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Bill Analysis

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TABLE OF CONTENTS

Overview 1

Internet gambling 2

Lottery gaming 3

Horse racing 5

Charitable gaming 6

Sweepstakes and skill games 7

Sports gaming 8

Gambling regulation, generally 8

The Ohio Constitution and gambling 11

Overview

Authorizes three new types of online gambling: internet gambling, internet lottery gaming (iLottery), and online pari-mutuel wagering on horse racing.

Consolidates the regulation of gambling in Ohio under the authority of the Ohio Casino Control Commission (CAC) by doing all of the following:

- Requiring CAC to oversee online gambling, similar to how it currently oversees sports gaming;
- Abolishing the State Racing Commission (RAC) and giving its duties to CAC as of March 31, 2026;
- Transferring the regulation of charitable gaming (such as bingo) and sweepstakes terminal devices from the Attorney General (AGO) to CAC as of January 1, 2027;

- Transferring the licensing and regulation of video lottery terminal (VLT) gaming from the State Lottery Commission (LOT) to CAC as of March 31, 2026, while leaving the operation of VLTs under the Ohio Lottery.

Requires horse race betting, VLTs, internet gambling, casino gaming, and sports gaming to be regulated under many of the same requirements, based on the current laws and rules that apply to sports gaming.

Consolidates gambling-related occupational licenses for horse racing, VLTs, internet gambling, casino gaming, and sports gaming so that an employee who works in two or more of those industries is only required to hold one occupational license.

Makes numerous other changes to the laws governing charitable gaming, horse racing, VLTs, casino gaming, and sports gaming.

Internet gambling

Legalization and regulation of internet gambling

Enactment of R.C. Chapter 3771 and conforming changes in R.C. 109.572, 2915.01, and 3772.01; Section 9 of the bill

Allows licensed internet gambling operators to offer internet gambling in Ohio, as regulated by CAC under similar terms as for online sports gaming. (See **“The Ohio Constitution and gambling,”** below.)

Requires CAC to designate a launch date for internet gambling that is no later than March 31, 2026, and allows CAC to issue provisional licenses for the first six months.

Defines internet gambling games to include games with virtual representations of spinning reels or wheels, cards, dice, tiles, or other equipment, with the outcome of the game being determined randomly.

Requires a patron to be 21 or older and physically located in Ohio to participate in internet gambling.

Allows only an Ohio casino operator or horse racetrack owner to be licensed as an internet gambling operator, with each operator being limited to one internet gambling platform.

Requires an operator to pay a license application fee set by rule, a license fee of \$50 million for an initial license and \$5 million for a license renewal.

Allows an operator to contract with an internet gambling management company to operate the internet gambling platform.

Specifies that, if the same person does not own or control at least 50% of both the operator and the management company, the management company must pay a fee of \$50 million for an initial license and \$5 million for a renewed license.

Requires a supplier of internet gambling equipment to be licensed and to pay an application fee of \$50,000 and a license fee of \$100,000 for an initial or renewed license.

Requires operator and management company licenses to be valid for five years, except that if a licensee currently has a comparable sports gaming license, the initial license period is extended to expire five years after the person’s sports gaming license expires. Requires supplier licenses to be valid for three years, except that if a licensee currently has a sports gaming supplier license, the initial

license period is extended to expire three years after the person's sports gaming supplier license expires.

Requires all internet gambling equipment to be tested by an independent laboratory and approved and monitored by CAC.

Taxation of internet gambling

R.C. 5751.01, 5753.01, 5753.022, and 5753.023

Levies a tax on an operator's internet gambling receipts at the following applicable rate:

- 36%;
- 40%, if the operator contracts with a management company and the same person does not own or control at least 50% of both the operator and the management company.

Requires that, after TAX deducts the cost of administering the tax from the proceeds, 99% of the tax proceeds be deposited in the GRF and 1% in the Problem Gambling Fund.

Specifies that the value of any promotional gaming credit issued to patrons is included as part of the operator's taxable internet gambling receipts.

Exempts any revenues an internet gambling operator receives from operating internet gambling, in excess of the operator's taxable internet gambling receipts, from the Commercial Activity Tax, the same as currently applies to casino operators and sports gaming proprietors.

Lottery gaming

Internet lottery gaming (iLottery)

Authorization of iLottery

R.C. 3770.01, 3770.03, and 3770.26

Specifies that LOT may operate internet lottery gaming, defined as an internet-based version of lottery gaming.

Prohibits iLottery from including electronic versions of Pick 3, Pick 4, Pick 5, Rolling Cash Five, or Classic Lotto.

Prohibits iLottery from including statewide joint lottery games such as Powerball or Mega Millions for the first year after the bill takes effect.

Prohibits iLottery from including facsimiles of bingo, betting on horse racing, internet gambling, casino gaming, VLTs, fantasy contests, sports gaming, any other game of chance, sweepstakes terminal devices, or skill-based amusement machines.

Lottery sales agent commissions

R.C. 3770.03 and 3770.26

Requires LOT, on a quarterly basis, to distribute 3.5% of the state's iLottery gaming sales equally among all lottery sales agents.

Requires LOT to increase retail lottery sales agents' base commission rate by 0.25% during the first year in which LOT conducts iLottery and by 0.5% thereafter, not including commissions for VLTs or lottery sports gaming.

Video lottery terminals (VLTs)

R.C. 3770.21, 3770.211, 3770.212, and 3770.213 and conforming changes in R.C. 1309.109, 3123.89, 3769.087, 3770.01 (reenacted), 3770.01(3770.011), 3770.02, 3770.05, 3770.06, 3770.07, 3770.08, 3770.13, 3770.24, 3770.99, 3775.01, 3775.02, 3775.03, and 3775.99; repeal of R.C. 3770.23; and Sections 6 and 7 of the bill

Requires LOT to continue offering VLT gaming at tracks (racinos), but requires that, beginning on March 31, 2026, the VLT sales agents be licensed by CAC instead of LOT, and that CAC regulate the operation of VLTs at tracks under similar requirements to those that currently apply to sports gaming.

Codifies a requirement, currently in LOT rules, that a patron be 21 or older to use a VLT, instead of the minimum age of 18 for other lottery games other than lottery sports gaming.

Prohibits an underage VLT patron from having an adult family member claim the person's prize, as is permitted for lottery tickets, and specifies instead that any such prize is void.

Requires CAC, instead of LOT, to license VLT technology providers and approve VLT equipment beginning on March 31, 2026.

Directs 0.5% of each VLT agent's commission to a problem gambling fund administered by CAC, instead of the current requirement that LOT use those funds to provide funding support to appropriate state agencies for gambling addiction services and other related addiction services.

Imposes criminal penalties for certain VLT-related conduct, similar to the penalties for sports gaming related conduct, such as fraud, tampering, bribery, and structuring transactions as part of money laundering.

Specifies that existing VLT-related licenses issued by LOT remain valid and are considered to be issued by CAC.

Specifies that all current LOT rules regarding VLTs that are not in conflict with the bill remain in effect and are considered CAC rules.

Authorizes OBM to make fund transfers and appropriation changes as needed to implement the bill.

Lottery sports gaming

R.C. 3770.03, 3770.071, 3770.072, 3770.073, and 3770.25 and conforming changes in R.C. 3770.07, 3770.08, 3770.37, 3775.02, and 3775.03; and repeal of R.C. 5747.064

Eliminates a provision of law that restricts lottery sports gaming to only the following types of wagers, as approved by CAC: spread, over-under, moneyline, and parlays based on not more than four component wagers.

Requires generally that, beginning March 31, 2026, a type C (lottery) sports gaming proprietor, instead of LOT or a VLT agent, be responsible for withholding taxes and other amounts from a patron's winnings, except as otherwise provided by LOT rules.

Clarifies that a sports bet placed by an underage lottery sports gaming patron (under 21) is void and that an adult family member cannot claim the person's prize, as is permitted for lottery tickets.

Horse racing

State Racing Commission (RAC) abolished

R.C. 3769.01 (reenacted), 3769.01(3769.02), 3769.03, 3769.04, 3769.041, 3769.05, 3769.06, 3769.07, 3769.071, 3769.072, 3769.082, 3769.083, 3769.084, 3769.085, 3769.087, 3769.089, 3769.0810, 3769.09, 3769.091, 3769.10, 3769.101, 3769.12, 3769.13, 3769.131, 3769.14, 3769.20, 3769.201, 3769.21, 3769.22, 3769.25, 3769.26, 3769.27 and conforming changes in R.C. 121.95, 959.05, 3772.01, 3772.03, and 5753.03; repeal of R.C. 3769.02 and 3769.021; and Sections 5 and 7 of the bill

Abolishes RAC and gives its powers and duties to CAC as of March 31, 2026.

Allows CAC to begin adopting rules regarding horse racing when the bill takes effect.

Allows RAC to continue adopting, amending, and rescinding rules until March 31, 2026, as long as those rules are not in conflict with CAC's rules.

Specifies that all RAC rules in effect on March 31, 2026, that are not in conflict with the bill remain in effect and are considered CAC rules.

Specifies that existing permits and licenses issued by RAC remain valid and are considered to be issued by CAC.

Provides for RAC's employees, assets, records, pending business, contracts, and other legal obligations to be transferred to CAC.

Requires the money in the RAC Operating Fund to be transferred to CAC's Operating Expenses Fund.

Authorizes OBM to make fund transfers and appropriation changes as needed to implement the bill.

Online betting on horse racing

R.C. 3769.08

Allows a permit holder (track operator) to accept pari-mutuel wagers on horse racing over the internet, in addition to in person at a track or satellite facility, as soon as RAC can implement the necessary changes.

Prohibits a permit holder who only holds a permit to operate horse races at a fair from accepting online wagers.

Betting on horse racing, generally

R.C. 718.031, 3123.90, 3769.031, 3769.08, 3769.11, 3769.99, and 3772.37

Prohibits any person other than a permit holder from conducting pari-mutuel wagering on horse racing.

Allows a permit holder to contract with one management services company to operate pari-mutuel wagering on behalf of the permit holder, with the company's license fee set by rule.

Clarifies that no other form of wagering on horse racing is allowed in Ohio.

Codifies a requirement, currently in RAC rules, that a patron be 18 or older to bet on horse racing. (Currently, the Revised Code requires a person to be “of legal age.”)

Requires permit holders, other than fair-only permit holders, to prohibit any individual who is on an involuntary track exclusion list maintained by CAC from entering a track or wagering on horse racing.

Requires permit holders, other than fair-only permit holders, to prohibit individuals who have voluntarily excluded themselves from gambling under the Ohio Voluntary Exclusion Program from wagering on horse racing. (Those individuals are already excluded from tracks under the law governing VLTs.)

Requires permit holders, beginning March 31, 2026, to withhold state income tax, municipal income tax (in the case of in-person betting), any past due child or spousal support, and any debts to the state or a political subdivision from patrons’ horse betting winnings in the same manner as VLT agents, LOT, casino operators, and sports gaming proprietors currently must do.

Requires all equipment used to operate betting on horse racing to be tested by an independent laboratory and approved and monitored by CAC.

Eliminates occupational licensing requirements for track employees whose duties do not involve horse racing, horse care, or gambling, such as medical and first aid, concessions, and maintenance.

Imposes criminal penalties for certain conduct related to betting on horse racing, similar to the penalties for sports gaming related conduct, such as race-fixing, fraud, tampering, bribery, and structuring transactions as part of money laundering.

Charitable gaming

Transfer of authority from Attorney General (AGO) to CAC

R.C. 2915.01, 2915.02, 3768.01, 2915.092(3768.02), 3768.03, 2915.08(3768.04), 2915.09(3768.05), 2915.091(3768.06), 2915.093(3768.07), 2915.094(3768.08), 2915.095(3768.09), 2915.13(3768.10), 2915.14(3768.11), 2915.15(3768.12), 2915.101(3768.13), 2915.10(3768.14), 2915.11(3768.15), 2915.081(3768.16), 2915.082(3768.17), 2915.07(3768.18), 2915.12(3768.19), 173.121(3768.20), 5907.17(3768.21), 3768.22, and 3768.23 and conforming changes in R.C. 109.32, 109.572, 1711.09, 1716.21, 2923.121, 3517.091, 3763.01, 3772.03, 3774.01, 3774.02, 3774.03, 3774.04, 3774.09, 4301.03, 4301.5 and 4303.17; Sections 4 and 7 of the bill

Transfers authority over charitable bingo (traditional bingo, raffles, instant bingo, and electronic instant bingo) and games of chance conducted at charitable organizations’ festivals from AGO to CAC as of January 1, 2027.

Requires that the license fees CAC collects under the Charitable Gaming Law be deposited in a new Charitable Gaming Fund and that money be transferred from the fund as authorized to benefit both AGO’s Charitable Law Fund and CAC’s operating fund.

Specifies that existing bingo licenses issued by AGO remain valid and are considered to be issued by CAC.

Specifies that all current AGO rules regarding charitable gaming that are not in conflict with the bill remain in effect and are considered CAC rules.

Relocates the Charitable Gaming Law to new Chapter 3768 of the Revised Code.

Authorizes OBM to make fund transfers and appropriation changes as needed to implement the bill.

Bingo changes

R.C. 2915.13(3768.10), 2915.101(3768.13), 4301.03, and 4303.17 and conforming changes in R.C. 2915.01

Makes the following changes regarding the operation of bingo, beginning when the bill takes effect:

Expands (1) the hours during which a veteran's, fraternal, or sporting organization may offer instant bingo other than at a bingo session and (2) the hours during which a veteran's or fraternal or organization may offer electronic instant bingo other than at a bingo session, allowing those games to be offered up to 16 hours a day, instead of up to 12, and to begin as early as 8:00 a.m. instead of 10:00 a.m.

Modifies the formula that determines the amount of a veteran's, fraternal, or sporting organization's proceeds from instant bingo and electronic instant bingo, as applicable, that must go to a 501(c)(3) or government entity, and how much the organization may keep to cover its expenses in conducting bingo.

Increases, from \$250,000 to \$330,000, the threshold that determines the percentage of the annual net profit that must be given to a 501(c)(3) or government entity and the percentage the organization may keep to cover its expenses, in order to match the current threshold set by the AGO by rule.

Requires instant bingo net profit and electronic instant bingo net profit to be calculated and distributed separately, meaning that a veteran's or fraternal organization that conducts both instant bingo and electronic instant bingo may keep more of the combined net profit to cover its expenses.

Clarifies that a charitable organization is not prohibited from serving alcohol under a D-4 permit while conducting instant bingo, electronic instant bingo, or a raffle.

Sweepstakes and skill games

Enactment of R.C. Chapter 3777 and conforming changes in R.C. 2915.01, 2915.02, 2927.21, 2933.51, 3772.03, and 3772.99; Section 4 of the bill

Transfers authority over sweepstakes terminal devices and sweepstakes terminal device facilities from AGO to CAC as of January 1, 2027.

Specifies that existing sweepstakes terminal device facility certificates and registrations issued by AGO remain valid and are considered to be issued by CAC.

Specifies that all current AGO rules regarding sweepstakes terminal devices that are not in conflict with the bill remain in effect and are considered CAC rules.

Relocates the law governing sweepstakes and skill-based amusement machines to new R.C. Chapter 3777 but does not otherwise change the law governing skill-based amusement machines, which are regulated by CAC under continuing law.

Sports gaming

R.C. 3775.03, 5753.01, and 5753.021

Reduces, from 20% to 10%, the tax on sports gaming receipts from wagers placed in person at a sports gaming facility, beginning January 1 after the bill takes effect.

Eliminates a partial tax exemption for the value of promotional gaming credits issued to sports gaming patrons that would have begun on January 1, 2027.

Clarifies that a sports gaming license is not transferable.

Gambling regulation, generally

Wagering accounts and withholding from winnings

R.C. 131.02, 718.031, 3123.90, 3770.071, 3770.072, 3770.073, 3772.221, 3772.37, 3775.10, 3775.11, 5701.11, 5747.01, 5747.062, 5747.063, 5747.08, 5747.12, and 5747.20; repeal of R.C. 3775.16 and 5747.064; and Section 10 of the bill

Codifies a CAC rule regarding patrons' wagering accounts for sports gaming and applies it also to online wagers on horse racing and internet gambling.

Requires all online wagers to be accepted through a wagering account that includes certain identifying information and requires the operator to verify the patron's ID and eligibility to participate.

Requires a wagering account to have a default deposit and wager limit of \$500 per week and a default time limit of five hours per week spent using an online platform, subject to adjustment by the patron, and requires the account to include other options for self-imposed limitations on gaming.

Consolidates current laws regarding the withholding of income tax, any past due child or spousal support, and any debts to the state or a political subdivision from patrons' winnings.

Clarifies that all types of gambling winnings are subject to the state income tax.

Applies the withholding changes to existing gaming operators as of March 31, 2026.

Advertising and promotions

R.C. 3772.231, 3772.41, and 5753.01 and conforming changes in R.C. 3770.21, 3770.211, 3771.02, 3772.23, and 3775.02

Codifies CAC's current rules regarding advertising and promotional credits and bonuses for sports gaming and applies them also to horse racing, VLTs, internet gambling, and casino gaming.

Includes the value of any promotional credits wagered on internet gambling or sports gaming, but not casino gaming, as part of the operator's taxable receipts. (Currently, casino promotional credits are deductible, and sports gaming promotional credits will be partially deductible beginning January 1, 2027.)

Problem gambling

R.C. 3772.062, 3772.39, 3772.40, and 5753.031 and conforming changes in R.C. 3770.01, 3770.211, 3771.02, 3772.03, 3772.18, 3775.01, and 3775.13

Codifies CAC and LOT rules to create the Ohio Voluntary Exclusion Program, which is a single voluntary exclusion program that allows individuals to exclude themselves from entering a gaming facility or gambling on horse racing, VLTs, internet gambling, casino gaming, or sports gaming. (Currently, the Ohio VEP does not apply to horse racing.)

Allows a current participant in the program to decide whether to also be excluded from betting on horse racing.

Extends a current requirement that casino operators and sports gaming proprietors implement a compulsive and problem gambling plan to protect their patrons and employees to require tracks, VLT agents, and internet gambling operators to do the same.

Requires CAC to contract with OhioMHAS to provide problem gambling and addiction services using funding derived from VLT commissions and internet gambling, casino gaming, and sports gaming tax revenues.

Involuntary exclusion from gambling

R.C. 3772.031 and conforming changes in R.C. 3769.11, 3770.214, 3771.11, 3772.031, 3775.02, and 3775.13

Requires CAC to maintain the following new involuntary exclusion lists, in addition to the current lists for casino gaming and sports gaming:

- A track exclusion list regarding (1) online and in-person betting on horse racing and (2) VLTs;
- An internet gambling exclusion list.

Requires track operators and internet gambling operators to enforce the involuntary exclusion list.

Gaming employee licenses

R.C. 3772.13, 3772.131, and 3772.132 and conforming changes in R.C. 109.572, 3769.031, 3769.08, 3770.21, 3770.211, 3771.03, 3771.07, 3771.08, 3772.01, 3772.03, 3772.07, 3772.09, 3772.091, 3772.10, 3772.15, 3772.16, 3772.17, 3772.99, 3775.01, 3775.03, 3775.06, and 3775.99; Section 8 of the bill

Requires an individual who works in any of the following industries to have a single license that is either a key gaming employee license or a gaming employee license, depending on the individual's duties:

- Betting on horse racing (currently a totalizator company management supervisory employee, a totalizator company employee, a mutuel employee, a fair license for a totalizator or mutuel employee, or security license);
- VLT gaming (currently a video lottery sales agent employee license);

- Internet gambling;
- Casino gaming (currently a key employee or casino employee license);
- Sports gaming (currently a sports gaming occupational license).

Sets the fees for a three-year key gaming employee or gaming employee license at \$100 to apply and \$50 upon receiving the license and requires the employer to pay all license-related fees.

Requires CAC to use the eligibility and suitability factors that currently apply to sports gaming employees for all key gaming employees and gaming employees.

Specifies that a person who currently holds any of the licenses listed above when the bill takes effect is considered to have a key gaming employee or gaming employee license, as applicable.

Specifies that if any current license described above expires within 90 days before the bill takes effect or 180 days after the bill takes effect, the license term is extended by 180 days.

Specifies that if an individual currently holds more than one of those licenses, the existing term of each license is extended through the latest expiration date of any such license, as extended by an additional 180 days if applicable.

Other regulations

R.C. 119.12, 3769.08, 3770.211, 3770.212, 3770.213, 3771.02, 3771.03, 3771.08, 3771.09, 3772.02, 3772.03, 3772.04, 3772.10, 3772.113, 3772.28, 3772.281, 3772.31, 3772.311, 3772.312, 3772.313, 3772.314, 3772.315, 3772.316, 3772.317, 3772.38, 3772.98, 3775.02, 3775.03, 3775.09, 3775.10, and 3775.11; repeal of R.C. 3772.25

Codifies CAC's current rules regarding all of the following topics with respect to sports gaming, and applies them also to betting on horse racing, VLTs, internet gambling, and casino gaming, with some exceptions:

- A requirement that operators implement certain house rules and procedures to protect the integrity of gaming;
- The certification of independent testing laboratories and the approval of gaming equipment, including electronic instant bingo systems;
- Security, accuracy, and recordkeeping requirements for various gaming systems;
- Accounting and auditing requirements;
- Incident reporting and anti-money laundering procedures;
- The adjudicative process for denying, suspending, or revoking a license;
- A provision allowing CAC to rely on a previous investigation of a license applicant when processing a new application;
- Notifying CAC of material changes in a licensee's information.

Expands a provision of law that requires a Court of Common Pleas that hears an appeal regarding a CAC adjudication regarding casino gaming to decide the matter within six months, so that the requirement applies also to licenses connected to horse racing, VLTs, online gambling, and sports gaming.

Allows CAC, for one year after the bill takes effect, to adopt rules containing regulatory restrictions without being subject to the general limit on regulatory restrictions in administrative rules.

Increases CAC members' salaries from \$30,000 to \$60,000 per year, beginning with a member's new term that begins on or after the bill's effective date.

The Ohio Constitution and gambling

Article XV, Section 6 of the Ohio Constitution places certain restrictions on gambling in Ohio. The Constitution states that, "Except as otherwise provided in this section, lotteries, and the sale of lottery tickets, for any purpose whatever, shall forever be prohibited in this State." That section then specifically permits three types of gambling: the state-run lottery to benefit education, charitable bingo, and casino gaming.

The Constitution provides further that, "Casino gaming shall be authorized at four casino facilities" in specified locations. Casino gaming authorized under that provision of the Constitution "shall be conducted only by licensed casino operators of the four casino facilities or by licensed management companies retained by such casino operators." Casino gaming consists of slot machines and table games, and the Constitution defines those games to include electronic versions. The Constitution also sets a maximum of 5,000 slot machines at each facility.

Casino operators' gross casino revenue is subject to a 33% tax. The Constitution requires the proceeds of the casino tax to be distributed according to a specific formula, with 90% of the proceeds allocated to local governments and public school districts and 10% to certain state funds.

If a party were to challenge the bill, a court might examine whether, under the Ohio Constitution, the legislature can authorize internet gambling¹ and if so, whether any of the constitutional requirements regarding casino gaming apply to internet gambling. The Ohio Supreme Court has not ruled on these questions.

HISTORY

Action	Date
Introduced	05-13-25

ANSB0197-136/ks

¹ See *State ex rel. Walgate v. Kasich*, 147 Ohio St.3d 1 (2016), in which the Ohio Supreme Court declined to consider a question of gambling expansion for lack of standing; *State ex rel. Gabalac v. New Universal Congregation of Living Souls*, 55 Ohio App.2d 96 (9th Dist. Ct. App. 1977), in which a lower court held that the legislature can authorize gambling that is not a "lottery"; and *Westerhaus Co. v. Cincinnati*, 165 Ohio St. 327, 338-339 (1956) and *Mills-Jennings of Ohio, Inc. v. Department of Liquor Control*, 70 Ohio St.2d 95, 99-101 (1982), in which the Ohio Supreme Court suggested that it might follow the 9th District's reasoning.