lottery brand. However, while we again appreciate the Ohio Lottery's inclusion in this legislation, we have concerns with how the structure of this pooled betting would operate, as no other state employs this currently.

**It is important to Intralot that any lottery-based system for any of our games operate with no-risk to the state and Ohio's taxpayers.**

For the past ten (10) years, Intralot has been a valued partner with the Ohio Lottery. Intralot's central system processes over \$3.2 billion in wagers per year (\$8.7 million per day). Our partnership with the Ohio Lottery has many facets, including one key aspect: risk management services.

As you may know, the Ohio Lottery, much like all other lotteries in the United States, provides lottery games to consumers. Many lottery games, like Lucky One, Keno, Pick 3 and Pick 4, are **not** insured pools or what otherwise is known as a "parimutuel" wagering pool. In these cases, the lottery's central system provider must protect the state from any liabilities from overpayment of winners.

For instance, twice daily, every day, for the last ten (10) years, certain number combinations (e.g., 111, 222, 333, 911, 1234, etc.) being wagered on in the Pick 3 and Pick 4 game categories in Ohio have hit a liability limit that the Ohio Lottery has defined. Intralot's central system has an automated liability response to stop accepting wagers on those certain number combinations when the potential payout for those wagers could exceed what the lottery has defined as the "daily" game payout.

Effectively, the same process is in place for sports betting. The lottery simply adopts a liability limit (to be competitive with non-lottery sports betting platforms; we recommend that limit be set at a 90% average). When wagers on the betting platform reach above that 90% payout (10%), our sports betting platform central systems automated liability response will notify the Ohio Lottery. The Lottery can either:

- set a time for book reconciliation with Intralot;
- lower the liability limit until the book gets back into conformance; or,
- stop accepting certain wager types that lower the liability limit.

Typically, most sports betting books that fall out of conformance of a 90% liability limit can regain that average over a 30-day timeframe and certainly by 180 days. **Of the nine (9) current U.S. lotteries overseeing a sports wagering platform, there are no known instances of liability issues that involve states they serve.**

Statistically, the 10% differential between 90% payback and 100% payback is a big enough variance that if mistakes happen or bets go against the book, the book can absorb the loss without risk to the state. From the first day and every day after that the book operates, any risk perceived or otherwise to the state falls.

As the Lottery is currently required to do with any of the new games that are regularly added to the retail portfolio, any sports betting game would be subject to Commission promulgated rules governing the design and operation of the game, including the price of tickets, wager limit, liability limit, and prize structure and value.

Further, the Ohio Lottery contractually requires that its central system vendor hold liability coverage. Intralot holds a \$30 million performance bond as well as a significant Errors and Omissions insurance policy to cover any liabilities that could occur in relation to our contract with the state. Since Intralot became the state's Lottery contractor in 2009 after a rigorous RFP process, there have **never** been any claims against this bond or insurance. Lottery retailers are also bonded and the Ohio Lottery uses Intralot's central system to maintain retailer obligations, settlements, and real time status updates. **The addition of sports betting would be no different than what currently exists in the state in terms of day-to-day operation and mitigation of risk. Other states currently employ sports betting through their lottery and their risk has not been heightened as a result.**

Thank you to the members of this committee for their diligence and consideration in ensuring that the State creates a level playing field in the sports betting market. By offering sports betting through the Ohio Lottery, the state is providing options for a different type of customer than would download an app or travel to a destination sportsbook location. We look forward to continuing to work with Chairman Schuring, the members of the committee, President Huffman and his staff, as well as your colleagues in both chambers to ensure secure, safe, and responsible gaming in keeping with the best practices of the industry.

Thank you for your time today and I would be happy to answer any questions.