



## Representative Bill Reineke

### Sponsor Testimony HB 250

December 1, 2020

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Co-Chairmen Oelslager and Callender, Vice Chair Scherer, Ranking Member Cera, and members of the House Finance Committee: thank you for allowing me the opportunity to present sponsor testimony for HB 250. This legislation would provide much needed support to Ohio's veteran's, fraternal, sporting organizations, and clubs when it comes to the amount these organizations are required to donate out of the net revenues from their charitable gambling services.

Currently, fraternal and charitable organizations are required to donate a certain percentage, depending on their total annual net profit, of their charitable gambling profits to a 501(c)(3) public charity. For the first \$250,000 a charitable organization makes, at least 25% must be donated. For any net profit exceeding \$250,000, at least 50% must be donated to a public charity. While this sounds desirable in theory, in practice it puts undo stress on these charitable organizations, which often have to compete with public charities with regards to operating bingo games and raffle tickets.

Although veteran's and fraternal organizations are required to donate a portion of their profits, public charities are, in essence, able to retain 100% of the profits from their bingo games, as they are already a 501(c)(3) organization and can "donate" the proceeds to themselves. Nor are they required to pay sales tax on bingo supplies, as they are generally exempt from the state's sales and use taxes.

Initially, when the 25% requirement was set, not all charities were eligible to be licensed for bingo. This was changed in 2012, and now many charities have partnered with bars and taverns to sell instant bingo tickets. Now, these clubs and charitable organizations around Ohio struggle to remain open and solvent. They provide necessary and important functions, especially in smaller towns, and forcing them to donate large percentages to other charities while they themselves are struggling does not make sense. HB 250 addresses this issue by changing the donation amount required, easing the financial burden that this required donation poses to these organizations.

Under HB 250, fraternal and charitable organizations will not be required to make a distribution for the first \$100,000. For amounts exceeding \$100,000 but (equal to or) below \$250,000, 10% will be distributed to a 501(c)(3) institution of the charitable organization's choice. For amounts exceeding \$250,000, a minimum of 50% will be distributed. These much needed changes will allow charitable organizations more breathing room with regards to their overhead from charitable gambling income. It

will keep them competitive relative to public charities and allow them to continue to provide the multitude of services that they currently do to our local communities and constituents.

Co-Chairs Oelslager and Callender, members of the committee, I would be happy to answer any questions you have at this time.