

Senate Select Committee on Gaming
Senator Nathan Manning, Chair
Wednesday, May 28, 2025
SB 197 - Interested Party Testimony
David P. Corey, Executive Vice President
Bowling Centers Association of Ohio

Chair Manning, Vice Chair Romanchuk, Ranking Member Demora and members of the Senate Select Committee on Gaming, thank you for the opportunity to speak with you today. My name is David Corey and I'm the Executive Vice President of the Bowling Centers Association of Ohio (BCAO).

Today we are respectfully requesting that if you expand gaming through iGambling on millions of cell phones that you also allow brick-and-mortar retail hospitality establishments a small piece of the gambling pie in order for Ohio's small, primarily family-owned hospitality establishments to offer a retail gaming option in the form of VLTs.

Let us begin by stating that we recognize and appreciate the General Assembly's "measured approach" when expanding gambling opportunities in the state. We've testified numerous times over the years (March 2024; March 2021; March 2017; Sept 2015; Feb 2012, and as far back as 1994 when then Governor George Voinovich created the first Ohio Gaming Study Commission). The last gaming expansion took place in 2022 when the Legislature passed Ohio's Sports Betting Law, which took into consideration a free-market system (multiple vendors) and, it enabled Ohio's hospitality establishments to offer sports betting via kiosks in an age-restricted manner. We think your "free-market" approach has worked and urge you to continue down that path in the future. However, unfortunately, sports betting on kiosks has been a failure due to a couple of main issues: a non-universal rollout and the inability to compete on a level playing field by not being able to offer "free/promotional bets" like the FanDuels & DraftKings of the world can.

In June of 2021, as some of you know, the General Assembly passed a positive, pro-gambling piece of legislation allowing Fraternal & Veteran Clubs to offer up to 10 Electronic Bingo machines in their clubs. This single piece of legislation saved the fraternal and veterans clubs in Ohio by giving them a massive lifeline to profitability. Most importantly, it removed 100% of the illegal, unregulated games from those locations as the clubs didn't need to rely on "gray gaming" for revenue. Initially, other charities were allowed to also provide these machines in bowling centers and bars (similar to us currently being allowed to sell paper "instant tickets" in our establishments for charitable purposes) but that provision was stripped out of the final bill. This expansion, because it excluded Ohio's hospitality establishments, came at the expense of Ohio's Bowling Centers and other hospitality businesses because we do not have a similar state regulated alternative gaming offering so, what happens? "Gray" games become more prevalent. Ohio's bowling centers and bars need to be able to compete on a level playing field because they are losing customers to the fraternal clubs.

Unfortunately, Ohio has a very robust illegal gambling market, commonly referred to as "gray gaming". As many of you know, even after various attempts to regulate away gray gaming through the Casino Control Commission's "skill game" regulations, AND the legislature banning internet gaming parlors, AND the AG's charitable law enforcement activities, Ohio STILL has a tremendous problem with illegal machines being played in Ohio. Despite previous General Assemblies' many attempts to define illegal machines through laws and regulations, unknown, out of state operators always find loopholes. It's like the game "Whack-A-Mole" – as the Ohio Casino Control Commission tries to eradicate illegal gaming parlors, another one pops up in another Ohio township a few miles away. We've assisted the Commission and the AG's office for over 30 years in identifying where these gray machine parlors are because they only hurt Ohio's hospitality and legal gambling markets.

This problem with gray gaming is only going to get worse as the Pennsylvania governor has placed taxed and regulated skill games in his budget. The Virginia General Assembly recently sent a bill to the Governor's desk to tax and license skill games. Pennsylvania has over 60,000 illegal devices and they are spilling into Ohio every day. The answer is simple and we only need to look at states like WV, IL, LA, MT, OR, SD to see how to accomplish the goal of eradicating gray games. Since Ohioans' appetite for gaming is so voracious, the answer is what those states did – legalize low stakes gaming through Video Lottery Terminals (VLTs) and make all gray area games illegal per se.

When a state allows and regulates gambling in brick & mortar hospitality establishments, the results are overwhelmingly positive. There are no illegal machines in those jurisdictions and the state, in a public-private partnership with Ohio companies, are the beneficiaries. In the model that the University of Cincinnati's Applied Economics Research Institute studied and reported on (which the Executive Summary is attached to our testimony - attachment A) they estimate that approximately 7,000 new Ohio jobs can be created and even more retained in Ohio's beleaguered hospitality industry. Just like the casinos are telling us that iCasinos will solve all the illegal cell phone gaming problems, the same holds true regarding a retail gaming solution. Ohio has hundreds of mini-casinos that are untaxed and unregulated. Small businesses need a regulated and taxed solution.

Illinois' VLT program raises almost \$1 billion a year for state and local municipalities. We believe the revenue figures in Ohio would be at least half that because the Illinois figures do not include the city of Chicago, so the population figures would be very similar to Ohio's.

We respectfully recommend that the next step in your measured expansion of gambling in Ohio be specifically directed to Ohio's brick-and-mortar hospitality establishments. Allowing a limited number of VLT's in our locations should be your ultimate gaming goal. A true public-private partnership using the successful four-tier model licensing manufacturers, distributors, operators and locations, will ensure ultimate success for both the state of Ohio and Ohio's hospitality businesses.

iCasinos should NOT be allowed without a solution for Ohio's brick-and-mortar hospitality locations at the same time. We've waiting patiently for too long, while dozens of hospitality establishments and bowling centers go out of business. Hundreds of age-appropriate small businesses in Ohio would be helped with the state of Ohio benefiting to the

tune of hundreds of millions of dollars a year in tax revenue/license fees and with thousands of Ohio jobs created and retained.

iCasinos, as was discussed during your last hearing, brings casino style games to over 8 million cell phones with **NO additional Ohio jobs created**, and with no negative impact on brick-and-mortar casinos and racinos. In fact, Boyd Gaming testified last week that they are investing millions of dollars in their brick-and-mortar casinos in Pennsylvania, even though PA has 60,000 illegal devices in bowling centers and bars, AND the PA Senate is on the brink of passing legislation to license and regulate those games.

We aren't trying to be casinos, we are just asking for a few games, that offer the ability for small bets with small payouts. We've also been asked how the underage issue would be addressed. There are safeguards that we suggest such as: 1. Have the machine in a segregated area to monitor more easily in view of onsite personnel. 2. Have a video recording camera positioned on the machine at all times. 3. Have the machine in full view of staff. 4. Have staff licensed and trained on identifying problem and underage gaming. (Note: In Illinois since 2020, there has only been one (1) underage gaming violation, according to the Chicago Law Firm, Taft Law, who tracks those statistics.)

In conclusion, to summarize:

- Replace 40,000 illegal devices in Ohio with regulated, taxed and licensed machines in age-appropriate locations with a 35% tax rate and no more than three machines per location.
- Deploy the underage solutions as listed above (Have the machine in a segregated area to monitor more easily in view of onsite personnel. Have a video recording camera positioned on the machine at all times. Have the machine in full view of staff. Have staff licensed and trained on identifying problem and underage gaming.)
- If millions of cell phones having iGaming is not cannibalistic to the casinos and racinos (they testified to this fact in numerous hearings over the years) then a limited number of machines won't be cannibalistic either.
- Highly regulated and licensed with low level bets and payouts so people won't be going into these locations to win or lose large amounts of money.
- Illinois is driving \$1 billion a year in tax revenue from a mature retail VLT program.
- Pennsylvania allows their truck stops to operate VLTs and is on the brink of licensing 60,000 machines currently in their bars.

We aren't reinventing the wheel; we are following the lead of other states that eliminated grey gambling while allowing a state sponsored solution. Therefore, we urge you to amend SB 197 to legalize retail VLTs in Ohio's hospitality establishments in order for Ohio-based, family-owned businesses to compete with the expansion that Ohio has methodically allowed - and especially if iGambling is going to be authorized. As always, I'm at your disposal to answer questions. Thank you.

Video Lottery for Ohio: a Follow-Up Analysis

Prepared by:

Applied Economics Research Institute

Benjamin Passty, Ph.D., Director

June 7, 2011

Executive Summary

- We study the economic impact of a proposal by the Fair Gaming Coalition of Ohio to legalize video lottery terminals in Ohio Class D Establishments. This report is a follow up to University of Cincinnati studies conducted in 1993 and 2009.
- We estimate total annual handle of a mature VLT industry in Ohio to be \$3.4 billion. Out of this handle, the state would collect direct tax revenue of at least \$476 million, in addition to \$32.5 million in licensing fees; some of these tax collections would be offset by losses in other areas. Indirect expansion of economic activity could result in additional tax revenue to the state as well.
- Based on a recapture rate of 35% and the assumption that all proceeds are collected by Ohio vendors, we anticipate that \$284 million of new revenue would enter the state of Ohio. Using an input/output model to calculate the total economic impact on Ohio means we could see a total annual economic impact as large as \$523 million, with 7,036 new jobs created.
- In addition to these results, we examine potential interactions of the FGCO proposal with other forms of state-sponsored gambling, such as lotteries and the casino gambling as legalized by Ohio voters in Fall of 2009.

