

**Testimony of
Andrew W. Herf, Executive Director,
Ohio Licensed Beverage Association
before the Ohio House Finance Committee
in Opposition to HB 194**

Chairman Oelslager, Vice Chair Scherer and Ranking Member Cera, thank you for the opportunity to testify today in opposition to HB 194 on behalf of the Ohio Licensed Beverage Association.

My name is Andy Herf and I serve as the Executive Director of the Ohio Licensed Beverage Association, an organization that was formed 80 years ago to represent the interests of bars and taverns across the state.

Before I state the reason for our opposition, I would like to thank Representatives Greenspan and Kelly for introducing HB 194, and I would like to point out several aspects of the legislation that I think they got right—even though I stand here today in opposition to the bill, as currently drafted.

First and foremost, we agree that sports gaming should be run through the lottery in Ohio. The controls in the bill are workable, the regulations are enforceable and the tax structure will generate revenue for state and local municipalities, while keeping the games competitive. A tremendous amount of work went into creating this thoughtful and practical approach and we appreciate the time that the sponsors have dedicated to getting the structure right.

However, I am here today to advocate the inclusion of current lottery agents in this new opportunity. Specifically, I am here to ask this committee to consider including D-permit holders, who are current lottery agents, to be given the chance to participate in sports gaming.

Many of the members of the OLBA have been lottery agents for decades. They have partnered with the lottery to promote a variety of games from instant games to Keno, as well as, traditional lottery and the multi-state games. Over the years, the current agents have not received a raise in commissions, so they have become dependent on new games to generate interest in the lottery. Sports gaming represents the best opportunity for growth in decades, and we believe that the loyal agents—business partners to the lottery—should at least be given some path to participate in the best new opportunity to promote the lottery in years.

Currently, the Ohio Lottery Commission is instituting the iLottery which is essentially lottery that can be played on a mobile device. Our members are concerned that this will cannibalize current vendors. While there is some information to the contrary, the data sets in other states are relatively small, so we really do not know what will happen in 5 or 10 years. At the same time, HB 194 will also allow for game play on a mobile app, essentially placing the lottery sports wagering app on millions of cell phones with no ability for a traditional lottery agent to participate. Our concern is that iLottery, coupled with mobile sports wagering, will train lottery players stop using traditional outlets.

Therefore, we ask that the following be included in the bill:

- Allow Lottery agents with a D-Liquor Permit (on-premise sales) to apply for a sports gaming kiosk.
- Allow the Ohio Lottery to place the machines in an establishment that meets a sales threshold.

- Allow the machines to tie into multiple lines—Hollywood Casino, MGM, et.al., and let the players decide which lines they would like to play.
- Allow the lottery agent to collect their traditional commission.

Intralot already has the machines, we are just asking to be able to use them in Ohio. Under our proposal, the bets would be made electronically directly through the lottery, and no lottery agent would be allowed under their contract to make odds or be the book. This scenario would also mitigate \$100,000 bets in bars being delivered by motorcycle wielding billionaires. In fact, the entire regulatory scheme already created in the bill will ensure compliance and the current lottery agents would be an extension of the casinos and race tracks, just as mobile devices would be.

Finally, I would like to point out that traditional lottery agents are committed to promoting lottery games and are responsible for successfully marketing the product for decades. Sports gaming will be no different, and by leaving a proven marketing force out of the equation, the state is passing on the only proven marketing force.

Thank you for your time today, I am happy to answer questions.