

Testimony
of
Ryan Howard, Chief Operating Officer
truenorth
Senate Select Committee on Gaming

June 15, 2021

Chairman Schuring, Vice Chair Manning and members of the Senate Select Committee on Gaming, thank you for the opportunity to testify today.

My name is Ryan Howard and I am the Chief Operating Officer for *truenorth*, which is headquartered in Brecksville, Ohio. *truenorth* is a regional fuel and convenience retailer operating in Ohio, Michigan and Illinois with over 105 company-operated stores in Ohio. In addition to our retail roots, we also supply fuel to another 185 independently owned convenience stores across that footprint with 75 operating in Ohio. *truenorth* is a partnership between the Lyden family and Shell Oil Products US and was founded in 1999. However, the Lyden family has been in the petroleum business for over 100 years. Today, 3rd and 4th generations of the Lyden family are leading growth and development at *truenorth*. We are proud to employ over 1,100 hard-working Ohioans.

Our company is actively involved in the Ohio Petroleum Marketers & Convenience Store Association (OPMCA) where I currently serve as chairman of the Board of Directors. Because of my role in this statewide group of convenience retailers, I am uniquely qualified to offer Ohio convenience stores' perspective on S.B. 176 and, sports betting in our state. I should point out that OPMCA previously testified on S.B. 176—in March and again in May. I encourage the Committee to review the prior testimony of Mr. Greg Ehrlich, Beck Suppliers, and of Ms. Jennifer Rhoads, the association's chief executive officer.

truenorth is a long-time partner of the Ohio Lottery. In fact, all of our 105 convenience stores across the state sell lottery tickets. That's because lottery sales are a key component to the profitability of convenience stores. Lottery is big business for convenience stores, and convenience stores are vital to the lottery and the success of its games. Lottery ticket sales generate substantial in-store foot traffic and sales. Lottery customers purchase additional items when they purchase their lottery tickets that are essential to the health of convenience stores. According to the National Association of Convenience Stores, 95% of lottery customers purchase at least one additional item inside the store.

OPMCA respects the work of this Committee and appreciates the inclusion of a sports betting concept for the state through the Ohio Lottery. However, Ohio's convenience retailers are concerned that they may be locked out of the opportunity to participate in sports betting altogether. And, convenience retailers are worried about whether, if included in the opportunity, convenience stores will be able to offer a meaningful sports betting option to their customers—the kind in which their customers are currently engaging. Convenience retailers are troubled by the language in a prior version of S.B. 176 about the lottery pool, and that opposition was conveyed in our prior testimony.

It is my understanding that a revised draft S.B. 176 is forthcoming, and that the bill will be voted on by this Committee today. With all due respect, it is an incredibly arduous task to conduct a comprehensive review and analysis of draft legislation that has not yet been made public to stakeholders. Thorough review and analysis of draft legislation is essential in order for any stakeholder group, including OPMCA, to ascertain their respective organization's position, let alone draft substantive testimony offering relevant insight to policy-makers contemplating whether or not to advance a bill.

The association recently learned that the Committee may still be evaluating ways in which to allow retailers to participate in sports betting in Ohio. Let me share with you the industry's perspective about those potential options in the event the options are included in the version of S.B. 176 we are expecting to see today. One option we believe may be under consideration is to limit the number of sports betting terminals to 2 per retail location and to require retailers to purchase those terminals. Another is to tie the sports betting license directly to the type of liquor license permit held by the retailer.

Retail convenience stores across Ohio want to participate in this opportunity, but these potential options would be unworkable for us. Why should there be a limitation on the number of terminals a retailer can have in their stores? Convenience retailers have offered lottery to their customers for decades and many already have lottery terminals in their stores that are capable of handling sports betting. Is there a reason to allow sports betting only at a limited number of convenience stores? Convenience store customers will expect to be able to participate in sport betting at the same stores where they currently purchase lottery offerings. Additionally, why would retailers be required to purchase sports betting terminals out right? Currently, lottery terminals are paid for by the State of Ohio and are offered at no-cost to lottery retailers. Many retailers already have terminals in their stores capable of offering a sports betting option. A requirement to purchase the sports betting

terminals would likely serve to exclude convenience retailers altogether due to the cost of the terminals. As I stated previously, convenience retailers are still struggling and are still working hard to recover from the COVID-19 pandemic.

Another option we are concerned may be under consideration is restricting the available sports betting licenses to only those retailers that hold a type D liquor license permit in Ohio. That would be terribly unfortunate because, under this option, convenience retailers would be excluded from participating in sports betting. Convenience stores typically hold type C liquor license permits (C1, C2). Only a handful of convenience retailers operate with a type D liquor permit (D6).

During a time when convenience stores—brick and mortar small businesses in communities across Ohio—are agonizing trying to keep their stores open for business, we respectfully ask that policymakers do not make matters worse for the retail convenience industry by locking them out of this opportunity. We respectfully ask that policymakers refrain from cutting out convenience retailers when it comes to sports betting. We respectfully ask that you allow convenience stores to participate in what could be an opportunity for us to recover from the pandemic, save their small businesses and perhaps even grow as a direct result of the increased in-store foot traffic and ancillary sales that would be generated by sports betting.

Thank you again for your time and the opportunity to provide our comments on this issue. I would be happy to answer any questions you may have.