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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

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

## **Fiscal Note & Local Impact Statement**

[Click here for H.B. 298's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsors:** Reps. Stewart and John

**Local Impact Statement Procedure Required:** No

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### **Highlights**

- The bill authorizes internet gambling, which would be regulated by the Ohio Casino Control Commission (CAC), and it imposes a 28% tax on internet gambling receipts. The Executive Director of CAC must designate a launch date for internet gambling that is as soon as practicable after the effective date of the bill and not later than March 31, 2026.
- The bill allocates 99% of net revenue from internet gambling to the GRF and 1% to the Problem Gaming Fund (Fund 5YR0). The legalization of internet gambling and the associated tax may increase GRF receipts by hundreds of millions of dollars annually.
- The bill imposes a nonrefundable license fee of \$50 million upon issuance of an initial license to an internet gambling operator and a nonrefundable license fee of \$10 million for a renewed license. Licenses are valid for five years, and license fees collected by CAC must be deposited into the GRF. License issuances may increase GRF receipts by \$550 million in the initial year and \$110 million in future years when renewed.

### **Detailed Analysis**

The bill authorizes internet gambling and imposes a 28% tax on internet gambling receipts. The bill 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. A patron must be 21 or older and physically located in Ohio to participate in internet gambling. The Executive Director of the Ohio Casino Control Commission (CAC) must designate a launch date for internet gambling no later than March 31, 2026.

Gambling winnings are taxable income under continuing law. The bill requires amounts to be deducted and withheld from the expanded gambling options authorized by the bill.

The fiscal effects of the bill's provisions are described in the following sections.

## Internet gambling

### License fees

The bill legalizes internet gambling and requires operators to pay a license application fee set by rule and a license fee of \$50 million (as well as \$10 million for a renewal license), which is deposited in the GRF. Licenses are valid for five years unless the operator also holds a sports gaming license. In that case, the initial internet gambling license extends to five years after the expiration of the sports gaming license.

The bill requires internet gambling operators to be either an Ohio casino operator or a horse racetrack owner. 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 hold an internet gambling operator license. These provisions limit the number of operators to 11 or fewer, depending on the ownership structure of the state's racetracks and casinos. The license fees generated from internet gambling could be as much as \$550 million in FY 2026 and up to \$110 million thereafter when licenses are renewed, depending on the ownership structure of the internet gambling operators.<sup>1</sup>

During the period beginning on the effective date of the bill and ending on October 1, 2026, the bill allows CAC to issue provisional internet gambling licenses. CAC must determine the period for which a provisional internet gambling license is valid, provided that the period cannot exceed three months. CAC may renew a provisional license for one additional period not to exceed three months. The bill permits CAC to prescribe by rule the requirements to receive a provisional internet gambling license, including additional application and license fees.

Suppliers of internet gaming equipment are required to pay a \$50,000 license application fee and a license fee of \$100,000 for an initial or renewed license, both of which are valid for three years unless the supplier holds a sports gaming supplier license. In that case, the initial license is extended to expire three years after the supplier's sports gaming supplier license expires. Annual collections of license fees from internet gaming equipment suppliers could range from the hundreds of thousands of dollars to the millions of dollars depending on the number of suppliers and timing of license renewals. License fees are deposited in the Casino Control Commission Fund (Fund 5HS0).

The bill requires an individual who performs certain duties related to internet gambling to have an internet gambling occupational license issued by CAC, which is valid for three years. The application fee is set to \$100 for an initial or renewed license, and it may increase annually no more than the rate of inflation, as determined by the consumer price index. The license fee for an initial or renewal license is set to \$50. Annual collections of license fees from internet occupational licenses could range from the thousands of dollars to the tens of thousands of dollars, depending on the number of relevant employees and timing of renewals. License fees are deposited in the Casino Control Commission Fund (Fund 5HS0).

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<sup>1</sup> The estimates provided here assume all 11 potential operators are independently owned and apply for licenses in FY 2026. In the case that initial applications for licenses do not all occur in FY 2026, the fiscal effects of initial licensure will be spread out over multiple years.

## Tax rate

The bill imposes a tax on the internet gambling receipts of an internet gambling operator. That tax rate equals 28% of internet gambling receipts received by the operator, defined as total receipts received from internet gambling in the state minus winnings paid and voided wagers.

Internet gambling is legal in the neighboring states of Pennsylvania and Michigan. The tax base in those two states on a per-capita basis is \$167 and \$217, respectively.<sup>2</sup> Assuming Ohio's per-capita tax base is similar to Pennsylvania's or Michigan's, annual tax receipts in a fully matured market could be in the hundreds of millions of dollars. These revenues may be partially offset by any reduction in related gaming tax revenues from substitute services (e.g., in-person casino gaming, online sports gaming) as consumers have a limited budget with which to gamble.

On the other hand, the bill allows an operator to issue promotional credits to internet gambling patrons only for the purpose of in-person gaming at a casino or racetrack or for accommodations, food, beverages, entertainment, or other items at a casino or racetrack. These promotional credits are not included in a casino operator or racetrack's gross receipts for tax purposes. Inasmuch as these credits are offered and cause consumers to visit in-person gaming establishments, the reduction in casino or racetrack revenues from the introduction of internet gambling may be offset or potentially increase.

Internet Gambling – Disposition of Revenue	
Fund	Receipts
Internet Gambling Revenue Fund (IGRF)	All revenue collected from the tax
Tax Refund Fund (Fund 4250)	Office of Budget and Management (OBM) Director must transfer amounts certified by Tax Commissioner from IGRF to Fund 4250
Internet Gambling Tax Administration Fund (IGTAF)	No later than the 15 <sup>th</sup> day of the month, the OBM Director must transfer the amount necessary from IGRF to IGTAF to reimburse the Department of Taxation's actual expenses incurred in administering the tax
GRF	99% of remaining IGRF receipts (net of transfers to Fund 4250 and IGTAF) must be transferred by the OBM Director from IGRF to GRF on or before the 15 <sup>th</sup> day of the month following the close of a calendar quarter
Problem Gambling Fund (Fund 5YR0)	1% of remaining IGRF receipts (net of transfers to Fund 4250 and IGTAF) must be transferred by the OBM Director from IGRF to Fund 5YR0 on or before the 15 <sup>th</sup> day of the month following the close of a calendar quarter

Tax receipts must be distributed as described in the above table. The Director of OBM must make a series of transfers to first provide for applicable tax refunds and tax administration costs. The GRF will receive the vast majority of revenue from the tax via transfer by the OBM Director.

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<sup>2</sup> These figures represent the per-capita tax base for calendar year 2024.