

J&J Gaming

June 17, 2025

In re: Testimony in Support of Ohio House Bill 344

Mr. Chairman:

Mr. Chairman and Committee Members, thank you for the opportunity to provide testimony in support of Ohio House Bill No. 344 (the “HB 344”). My name is Matthew Hortenstine. I serve as General Counsel to J&J Ventures Gaming, LLC (“J&J”).

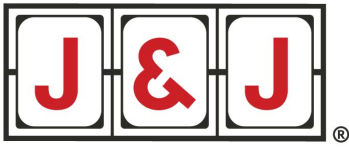
J&J is a 95-year-old family-owned company headquartered in Illinois. J&J is the largest distributed gaming company in the United States. Our business is focused on the placement, operation and management of video lottery terminals or similar gaming devices in bars, restaurants, hotels, convenience stores, truckstops, fraternal and veteran’s organizations and other similar venues. Of the 11 states in the union that have adopted legislation creating a regulated and taxed distributed gaming industry, we operate in 7 of those states. **Importantly, we only operate in those states that have a regulatory structure created by legislative action.**

Some of the states we operate in, such as Nevada, Montana, Illinois and Pennsylvania, regulate the placement and operation of video gaming terminals or video lottery terminals, while other states that we operate in, such as Nebraska and Georgia, regulate the placement and operation of skill games. **However, to be clear, any device of this nature, whether called a VLT, VGT or a skill game, requires appropriate governmental regulation in order to protect the public, and to generate an appropriate tax revenue stream for the public benefit.**

We would respectfully offer the following overarching comments for your consideration regarding HB 344:

First, any legislation addressing distributed gaming in Ohio should create a strict regulatory structure addressing the following four key regulatory goals:

1. Provision of adequate consumer protections addressing certification of gaming devices to ensure fair games free from manipulation, guarantee players timely payouts, and properly address problem gaming concerns and underage gaming concerns.
2. Provide a fair competitive environment free from improper inducements that is open and available to all participants who adequately demonstrate suitability to operate in a licensed, regulated gaming industry.



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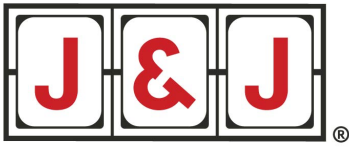
3. Provide strong suitability standards and regulatory enforcement mechanisms to prevent bad actors from engaging in gaming in Ohio.
4. Implement industry best practices designed to protect the public while creating a robust, competitive distributed gaming capable of generating reasonable revenues of small businesses while generating sustainable tax revenues to Ohio.

Secondly, any such legislation should include the following 5 industry best practices that have been successfully implemented throughout the United States:

1. Incorporate a separate and distinct three-tier system regulating: (i) licensed retailer; (ii) licensed terminal operators; and (iii) licensed manufacturers & distributors.
2. Require connection to a central control system operated by the regulatory agency to assure full transparency, enforce compliance, and assure tax revenue collection.
3. License the terminals only after being certified by independent laboratories selected by the regulator.
4. Impose a reasonable fee and tax structure, and mandate an equal division of net terminal revenue between the retailer and the terminal operator to assure a fair and open marketplace while enforcing anti-inducement regulations.
5. Require all contracts regarding the placement and operation of the terminals only between licensed retailers and licensed operators.

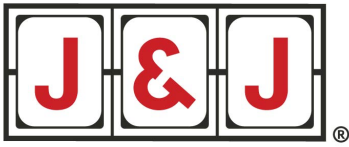
There is much in HB 344 worthy of compliment. However, we would suggest that it may be helpful to engage in additional dialogue between policy makers and industry leaders to provide clarification to some provisions, and perhaps develop some specific provisions to address issues unique to distributed gaming. In particular, J&J would make the following suggestions:

1. Problem gaming and underage gaming are real concerns facing the industry. J&J would recommend that HB 344 implement the following four key mitigation tools:
  - a. Awareness: Provisions requiring retailers and operators to engage in communication efforts promoting awareness of problem gaming issues and the existence of treatment programs for gambling addiction.
  - b. Funding of Treatment Programs: Provisions requiring an appropriate portion of gaming revenues to be devoted to treatment programs to assist those suffering from gaming addiction.



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- c. Self-Exclusion: Provisions that couple player reward programs to self-exclusion programs that would allow people suffering from problem gaming to exclude themselves from play within the context of a properly controlled, confidential, electronically monitored program.
  - d. Segregated Gaming Areas: Gaming areas should be appropriately segregated with restricted points of entry to control underage people from accessing the devices, coupled with surveillance systems controlled by the operators and accessible by the regulatory agency.
2. We note that HB 344 creates industry standard minimum pay table of 80%, and an appropriate maximum wager of \$4. However, we would recommend that the maximum win per wager should be capped at \$1199 rather than \$2500 in order to be consistent with current federal W2G reporting requirements. Obviously, limiting access to confidential personal information of players necessary to complete W2G forms is of paramount importance, which would be accomplished by capping maximum win per wager to \$1199 under current law.
3. We note that HB 344 creates some basic provisions for placement contracts between the operator and retailer. However, we would recommend that the legislation require the regulatory agency to adopt a standard form contract for use between all operators and retailers to establish industry standards, mitigate improper inducements, and prevent improper over-reaching by operators. In connection with this notion, we further note that HB 344 contains anti-inducement provisions. However, we would recommend that those provisions be clarified to more specifically address problematic issues known to the industry, such as ATM fee sharing, sales commissions, revenue sharing, and related matters.
4. We note that HB 344 intends to address so-called “gray area devices.” However, we would recommend that this legislation be revised to adopt the “any chance test” as the applicable legal standard, and consider the approach recently taken by Kentucky in combating unregulated or illegal gaming devices.
5. Lastly, we would suggest to the Committee that a significant positive economic impact on Ohio will occur if appropriate legislation creating a regulated and taxed distributed gaming industry is adopted. J&J conducted a nation-wide economic impact study which indicates that the creation of a distributed gaming industry in Ohio would create and support over 47,200 jobs, generate in excess of \$4 Billion of gross domestic product, and \$1.2 Billion in direct gaming tax revenue to Ohio.



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In conclusion, J&J appreciates the opportunity to provide testimony to the Committee regarding HB 344 and we would offer our assistance to the Committee as a resource for additional information upon your request. There are many other issues that we believe should be considered that are beyond the scope of the available time allotted for this hearing. However, representatives of J&J are available to answer any questions or provide additional information to you and your staff as you continue to consider regulation of distributed gaming in Ohio.

Sincerely,

J&J Ventures Gaming, LLC

By: Matthew R. Hortenstine

Matthew R. Hortenstine  
General Counsel