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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

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H.B. 298  
136<sup>th</sup> General Assembly

## Bill Analysis

**Version:** As Introduced

**Primary Sponsor:** Rep. Stewart

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### Overview

Authorizes internet gambling, to be regulated by the Ohio Casino Control Commission (CAC) similar to how it currently regulates sports gaming.

Imposes a 28% tax on internet gambling receipts.

Prohibits any person from conducting online sweepstakes games in Ohio.

### Internet gambling

#### Operation of internet gambling

**Enactment of R.C. Chapter 3771 and conforming changes in R.C. 2915.01, 3772.01, 3772.031, 3772.04, and 3772.062; Section 3 of the bill**

Allows licensed internet gambling operators to offer internet gambling in Ohio, as regulated by CAC under similar terms as for online sports gaming. (See **“The Ohio Constitution and gambling,”** below.)

Requires CAC to designate a launch date for internet gambling that is no later than March 31, 2026.

Defines internet gambling games to include games with virtual representations of spinning reels or wheels, cards, dice, tiles, or other equipment, with the outcome of the game being determined randomly.

Requires a patron to be 21 or older and physically located in Ohio to participate in internet gambling.

Prohibits an internet gambling operator from issuing promotional gaming credits to patrons for the purpose of participating in internet gambling.

Allows an operator to issue promotional credits to internet gambling patrons for in-person gaming at a casino or racetrack or for accommodations, food, beverages, entertainment, or other items at a casino or racetrack.

Prohibits an internet gambling operator from allowing a patron to fund wagers using a credit card.

Requires all internet gambling equipment to be tested by an independent laboratory and approved and monitored by CAC.

Requires the internet gambling server to be located in Ohio.

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### **Internet gambling licenses**

#### **Enactment of R.C. Chapter 3771 and conforming changes in R.C. 109.572, 3772.03, and 3772.06; Section 3 of the bill**

Allows only an Ohio casino operator or horse racetrack owner to be licensed as an internet gambling operator, with each operator being limited to one internet gambling platform.

Specifies that if two or more companies that would be eligible to be an internet gambling operator are controlled by the same parent company, only one of those companies may be an internet gambling operator.

Requires an operator to pay a license application fee set by rule, a license fee of \$50 million for an initial license and \$10 million for a license renewal.

Allows an operator to contract with an internet gambling management company to operate the internet gambling platform.

Requires a supplier of internet gambling equipment to be licensed and to pay an application fee of \$50,000 and a license fee of \$100,000 for an initial or renewed license.

Requires operator and management company licenses to be valid for five years, except that if a licensee currently has a comparable sports gaming license, the initial license period is extended to expire five years after the person's sports gaming license expires. Requires supplier licenses to be valid for three years, except that if a licensee currently has a sports gaming supplier license, the initial license period is extended to expire three years after the person's sports gaming supplier license expires.

Requires any individual with internet gambling related duties to hold an internet gambling occupational license.

Allows CAC to issue provisional licenses for the first six months of operations.

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### **Taxation of internet gambling**

#### **R.C. 3769.08, 5747.02, 5747.063, 5747.20, 5751.01, 5753.01, 5753.022, 5753.031, 5753.032, 5753.04, 5753.05, 5753.07, 5753.08, and 5753.12**

Levies a 28% tax on an operator's internet gambling receipts.

Requires that, after TAX deducts the cost of administering the tax from the proceeds, 99% of the tax proceeds be deposited in the GRF and 1% in the Problem Gambling Fund.

Exempts the value of any promotional credits related to in-person gaming from a casino operator or racetrack's gross receipts for tax purposes.

Exempts any revenues an internet gambling operator receives from operating internet gambling, in excess of the operator's taxable internet gambling receipts, from the Commercial Activity Tax, the same as currently applies to casino operators and sports gaming proprietors.

## Online sweepstakes games

### R.C. 2915.01 and 2915.02

Expands the criminal offense of gambling to include conducting, or participating in the conduct of, a sweepstakes in the form of an online sweepstakes game.

Defines an “online sweepstakes game” as a game, contest, or promotion to which all of the following apply:

- It is available online or through a mobile app, computer terminal, or other similar device.
- It utilizes a dual-currency system of payment that allows a player to exchange the currency (1) for a cash prize, cash award, or cash equivalent, or (2) for a chance to win a cash prize, cash award, or cash equivalent.
- It simulates a gambling game.
- It is not a form of gambling expressly permitted by law.

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## The Ohio Constitution and gambling

Article XV, Section 6 of the Ohio Constitution places certain restrictions on gambling in Ohio. The Constitution states that, “Except as otherwise provided in this section, lotteries, and the sale of lottery tickets, for any purpose whatever, shall forever be prohibited in this State.” That section then specifically permits three types of gambling: the state-run lottery to benefit education, charitable bingo, and casino gaming.

The Constitution provides further that, “Casino gaming shall be authorized at four casino facilities” in specified locations. Casino gaming authorized under that provision of the Constitution “shall be conducted only by licensed casino operators of the four casino facilities or by licensed management companies retained by such casino operators.” Casino gaming consists of slot machines and table games, and the Constitution defines those games to include electronic versions. The Constitution also sets a maximum of 5,000 slot machines at each facility.

Casino operators’ gross casino revenue is subject to a 33% tax. The Constitution requires the proceeds of the casino tax to be distributed according to a specific formula, with 90% of the proceeds allocated to local governments and public school districts and 10% to certain state funds.

If a party were to challenge the bill, a court might examine whether, under the Ohio Constitution, the legislature can authorize internet gambling<sup>1</sup> and if so, whether any of the

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<sup>1</sup> See *State ex rel. Walgate v. Kasich*, 147 Ohio St.3d 1 (2016), in which the Ohio Supreme Court declined to consider a question of gambling expansion for lack of standing; *State ex rel. Gabalac v. New Universal Congregation of Living Souls*, 55 Ohio App.2d 96 (9<sup>th</sup> Dist. Ct. App. 1977), in which a lower court held that the legislature can authorize gambling that is not a “lottery”; and *Westerhaus Co. v. Cincinnati*, 165 Ohio St. 327, 338-339 (1956) and *Mills-Jennings of Ohio, Inc. v. Department of Liquor Control*, 70 Ohio St.2d 95, 99-101 (1982), in which the Ohio Supreme Court suggested that it might follow the 9<sup>th</sup> District’s reasoning.

constitutional requirements regarding casino gaming apply to internet gambling. The Ohio Supreme Court has not ruled on these questions.

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## HISTORY

Action	Date
Introduced	05-20-25