

Chairman Schuring, Vice-Chairman Manning, Ranking Member Thomas and members of the Ohio Select Committee on Gaming, thank you for allowing me to give testimony on electronic pull tabs, or, as it is referred to in Ohio, electronic instant bingo. Adopting electronic instant bingo will update Ohio's already existing charitable gaming laws to reflect technological advances that are available today.

My name is Johnathan Smith and I am the CEO of Lancaster Bingo Company, a charitable gaming supplier that is licensed and based here in Ohio. We are also licensed to sell supplies to charities in Illinois, Indiana, Kentucky, Pennsylvania, West Virginia, Maryland and Virginia. We employ more than 150 full time employees and are the largest supplier of charitable gaming supplies in the United States.

As you are aware, charitable gaming is a licensed activity regulated in Ohio by the Attorney General's Office. Charitable Gaming in Ohio has contributed millions of dollars to communities across Ohio. In 2019 alone, 1458 organizations were licensed to conduct charitable gaming in Ohio and were able to provide over \$100 million dollars back to their communities.

<https://charitable.ohio.gov/Charitable-Bingo/Bingo-Financials/Bingo-Year-2019-Financials>)

Charitable organizations use charitable gaming – bingo, instant bingo or pull tabs, jar tickets, raffles – to raise funds that provide direct benefits to virtually every corner of the state. Many of you are familiar with your local VFW Halls, American Legion Posts, and other local Veteran's and Fraternal organizations which utilize charitable gaming within their establishments. In addition, local schools, churches, food pantries, Big Brothers Big Sisters, and many other charities use gaming products to raise money for many important causes at the local level.

We are in favor of legislation that clearly defines an “electronic instant bingo device” as an electronic device that allows a person to play an electronic or digital representation of a form of physical instant bingo. Currently, instant bingo for charitable gaming is played in paper format only.

What we seek to accomplish in this legislation is to clarify that the same exact instant bingo game, or pull tab game, that is allowed in current law, has the option to be played electronically, if the charity chooses to do so. This would by no means create a “new” type of game for Ohio's charitable law. It would simply clarify that instant bingo can be played in paper format OR electronically.

It is important to note that electronic bingo aids that facilitate the play of paper bingo in its traditional form have been allowed to be used by licensees since the early 2000's and were formally incorporated into the statute in 2003 with HB 512. Instant Bingo, or pull tabs, have yet to be allowed in electronic format and we seek to make this option available to charitable organizations.

We have worked with the Ohio Attorney General's Charitable Law Section to develop legislation that requires all electronic instant bingo devices to be connected to a centralized system for information sharing and monitoring. We also support the requirement that all electronic instant bingo devices be approved by the Attorney General and tested by an independent laboratory, the same labs used by the Ohio Lottery and the Ohio Casino Control Commission, before a device can be provided to a charitable organization.

HB 65, that has been introduced by State Representative Jeff LaRe, also includes the following language, which I will highlight a few key sections below:

(CCC) "Electronic instant bingo" means a form of bingo that consists of an electronic or digital representation of instant bingo in which a participant wins a prize if the participant's electronic instant bingo ticket contains a combination of numbers or symbols that was designated in advance as a winning combination, and to which all of the following apply:

(1) Each deal has a predetermined, finite number of winning and losing tickets and a predetermined prize amount and deal structure, provided that there may be multiple winning combinations in each deal and multiple winning tickets.

(2) Each electronic instant bingo ticket within a deal has a unique serial number that is not regenerated.

(3) Each electronic instant bingo ticket within a deal is sold for the same price.

(4) After a participant purchases an electronic instant bingo ticket, the combination of numbers or symbols on the ticket is revealed to the participant.

(5) The reveal of numbers or symbols on the ticket may incorporate an entertainment or bonus theme, provided that the reveal does not include spinning reels that resemble a slot machine.

(6) The reveal theme, if any, does not require additional consideration or award any prize other than any predetermined prize associated with the electronic instant bingo ticket.

(DDD) "Electronic instant bingo system" means a mechanical, electronic, digital, or video device that is used to play electronic instant bingo and any associated equipment or software used to conduct, manage, monitor, or document any aspect of electronic instant bingo.

We also support the language in HB 65 that requires manufacturers and distributors of electronic instant bingo to submit to additional licensing scrutiny, including finger printing for a criminal background check, and posting a surety bond with the state. Again, all devices and games would

need to be submitted to an independent testing lab for certification. The games would be issued an electronic signature on each chip that would allow the Attorney General's field investigators to easily verify the legality of the game. There will be no random number generators, the deal of tickets will have a defined profit and payout and no spinning reels. Lastly, this bill requires the Attorney General to adopt rules through Chapter 119 (JCARR) to ensure the integrity of electronic instant bingo.

I've also included in my testimony for your review, a Gaming Labs International (GLI) certification document for a system tested against North Dakota Law, so you can have an example of such a report that would also be required under the proposed Ohio legislation.

There are many benefits to clarifying the use of electronic format of bingo for charitable gaming. By updating the law to match technological advancements available today, you will be providing and improving additional controls to ensure integrity and transparency as to the handling of receipts and prizes paid. Through the central server, the Attorney General will be able to do "real-time" review of all charitable activity done electronically which will ensure accuracy of all transactions completed.

In conclusion, Electronic pulltabs are in play in several charitable markets today including Kentucky, Virginia, Louisiana, Minnesota, New Hampshire and North Dakota with several other states considering this same issue. In Kentucky, where the legislature legalized electronic pulltabs in 2015, charities have seen increased funds raised after years of decline. And, electronic pull tabs in KY have not negatively impacted the lottery or horse racing. The KY lottery actually had a record year in 2020 and scratch off lottery tickets recognized a 10.7% increase. This follows an 8.4% increase in total lottery sales in 2019 and scratch off tickets increasing 9.1%. These products can coexist without harming one another.

Thank you again Chairman Schuring and members of the committee. I would be happy to answer any questions you may have.