**Senator John Eklund Senator Sean O’Brien**

**18th Senate District 32nd Senate District**



Senate Bill 111 - Sponsor Testimony

Senate General Government and Agency Review Committee

October 29, 2019

Good Afternoon Chairman Schuring, Vice-Chair Rulli, Ranking Member O’Brien, and members of the committee. Thank you for the opportunity to give sponsor testimony on Senate Bill 111 and to encourage your support on this legislation. SB 111 would legalize, regulate and tax sports wagering in Ohio under the administrative authority of the Casino Control Commission.

Last year, in a resounding expression for the principals of federalism, the United States Supreme Court overturned the 1992 Professional and Amateur Sports Protections Act, which had prohibited States from authorizing sports gambling. The Court said the law was unconstitutional. Now, States have the freedom to choose whether sports wagering should be offered within their borders. And we believe that the State of Ohio should allow its citizens the opportunity to wager on sports legally. Today, in America and Ohio, citizens are wagering billions of dollars on sports in various fora, often without regulation, oversight, safety or enforcible standards of integrity. Current law makes criminals of these people and it is oh, so unnecessary.

The framework offered in Senate Bill 111 for legalizing sports wagering in Ohio is relatively straight-forward and grounded in the mechanisms currently in place for the regulation of casino gaming. Here are the basics:

1. Sports wagering would be permitted under the bill only at the existing casino facilities and horse racetracks that have video lottery terminals. A casino operator or video lottery sales agent would have to apply to the Commission to become a sports wagering operator under criteria set forth in the bill. There are application fees and ongoing administrative fees such sports wagering operators would be responsible to pay.
2. Operators, in turn, would be authorized to contract with management services firms to conduct the sports wagering; these management services providers would also have to apply for and obtain a license from the Commission. The parameters of those contracts would be guided by, and subject to approval by the Commission.
3. Any devices, supplies or equipment, and all of the games to be conducted, would be subject to the Commission’s approval; providers of supplies, devices, etc. also would have to apply for and receive a license from the Commission.
4. It is widely recognized that today much of the sports gaming throughout the world is executed on-line. In order to maximize the consumer experience, enhance state revenues, and, in what may seem a bit incongruous but is nevertheless true, to maximize the security, integrity and regulation of the enterprise the bill would allow for on-line sports gaming. But, under the bill, all sports wagers must be initiated, received, or otherwise made in the State of Ohio. When we saw the technology through which this very important feature of the bill is assured, my jaw dropped. It can be done, and it also serves to patrol the gaming process so as to maintain integrity, address problem gaming and avoid federal law pitfalls.
5. In-house sports wagering: For operators who offer sports wagering at their facilities, the bill contains strict requirements about where in the facility the activity can occur and who can be there.

The bill also is fairly straight-forward when it comes to taxation. A tax of 6.25% would be imposed on an operator’s net sports wagering revenue, and it would be administered much the way the existing tax on casino revenue is, including the requirement to withhold state and municipal income tax withholding. The bill is intentionally vague on the purposes to which these tax revenues would be put. Frankly, we (at least I) thought that topic deserved further exploration with all of you.

Finally, SB 111 contains some very practical provisions related to the investigation of, and criminal and civil actions for, not only violations of its specific prohibitions, but also for all manner of fraud and dissembling that could be perpetrated on an otherwise innocent system and the public seeking to enjoy it. These are critical to gaining the public’s faith that they are as safe as they can be in Ohio pursuing this pastime.

Mr. Chairman, we are grateful for the opportunity to present this bill and we sincerely hope that this Committee will serve as a thoughtful and purposeful forum for effectuating the State’s interests, that is, the people’s will, on the subject.

We are eager to field any questions you or the Committee has.