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Good morning, Chairman Stewart, Vice Chair Dovilla, Ranking Member Sweeney, and members of the Ohio House Finance Committee. Thank you for allowing me to provide interested party testimony on House Bill 476. My name is Corey Jordan, and I am the Director of Policy and Legislation testifying here today on behalf of the Attorney General's Office. House Bill 476 seeks to provide a pathway forward for online raffles to continue in Ohio.

The Charitable Law section within the Attorney General's Office (AGO) is the sole overseer and regulator for charitable gaming in Ohio. Charities wishing to raise funds through games may apply through the AGO to conduct bingo. In this context, it is important to note that raffles are not a licensed or regulated game in Ohio, in contrast with its more organized bingo counterpart. Article XV, Section 6 of the Ohio Constitution provides a short list of the types of gaming that the General Assembly may authorize, including charitable gaming exclusively in the form of bingo. This list does not include raffles. But pursuant to ORC 2915.01 (CC), the General Assembly has determined that a raffle is "a form of bingo," which up to this point has not required a bingo license, if conducted in the limited form authorized under existing laws. Parameters for charities and organizations wishing to fundraise for a charitable purpose are laid out in ORC 2915. The AGO's Charitable Law Section also provides educational resources including webinars and workshops to help charities protect themselves by staying up to date with governance, administration, and fundraising requirements.

The genesis of House Bill 476 is rooted in three cease and desist letters the AGO sent to local volunteer fire organizations who were operating online raffles seemingly not in conformity with the provisions of Chapter 2915. Our process is complaint-driven, given the AGO's limited authority to regulate raffles as a form of charitable bingo. As noted at the previous hearing, current law only contemplates a raffle being operated when the purchaser receives a physical ticket stub and tickets are drawn out of a "hopper" to determine a winner. In our review of the raffles being conducted, they did not pass statutory muster. I'd also add, this isn't just an issue with volunteer fire departments, but with charities across the state.

As it has currently been drafted, House Bill 476 has a myriad of policy considerations that should be undertaken by this committee. Diving in, the legislation could be clearer in its efforts to regulate raffles as a form of bingo. We would recommend adding online raffles to list of licensed activities under ORC 2915.08. By doing so, we believe it would clear the apparent Constitutional hurdle our office must overcome to enable this form of gaming to continue. Across the state thousands of charities apply annually to operate Type I, II, and III bingo. We anticipate many of those charities would also apply for a new online raffle license which would be built into the existing form they already file with out office. Online raffle platforms would also be subject to this requirement and would be considered to be a bingo distributor under the statute. Platforms would undergo independent testing of their random number generators to ensure the games are above board and each ticket has an equal chance of being pulled. Fees would follow the existing bingo fee structure set out in statute.

We understand the legislature's concerns on seemingly expanding any kind of regulatory environment. Thus, we would also recommend the establishment of a fundraising threshold which would trigger the licensure requirements by our office. This threshold should be set high enough to capture large dollar online raffles while leaving alone smaller raffles that are run periodically throughout the year.

High dollar and high value prize-based fundraisers have enormous opportunities to launder money and embezzle funds. By regulating this form of gaming, we not only can take proactive measures to prevent this, we can also guarantee a fair game for the people who opt to support charities, albeit by purchasing a raffle ticket with the possibility of winning a prize.

Another consideration is the existing prohibition under federal law which bars gambling across state lines. House Bill 476 does not currently include a geolocation requirement similar to other online gaming transactions as demonstrated in the sports betting environment. This requirement would be placed upon the online raffle platform, not on the individual charities. . An additional requirement we'd recommend placing on these platforms is age verification. House Bill 476 does not contain an explicit age requirement, nor any kind of verification happening to allow someone to partake in an online raffle. Most forms of gaming require an individual to either be 18 years old (some forms of bingo) or 21 years old (sports betting and casino gaming.) Online raffles have much larger prizes in monetary value and are largely oriented towards an adult audience for their use. Paper raffles rarely raise enough money or provide prizes that would create any level of concern for our office.

We do have strong concerns the current language could allow an enterprising individual to create an electronic raffle machine that would largely mirror a slot machine. At its core, an electronic raffle machine is a random number generator that draws a number from a pool to determine a winner. House Bill 476 reads in part:

*"Online raffle platform" means both of the following: (a) An internet web site, application, or electronic service used to conduct an online raffle; (b) Any associated equipment or software used to operate, manage, monitor, or document any aspect of an online raffle.*

Should this broad language be maintained, we would expect an explosion of raffle machines across the state, similar to the sweepstakes games we saw in the early 2010's. Recall that electronic raffle machines were the impetus for what ultimately became the enactment of a comprehensive authorization and regulatory scheme for electronic instant bingo machines as part of House Bill 110 from the 134th General Assembly. While it was not the intent of the sponsors to enable a new form of stand-alone electronic gaming, it should be rectified by this committee.

In closing, charitable fundraising through gaming continues to evolve. By enacting common sense regulations we can protect charities, ensure a fair game, and ultimately give back to the public through the work being done by outstanding charities statewide. Chairman Stewart and members of this committee, I urge you to amend House Bill 476 for the reasons I have provided today. I would be happy to take any questions at this time.