



Nathan H. Manning
State Senator
Ohio Senate District 13

Chair Roegner, Vice Chair McColley, Ranking Member Craig, and members of the Government Oversight and Reform Committee, thank you for allowing me the opportunity to provide sponsor testimony on Senate Bill 269. This bill seeks to provide regulations for how the State Lottery Commission may operate online lottery games.

Over the past ten years, state legislatures and lottery commissions have instituted internet lottery (iLottery) games to their offerings. Due to the ever-changing landscape of technology and successful implementation of iLottery games in other states, it is worthwhile to consider implementing these games in Ohio.

During the implementation of iLottery games, it is important to avoid confusion and crossover into other forms of lottery games or gambling operations. Senate Bill 269 will clarify that the State Lottery Commission has the authority to operate certain internet lottery games while specifically excluding “number match” lottery games.

Under the bill, the lottery commission may regulate the following details of iLottery games:

- Type of lottery
- Prices of tickets
- Types and nature of prizes

In addition, the bill contains the follow clarifications regarding lottery game operations:

- Contains the same rules as the current section with regard to locations and licensing for sale of tickets, revenue collection, compensation of sales agents, advertising, etc.
- Does not give authority to regulate/make rules for number match games such as “Pick 3,” “Pick 4,” “Pick 5,” “Rolling Cash 5,” “Classic Lotto,” and “Lucky for Life.”
- The bill also ensures that iLottery games are not video lottery terminal (VLT’s) or slot machines.

iLottery offerings are growing and are proving to be successful. In 2020, iLottery sales in the United States rose to around \$4 billion. As this time, twelve other states, including Michigan, Kentucky, and Pennsylvania have implemented some form of internet lottery through legislation or decision by the state’s lottery commission.

A common concern when implementing iLottery games is its effects on retailers and in-person lottery sales. According to the Ohio Lottery Commission, data shows that states that have implemented iLottery programs have experienced increases in sales of their lottery games at

brick-and-mortar retail locations as well as across their product line. Some of this data included the following:

- In Michigan, scratch-off sales in retail stores have increase by 123% since the introduction of iLottery in 2014.
- In Pennsylvania, the state's traditional lottery sales at retailers increased 7.2% over the previous fiscal year, and scratch-offs jumped 5.9% during their iLottery's first fiscal year.
- In New Hampshire during fiscal year 2021, the lottery's net gaming revenue increased by 123% year-over-year, while simultaneously growing its retail instant sales by 18%.
- In Virginia, total iLottery sales exceeded \$807 million in Virginia during fiscal year 2021, setting a new industry record by becoming the highest grossing first year iLottery program in North America. The Lottery's traditional retail sales also increased at the same time, growing by 15%.

The Ohio Lottery in fiscal year 2020 had \$4.3 billion in sales, resulting in a \$1.36 billion transfer to the Lottery Profits Education Fund, which supports K-12, vocational, and special education programs in Ohio. If Ohio follows the example of other states, those numbers would increase. Senate Bill 269 presents a blueprint for the successful implementation of iLottery games in Ohio. I look forward to working with interested parties and this committee on this legislation.

Chair Roegner, Vice Chair McColley, Ranking Member Craig, thank you again for allowing me to deliver testimony on SB 269. I'd be glad to answer questions at this time.