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## **ATTORNEY GENERAL**

### **Collecting debts from gambling winnings**

- Reduces the threshold at which the State Lottery Commission must withhold from lottery winnings any amounts a lottery winner owes to the state or a political subdivision to match the Internal Revenue Service (IRS) reporting threshold.
- Requires a casino operator to use a data match program created by the Attorney General (AG) to withhold any amounts a patron owes to the state or a political subdivision from the amount of any casino winnings that exceed the IRS reporting threshold.
- Requires the casino operator to remit payment to the Department of Job and Family Services for any past due child or spousal support, as required under continuing law, before giving the remainder to the AG to pay other government debts.

### **AG's special counsel; collection of debts**

- Authorizes the AG to adopt rules as necessary to implement the law governing the AG's special counsel to collect claims.
- Authorizes the AG to adopt rules to aid the implementation of the law governing the collection of debts, and specifically to adopt a rule shortening the time when the AG may cancel a debt deemed uncollectible.

### **Settlements awarding money to the state (VETOED)**

- Would have renamed the Attorney General Court Order Fund as the Attorney General Court Order and Settlement Fund, and changed the fund from a custodial fund to a fund in the state treasury (VETOED).
- Would have required any money the AG receives through a court order, along with any money received under any in-court or out-of-court settlement or compromise, to be deposited in the fund, other than any money the AG receives as part of the AG's debt collection duties (VETOED).
- Would have required the AG, upon receiving \$10,000 or more under a settlement or court order, to notify the Governor, the Speaker of the House, the President of the Senate, and the Director of Budget and Management (VETOED).
- Would have required the Controlling Board to determine the appropriate fund or funds to which the money must be transferred (VETOED).
- Would have exempted from those requirements any amounts under \$10,000 (VETOED).

### **Charitable bingo**

- Makes numerous changes to the law governing charitable bingo, including legalizing electronic instant bingo; allowing 501(c)(6) nonprofit organizations to conduct raffles; and making other changes regarding bingo licenses.

## **Raffles**

- Allows a nonprofit organization that is tax-exempt under subsection 501(c)(6) of the Internal Revenue Code (a business league, chamber of commerce, real estate board, board of trade, or professional football league) to conduct a raffle that is not for profit.
- Requires such an organization to distribute at least 50% of the net profit from the raffle to a charitable purpose or to a government agency.

## **Electronic instant bingo**

- Establishes electronic instant bingo as a separate type of bingo, along with traditional bingo, raffles, and instant bingo, but largely regulates the operation of electronic instant bingo in the same manner as instant bingo.
- Requires the AG to begin to accept applications for licenses to conduct electronic instant bingo on January 1, 2022, and to begin to issue those licenses on April 1, 2022.

## **Definitions**

- Provides definitions for “electronic instant bingo” and “electronic instant bingo system.”
- Includes requirements designed to prevent electronic instant bingo from resembling or operating like a slot machine.

## **Charitable organizations conducting electronic instant bingo**

- Allows a veteran’s or fraternal organization to offer electronic instant bingo on a maximum of ten single-user terminals at its principal place of business, if it qualified as such an organization on or before June 30, 2021, has an appropriate status under the Internal Revenue Code, and has not conducted a raffle in violation of the Revised Code using an electronic raffle machine at any time after January 1, 2022.
- Requires electronic instant bingo proceeds to be distributed in the same manner as instant bingo proceeds are distributed under continuing law.
- Applies the same recordkeeping and operating requirements to electronic instant bingo as apply to instant bingo under ongoing law.

## **AG rules**

- Requires the AG to adopt rules under the Administrative Procedure Act to ensure the integrity of electronic instant bingo, and lists several topics that must be covered under those rules.

## **Distributor and manufacturer licensing**

- Requires a licensed distributor or manufacturer of bingo supplies to obtain an electronic instant bingo endorsement to the distributor’s or manufacturer’s license in order to distribute or manufacture electronic instant bingo systems.
- Requires any individual who installs, maintains, updates, or repairs an electronic instant bingo system to be licensed by the Ohio Casino Control Commission.

- Specifies requirements for a distributor or manufacturer to receive an endorsement, including passing a criminal records check, providing a surety bond, and paying the appropriate fee.
- Allows the AG to suspend or revoke an endorsement for violations of Ohio's gambling laws or rules.

### **Regulation of electronic instant bingo systems**

- Requires a manufacturer of an electronic instant bingo system first to submit the system to an independent testing laboratory and to the AG for approval.
- Requires every electronic instant bingo system in use in Ohio to meet certain monitoring, recordkeeping, and verification requirements.
- Allows the AG to establish by rule an annual fee to be paid by electronic instant bingo system distributors to cover the cost of monitoring and inspecting systems under the act.

### **Prohibitions regarding electronic instant bingo**

- Prohibits several types of conduct related to the operation of electronic instant bingo and the sale of electronic instant bingo systems and imposes a criminal penalty for a violation of the bill or the AG's rules.

## **Bingo licenses, generally**

### **Denial or suspension**

- Allows the AG to deny a bingo license to an organization, or suspend an organization's bingo license for up to five years, if the AG has good cause to believe that any director or officer of the organization has breached the director's or officer's fiduciary duty to the organization.
- Allows the AG to deny, suspend, or limit a bingo distributor or manufacturer license if there is good cause to believe the distributor or manufacturer, or certain partners, officers, or owners, have committed a breach of fiduciary duty, theft, or other misconduct related to a charitable organization that has a bingo license.

### **Youth athletic park organizations**

- Eliminates a requirement that a youth athletic park organization's playing fields have been used for nonprofit youth athletic activities for at least 100 days during a given year in order for the organization to obtain a bingo license.

### **License type**

- Requires a bingo license to indicate whether it is a Type I, Type II, or Type III license.

### **Technical changes**

- Makes numerous stylistic and technical changes to the section of law governing bingo licenses in order to incorporate "Type I," "Type II," and "Type III" license terminology, to

clarify that an organization does not need a license to conduct a raffle, and generally to make the section easier to read.

### **Punch boards and seal cards**

- Clarifies that punch boards and seal cards are types of instant bingo games and may be played under an instant bingo license.

### **Alcohol sales during traditional bingo**

- Allows an organization that has a D-4 liquor permit to sell alcohol for on-premises consumption while it is conducting traditional bingo games.

### **Minors playing traditional bingo**

- Makes a technical correction to clarify the penalty that applies to a charitable organization if it permits a person the organization knows, or should have known, is under 18 to play traditional bingo.

### **Bingo Law enforcement**

#### **Charitable organizations**

- Allows the AG or a law enforcement agency to examine the accounts and records of any officer, agent, trustee, member, or employee of a charitable organization with a bingo license.
- Permits the AG to impose a civil fine on an organization for failure to comply with the Bingo Law or related rules.

#### **Manufacturers and distributors**

- Permits the AG or a law enforcement agency to investigate a bingo distributor or manufacturer or any officer, agent, trustee, member, or employee of the bingo distributor or manufacturer in relation to violations of the Bingo Law.
- Permits the AG to impose a civil fine on a distributor or manufacturer for failure to comply with the Bingo Law or related rules.

### **Charitable organizations**

- Prohibits state agencies, with certain exemptions, from imposing reporting or filing requirements on charitable organizations that are more stringent than those found in the Revised Code or that are already in existence as of the prohibition's September 30, 2021, effective date.

### **Ohio Peace Officer Training Academy**

- Modifies law with respect to various funds in the state treasury associated with the Ohio Peace Officer Training Academy.

## **Pilot program – funding peace officer and trooper training**

- Requires the AG to create and administer a one-year pilot program for state funding of the required annual training of peace officers and troopers, and specifies that, with one limited exception, the pilot program is the only state funding that will be provided in calendar year 2022 for the training of such peace officers and troopers.

## **Law Enforcement Training Funding Study Commission**

- Creates the 12-member Law Enforcement Training Funding Study Commission to study possible long-term methods for the provision of state funding to law enforcement agencies for the required annual training of their peace officers and troopers and evaluate the plans for the pilot program described above as part of the study.
- Requires the Commission to prepare a report of its findings, and recommendations for a method, to be used after the completion of the pilot program, for the provision of state funding to those law enforcement agencies for the required annual training of their peace officers and troopers.
- Requires the Commission to submit the report to the Governor, the General Assembly, the AG, and the Legislative Service Commission not later than March 1, 2022.
- Provides that the Commission ceases to exist when it submits the report.

## **Delinquent municipal income tax collection**

- Requires the AG to participate in the federal Treasury Offset Program for the collection of past due municipal income taxes to the extent that such taxes qualify for the program.

## **Foreclosure sale reports to the AG**

- Specifies that the quarterly reports submitted to the AG by officers conducting residential property foreclosure sales must contain information of whether the officer met certain deadlines related to sale procedures.
- Replaces the requirement that the AG establish and maintain a public database of information included in foreclosure sale reports with a requirement that the information be made publicly available.

## **Public record exemption for certain telephone numbers**

- Modifies the exemption from the Public Records Law for telephone numbers of victims, crime witnesses, and parties to motor vehicle accidents.

## Collecting debts from gambling winnings

### Lottery winnings

(R.C. 3770.073; conforming change in R.C. 5701.11)

The act lowers the winnings threshold that triggers a requirement that the State Lottery Commission withhold the amount of any debt a lottery winner owes to the state or a political subdivision from the person's winnings. Under prior law, if a person won \$5,000 or more in the lottery, the Commission had to deduct the amount of those debts from the winnings and pay it to the Attorney General (the AG) to satisfy the debts. The act changes that threshold to match the federal threshold that determines whether the Commission must report the person's lottery winnings to the Internal Revenue Service (IRS). That threshold is generally \$600, but is higher for some types of gambling winnings.<sup>12</sup>

Under continuing law, lottery winnings that exceed the IRS threshold also may be intercepted to satisfy any past due child or spousal support. If the amount of the winnings is not enough to cover both the past due support and any debts to the state or a political subdivision, the support debts are paid first.<sup>13</sup>

### Casino winnings

(R.C. 3772.37; conforming change in R.C. 5701.11)

The act requires a casino operator to withhold the amount of any debt a patron owes to the state or a political subdivision from the patron's casino winnings, if the winnings meet or exceed the IRS reporting threshold. Under continuing law, a casino operator also must withhold the amount of any past due child or spousal support the patron owes from any winnings that exceed that threshold.<sup>14</sup>

Under the act, the AG must develop and implement a real time data match program for casino operators to use to determine whether patrons owe any debts to the state or a political subdivision that have become final. If a patron's winnings meet the IRS threshold and the program indicates that the patron owes any such amounts, the casino operator must withhold the amount of the debt from the winnings, up to the total amount of the winnings, and transmit it to AG within seven days.

If the casino operator learns through the data match program operated by the Department of Job and Family Services under continuing law that the patron also is in default under a child or spousal support order, the casino operator must withhold the past due amount and transmit it to the Department before transmitting any remaining amount to the AG.

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<sup>12</sup> 26 United States Code (U.S.C.) 6041 and Internal Revenue Service, *Publication 3908*.

<sup>13</sup> R.C. 3770.071, not in the act.

<sup>14</sup> R.C. 3123.90, not in the act.

After receiving the money from the casino operator, the AG must apply it toward the patron's debt to the state or a political subdivision. If the patron has multiple debts of that kind, the money must be applied against the debts in the following order of priority, which is the same order of priority that applies under continuing law concerning debts to be satisfied from lottery winnings:

- Personal liabilities for corporate tax debts;
- Amounts owed to the state;
- Amounts owed to political subdivisions.

The AG may adopt rules under the Administrative Procedure Act (R.C. Chapter 119) to implement the act's requirements.

### **AG's special counsel**

(R.C. 109.08)

The act authorizes the AG to adopt rules under the Administrative Procedure Act (R.C. Chapter 119) as necessary to implement the law governing the AG's special counsel to collect claims. That law authorizes the AG to appoint and authorize special counsel to represent the state and any political subdivision in connection with all claims the AG is authorized to collect.

### **AG rules on collection of debt**

(R.C. 131.02)

The act authorizes the AG to adopt rules to aid the implementation of the law governing the collection of debts, and specifically, to adopt a rule shortening the time when the AG may cancel a debt deemed uncollectible. Otherwise, under continuing law, the AG must cancel an unsatisfied claim 40 years after it was certified for collection.

Under statutory law, if an amount due the state is not paid within 45 days after payment is due, the officer responsible for collecting it must certify the amount due to the AG, who must give immediate notice to the party indebted of the nature and amount of the indebtedness. The AG and the officer must agree on the time a payment is due, which may be an appropriate time determined by them based on statutory requirements or ordinary business processes.

The law requires the AG to follow this process on behalf of state agencies, and also on behalf of state institutions of higher education and of political subdivisions. The act clarifies that the time the payment is due may be based on the statutory requirements or ordinary business practices of an institution or a political subdivision, as well as of a state agency.

### **Settlements awarding money to the state (VETOED)**

(R.C. 109.111 and 109.112)

The Governor vetoed a provision that would have required the AG, when receiving money under a court order, settlement, or compromise that totals \$10,000 or more, to notify the Governor, the Speaker of the House, the President of the Senate, and the Director of

Budget and Management of the amount. The Controlling Board would have been required to determine the appropriate fund or funds to which the money must be transferred, and the Director, in consultation with the AG, would have been required to transfer the money according to the Controlling Board's instructions.

If the total amount did not exceed \$10,000, the act would have required the money to be treated the same as under existing law regarding any amounts received by court order. The AG would have been required to notify the Director of the amount. Then, the Director, in consultation with the AG, would have determined the appropriate distribution of the money and the AG would have made the transfer.

The vetoed provision also would have renamed the Attorney General Court Order Fund as the Attorney General Court Order and Settlement Fund, and changed the fund from a custodial fund to a fund in the state treasury. Under current law, any money the AG receives through a court order is deposited in the fund. The act would have specified additionally that any money the AG receives as a result of a settlement or compromise in a case, whether in court or out of court, also must be deposited in the fund, other than any money the AG receives as part of the AG's debt collection duties. Under existing law, out-of-court settlements are deposited in various other holding funds, depending on the nature of the settlement.

## Charitable bingo

### Overview

(R.C. 2915.01)

The Ohio Constitution allows the General Assembly to authorize and regulate bingo conducted by charitable organizations for charitable purposes. Charitable organizations that wish to conduct bingo games, other than raffles, must apply for a license from the AG and comply with the requirements of the Revised Code and of administrative rules adopted by the AG, including requirements governing the places, times, and manner of holding bingo games.<sup>15</sup> The act makes numerous changes to the law governing charitable bingo, including legalizing electronic instant bingo; allowing 501(c)(6) nonprofit organizations to conduct raffles; and making changes regarding bingo licenses.

### Types of bingo

The Revised Code defines "bingo" to include several types of activities:

- **Traditional bingo**, in which participants purchase a card with spaces arranged in a grid marked with letters, numbers, or other symbols, and cover the spaces as randomly selected numbers, letters, or symbols are called, with the goal being to win a prize by creating a line or other pattern.

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<sup>15</sup> Ohio Constitution, Article XV, Section 6; R.C. Chapter 2915; and Ohio Administrative Code (O.A.C.) Chapter 109:1-4.



- **Raffles**, in which participants purchase tickets and the ticket stubs are placed in a container and randomly selected, with the goal being to win a prize by having the participant's ticket stub selected. Unlike for other bingo games, no license is required to conduct a raffle.
- **Instant bingo**, in which a participant purchases a paper ticket and then removes part of the ticket using a perforated pull tab to reveal whether the ticket is a winner. The prize amount and structure are predetermined for each "deal," or set of tickets. In some instant bingo games, the winning numbers, letters, or symbols are determined by using a seal card to reveal predesignated winners or by using a bingo blower to randomly select the winners. The bill clarifies that **punch boards** are a type of instant bingo. In a punch board game, the organization prepares a board with many holes with a randomly numbered slip of paper in each hole, and participants pay for the opportunity to draw slips of paper from the board, with the goal being to win a prize by drawing the slip with the winning number.
- **Electronic instant bingo**, as added by the act.

### **Charitable organizations**

#### ***Traditional and instant bingo***

(R.C. 2915.01)

For purposes of offering traditional and instant bingo games, continuing law defines a "charitable organization" as an organization that has been in continuous existence in Ohio for at least two years before applying for a bingo license and that either (1) is exempt from taxation under subsection 501(c)(3) of the federal Internal Revenue Code or (2) is a volunteer rescue service organization, volunteer firefighter's organization, veteran's organization, fraternal organization, or sporting organization that is exempt from taxation under subsection 501(c)(4), (7), (8), (10), or (19) of the Internal Revenue Code. However, as is discussed below in detail, the act only allows certain veteran's and fraternal organizations to conduct electronic instant bingo.

#### ***Raffles***

(R.C. 2915.092)

The act adds a nonprofit organization that is tax-exempt under subsection 501(c)(6) of the Internal Revenue Code (a business league, chamber of commerce, real estate board, board of trade, or professional football league) to the list of entities that may conduct a raffle, so long as it is not for profit. Continuing law allows a charitable organization that may conduct traditional or instant bingo, as described above, also to conduct a raffle that is not for profit.

## **Distribution of net profit**

### ***Traditional bingo***

(R.C. 2915.01)

The proceeds of bingo must be used for a charitable purpose. Continuing law requires the net profit of traditional bingo games to be used by or given to one of the following:<sup>16</sup>

- A public charity, as determined under the Internal Revenue Code;
- A veteran's organization that meets certain qualifications, provided that the net profit must be used for specified charitable purposes, used to award certain scholarships, donated to a governmental agency, used for nonprofit youth activities, used to donate U.S. or Ohio flags to nonprofit organizations, used for the promotion of patriotism, or used for disaster relief;
- A fraternal organization that has been in continuous existence in Ohio for 15 years and that uses the net profit exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, if such contributions would be considered deductible charitable contributions under the Internal Revenue Code;
- A volunteer firefighter's organization that uses the net profit to provide financial support for a volunteer fire department or a volunteer fire company.

### ***Raffles***

(R.C. 2915.092)

A nonprofit organization that is tax-exempt under subsection 501(c)(3) of the Internal Revenue Code may retain the entire proceeds of any raffle it conducts. However, if the organization is not a 501(c)(3) organization, continuing law requires the organization to distribute at least 50% of the net profit from the raffle to one of the charitable organizations listed above that may receive the proceeds of traditional bingo or to a federal, state, or local government agency. This requirement also applies to a 501(c)(6) organization that conducts a raffle, as permitted by the act.

### ***Instant bingo***

(R.C. 2915.101)

Under continuing law, a charitable organization other than a veteran's, fraternal, or sporting organization must distribute 100% of the net profit from the proceeds of the sale of instant bingo to an organization listed above that may receive the net profit of traditional bingo, or to a department or agency of the federal government, the state, or any political subdivision.

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<sup>16</sup> R.C. 2915.01(V).

Continuing law requires a veteran's, fraternal, or sporting organization that conducts instant bingo to dispose of the first \$250,000 or less in net profit from the proceeds of the sale of instant bingo in a calendar year as follows:

- The organization must distribute at least 25% to an organization listed above that may receive the net profit of other types of bingo, or to a department or agency of the federal government, the state, or any political subdivision;
- The organization may retain not more than 75% to cover the organization's expenses in conducting instant bingo.

The organization must dispose of any net profit from the proceeds of the sale of instant bingo that exceeds \$250,000 in a calendar year as follows:

- The organization must distribute at least 50% to an organization listed above that may receive the net profit of other types of bingo, or to a department or agency of the federal government, the state, or any political subdivision;
- The organization may distribute 5% for the organization's own charitable purposes or to a community action agency;
- The organization may retain 45% to cover the organization's expenses in conducting instant bingo.

The AG may, by rule, increase the \$250,000 threshold for changes in prices as measured by the Consumer Price Index and other factors affecting the organization's expenses in conducting bingo.

As discussed below, the act regulates electronic instant bingo proceeds in the same manner as instant bingo proceeds.

### **Electronic raffle machine lawsuit**

Since 2013, as part of a case originally titled *Ohio Veterans and Fraternal Charitable Coalition v. DeWine*, several charitable organizations have been involved in ongoing litigation against the AG concerning the issue of whether those organizations legally may hold raffles using devices known as electronic raffle machines. The machines operate by randomly predesignating an outcome or prize associated with each entry, then selling an entry to a participant through the machine's electronic interface and revealing whether the entry is a winner.

In 2018, the Franklin County Court of Common Pleas ruled that the electronic raffle machines several organizations had been using for the past several years did not meet the legal definition of a raffle and thus were illegal. However, the court granted a stay of its ruling until all appeals have been exhausted. That stay remains in place as of this writing; the Tenth District

Court of Appeals agreed with the lower court's ruling on the electronic raffle machines, but the Ohio Supreme Court has agreed to wait until after July 30, 2021, to consider the case.<sup>17</sup>

It appears that a system used to operate electronic raffle machines might meet the legal definition of electronic instant bingo as permitted under the act.

### **Electronic instant bingo**

(R.C. 109.32, 109.572, 2915.01, 2915.08, 2915.081, 2915.082, 2915.09, 2915.091, 2915.093, 2915.095, 2915.10, 2915.101, 2915.12, 2915.13, 2915.14, 2915.15, and 3772.01; Section 803.230)

The act establishes electronic instant bingo as a separate type of bingo, along with traditional bingo, raffles, and instant bingo, but largely regulates the operation of electronic instant bingo in the same manner as instant bingo. The act limits the ability to conduct electronic instant bingo to certain veteran's and fraternal organizations, as discussed below. The AG must begin to accept applications for licenses to conduct electronic instant bingo on January 1, 2022, and must begin to issue those licenses on April 1, 2022.

### **Definitions**

#### ***Electronic instant bingo***

"Electronic instant bingo" is 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:

- Each deal (set of electronic instant bingo tickets) 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;
- Each electronic instant bingo ticket within a deal has a unique serial number that is not regenerated;
- Each electronic instant bingo ticket within a deal is sold for the same price;
- After a participant purchases an electronic instant bingo ticket, the combination of numbers or symbols on the ticket is revealed to the participant;

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<sup>17</sup> Summary judgment granted in *Ohio Veterans and Fraternal Charitable Coalition v. DeWine*, Case No. 13-CV-13610 (C.P. Franklin Co. February 23, 2018); stay granted March 9, 2018; judgment affirmed in *Ohio Veterans and Fraternal Charitable Coalition v. DeWine*, 2018-Ohio-4679 (10<sup>th</sup> Dist. Ct. App. 2018); appeal held in abeyance until July 30, 2021, in *Ohio Veterans and Fraternal Charitable Coalition v. Yost*, 2021-Ohio-121 (2021).

- 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;
- 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.

Further, electronic instant bingo must not include any of the following:

- Any game, entertainment, or bonus theme that replicates or simulates the gambling games of keno, blackjack, roulette, poker, craps, other casino-style table games; horse racing; or gambling games offered in Ohio on slot machines or video lottery terminals (the machines operated in racinos);
- Any device operated by dropping one or more coins or tokens into a slot and pulling a handle or pushing a button or touchpoint on a touchscreen to activate one to three or more rotating reels marked into horizontal segments by varying symbols, where the predetermined prize amount depends on how and how many of the symbols line up when the rotating reels come to a rest;
- Any device that includes a coin or token slot, tray, or hopper and the ability to dispense coins, cash, tokens, or anything of value other than a credit ticket voucher.

### ***Electronic instant bingo systems***

Under the act, “electronic instant bingo system” means both of the following:

- A mechanical, electronic, digital, or video device and associated software to which all of the following apply:
  - It is used by not more than one player at a time to play electronic instant bingo on a single screen that is physically connected to the device (that is, it is a single-user terminal);
  - It is located on the premises of the principal place of business of a veteran’s or fraternal organization that holds a type II or type III bingo license to conduct electronic instant bingo at that location.
- Any associated equipment or software used to manage, monitor, or document any aspect of electronic instant bingo.

The act specifies that an electronic instant bingo system is not considered a slot machine or other prohibited scheme of chance under the Gambling Law or the Casino Law.

## **Charitable organizations conducting electronic instant bingo**

### ***License***

Continuing law allows the AG to issue three categories of bingo licenses:

- **Type I** – Traditional bingo;
- **Type II** – Instant bingo conducted at a traditional bingo session;

- **Type III** – Instant bingo conducted other than at a traditional bingo session (at a retail location).

The act allows a charitable organization that meets all of the following requirements to offer electronic instant bingo under a Type II or Type III license:

- The organization is a veteran’s or fraternal organization and qualified as such an organization on or before June 30, 2021;
- The organization is a veteran’s organization described in subsection 501(c)(4) of the Internal Revenue Code or is a tax-exempt organization described in subsection 501(c)(7), 501(c)(8), 501(c)(10), or 501(c)(19) of the Internal Revenue Code;
- The organization has not conducted a raffle in violation of the Revised Code using an electronic raffle machine, as described in *Ohio Veterans and Fraternal Charitable Coalition v. DeWine*, at any time on or after January 1, 2022.<sup>18</sup>

An eligible organization may offer electronic instant bingo under a single license at one location specified on the license, which must be the organization’s principal place of business. The organization may have a maximum of ten electronic instant bingo systems (single-user terminals) on the premises. By contrast, under continuing law, an organization may conduct paper-based instant bingo under more than one license and at multiple locations.

The act also makes some broader changes to bingo licensing, discussed below under “**Bingo licenses, generally.**”

### ***Proceeds, records, and operations***

The act requires electronic instant bingo proceeds to be distributed in the same manner as instant bingo proceeds are distributed under continuing law. (See “**Distribution of net profit,**” above.) The act also applies the same recordkeeping and operating requirements to electronic instant bingo as apply to instant bingo under ongoing law.

### ***Game operators***

For purposes of electronic instant bingo, the act defines a “bingo game operator” as any person involved in selling or redeeming electronic instant bingo tickets, credits, or vouchers or accessing an electronic instant bingo system other than as a participant. The term does not include security personnel or a person who is installing, maintaining, updating, or repairing an electronic instant bingo system.

Continuing law requires bingo game operators to be at least 18, prohibits them from having been convicted of a disqualifying offense, and restricts an organization’s ability to compensate them for operating a bingo game.

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<sup>18</sup> *Ohio Veterans and Fraternal Charitable Coalition v. DeWine*, Case No. 13-CV-13610 (C.P. Franklin Co. February 23, 2018).

## **AG rules**

The act requires the AG to adopt rules under the Administrative Procedure Act to ensure the integrity of electronic instant bingo, including rules governing all of the following:

- The requirements to receive a license or endorsement to conduct electronic instant bingo;
- The location and number of electronic instant bingo systems in use, which must not exceed ten at the single licensed location per organization;
- The times when electronic instant bingo may be offered;
- Signage requirements in facilities where electronic instant bingo is offered;
- Electronic instant bingo device and system specifications, including reveal features and game themes;
- Procedures and standards for reviewing, approving, inspecting, and monitoring electronic instant bingo systems, as discussed below;
- The fees to be paid by manufacturers and distributors for that purpose;
- Procedures and standards for the review and approval of any changes to technology, systems, or games;
- Procedures allowing the AG to seek a summary suspension of a license to conduct electronic instant bingo or a license to manufacture or distribute electronic instant bingo systems if the AG has good cause to believe that the person or organization has violated the relevant law.

## **Distributor and manufacturer licensing**

Continuing law requires distributors and manufacturers of bingo supplies to be licensed by the AG, and electronic instant bingo systems are considered bingo supplies under the act. In addition to being licensed as a distributor or manufacturer, as applicable, the act requires a distributor or manufacturer of electronic instant bingo systems to obtain an electronic instant bingo endorsement to the distributor's or manufacturer's license. An endorsement issued under the act is good for the term of the underlying license.

The act also requires any individual who installs, maintains, updates, or repairs an electronic instant bingo system, such as an employee of a distributor, to hold an appropriate and valid occupational license issued by the Ohio Casino Control Commission. The Commission issues casino gaming employee licenses and key employee licenses to individuals working in various aspects of the casino industry, including technicians who work on equipment such as slot machines.<sup>19</sup>

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<sup>19</sup> R.C. 3772.131, not in the act.

A manufacturer of electronic instant bingo systems may only sell, offer to sell, or otherwise provide or offer to provide electronic instant bingo systems that contain proprietary software owned by, or licensed to, the manufacturer. If the software is licensed to the manufacturer, the manufacturer must provide a copy of the license with its application for an endorsement.

To obtain an endorsement, a distributor or manufacturer must apply to the AG, on a form prescribed by the AG, submit fingerprints for a criminal records check, and pay any applicable fee charged by BCII. (No criminal records check is required to receive a distributor or manufacturer license, generally.)

The AG must not issue the endorsement if the distributor or manufacturer, any partner or officer of the distributor or manufacturer, or any person who has an ownership interest of 10% or more in the distributor or manufacturer has violated any Ohio gambling law or rule or any existing or former law or rule of Ohio, any other state, or the U.S. that is substantially equivalent to any Ohio gambling law or rule.

The distributor or manufacturer also must provide the AG with a surety bond in the amount of \$50,000 and maintain the bond as long as the distributor or manufacturer is licensed. The bond may be in the form of a rider to a larger blanket liability bond. The bond must run to the state and to any person who may have a cause of action against the distributor or manufacturer for any violation of the Bingo Law or related administrative rules.

For a manufacturer endorsement, the act requires the AG to establish by rule an application and renewal fee in an amount sufficient to cover the cost of processing applications and investigating applicants' suitability. If the cost of processing a particular application and investigating the applicant's suitability exceeds the amount of the application and renewal fee, the AG may charge the applicant an additional fee as necessary to cover that cost. The AG must not issue the endorsement until all fees are paid in full. (Distributors instead are subject to an annual monitoring and inspection fee, discussed below.)

The act allows the AG to deny or suspend an endorsement issued under the act in the same manner as the AG may deny or suspend a manufacturer or distributor license for violations of Ohio's gambling laws or rules (see "**Denial or suspension**," below).

## **Regulation of electronic instant bingo systems**

### ***Approval***

Under the act, a manufacturer of an electronic instant bingo system must submit the system to an independent testing laboratory before the manufacturer may sell, offer to sell, or otherwise provide or offer to provide the system to any person for use in Ohio. The laboratory must be certified under the Casino Law to inspect casino gaming equipment, and it must determine whether the system meets the requirements of the act and of the AG's rules. The manufacturer must pay all costs of that testing and evaluation.

If the laboratory certifies that the system meets the applicable requirements, the manufacturer then may submit the system to the AG for review and approval, along with a copy of the laboratory's certification and a fee established by the AG by rule.



The AG must approve the system for use in Ohio if the AG agrees that the system meets the act's requirements and the AG's rules. The act requires the AG to consult the Ohio Casino Control Commission for assistance in determining whether the system is prohibited for use on the ground that it is a slot machine.

Before being placed into service, a system must be verified and sealed by the AG. The AG or a designee must remove the seal if the system is removed from service. If the seal is removed at any other time, the system must be returned to an independent testing laboratory.

### ***Monitoring***

The act requires every electronic instant bingo system in use in Ohio to have a central server located in Ohio, to include an internal report management system, and to allow the AG or the AG's designee to access the internal report management system, monitor the electronic instant bingo, and remotely deactivate the electronic instant bingo system or any aspect of it.

### ***Inspection***

The AG may inspect any electronic instant bingo system in use in Ohio at any time to ensure that the system is in compliance with the act and with the AG's rules. If the AG determines that any person or any system is in violation of the act or of those rules, the AG may order that the violation immediately cease and may deactivate the system or any aspect of it.

### ***Fees***

The AG may establish by rule adopted under the Administrative Procedure Act an annual fee to be paid by electronic instant bingo system distributors to cover the cost of monitoring and inspecting systems under the act. Those fees must be deposited in the Charitable Law Fund and used for those purposes.

### **Prohibitions regarding electronic instant bingo**

The act prohibits several types of conduct related to electronic instant bingo. These prohibitions are similar to continuing-law prohibitions regarding instant bingo, but are more specific to electronic instant bingo.

Under the act, no charitable organization that conducts electronic instant bingo may do any of the following:

- Conduct electronic instant bingo unless that organization is eligible for an electronic instant bingo license, as discussed above;
- Possess an electronic instant bingo system that was not obtained in accordance with the act or with AG rules;
- Conduct electronic instant bingo on any day, at any time, or on any premises not specified on the organization's Type II or Type III license;
- Hold more than one valid license to conduct electronic instant bingo at any one time;
- Conduct electronic instant bingo on more than one premises or on any premises other than the organization's principal place of business;

- Operate more than ten electronic instant bingo systems at the organization's principal place of business;
- Fail to display the charitable organization's bingo license or the serial number of each deal of electronic instant bingo tickets being sold;
- Permit any person the charitable organization knows, or should have known, to be under 18 to play electronic instant bingo;
- Sell or provide to any person an electronic instant bingo ticket for a price different from the price displayed on the game flare for the deal, except as a prize;
- Fail, once an electronic instant bingo deal is begun, to continue to sell tickets in that deal until all prizes have been awarded;
- Permit any person whom the organization knows, or should have known, has been convicted of a felony or gambling offense in any jurisdiction to be a bingo game operator in the conduct of electronic instant bingo;
- Permit a bingo game operator to play electronic instant bingo;
- Pay compensation to a bingo game operator for conducting electronic instant bingo, except that an employee of an organization may redeem electronic instant bingo tickets or vouchers for the organization's members or invited guests, so long as no portion of the employee's compensation is paid from any bingo receipts;
- Pay consulting fees to any person in relation to electronic instant bingo.

The act also prohibits any person from selling, offering to sell, or otherwise providing or offering to provide an unapproved electronic instant bingo system to any person for use in Ohio.

A person who knowingly violates any of those prohibitions is guilty of illegal electronic instant bingo conduct, which is a first degree misdemeanor for a first offense and a fifth degree felony for any subsequent offense. A person who knowingly violates a rule of the AG concerning electronic instant bingo is subject to the same penalties.

### **Bingo licenses, generally**

(R.C. 2915.01, 2915.08, 2915.081, and 2915.082)

#### **Denial or suspension**

Under the act, the AG may deny, suspend, or limit an organization's bingo license, if the AG has good cause to believe that any director or officer of the organization has breached the director's or officer's fiduciary duty to the organization.

Similarly, the act allows the AG to deny, suspend, or limit a bingo distributor or manufacturer license if the AG has good cause to believe that the distributor or manufacturer, any partner or officer of the distributor or manufacturer, or any person who has an ownership interest of 10% or more in the distributor or manufacturer, has committed a breach of fiduciary

duty, theft, or other type of misconduct related to a charitable organization that has a bingo license.

Continuing law allows the AG to deny or suspend a bingo license or a distributor or manufacturer license for certain other reasons involving dishonesty or violations of the Gambling Law.

### **Youth athletic park organizations**

The act eliminates a requirement that a youth athletic park organization's playing fields have been used for nonprofit youth athletic activities for at least 100 days during a given year in order for the organization to obtain a bingo license. Under continuing law, such an organization must be a nonprofit organization that owns, operates, and maintains playing fields that are used for nonprofit youth athletic activities and that are never used to make a profit.

### **License type**

The act requires a bingo license to indicate whether it is a Type I, Type II, or Type III license, along with the other relevant information that must be included under continuing law.

### **Technical changes**

Finally, the act makes numerous stylistic and technical changes to the section of law governing bingo licenses in order to incorporate "Type I," "Type II," and "Type III" license terminology, in line with the terms the AG uses; to clarify that an organization does not need a license to conduct a raffle; and generally to make the section easier to read. However, the bill does not change the requirements for the licenses, except as specified above.

### **Alcohol sales during traditional bingo**

(R.C. 4301.03 and 4303.17)

The act allows an organization that has a D-4 liquor permit to sell alcohol for on-premises consumption while it is conducting traditional bingo games. Under continuing law, a D-4 permit allows a private club to sell alcohol to its members for consumption on the premises. Prior law prohibited a club from selling alcohol under its D-4 permit during traditional bingo games.

### **Minors playing traditional bingo**

(R.C. 2915.09)

The act makes a technical correction to clarify the penalty that applies to a charitable organization if it permits a person the organization knows, or should have known, is under 18 to play traditional bingo. Under continuing law, such a violation is a first degree misdemeanor on the first offense and a fourth degree felony on any subsequent offense.

## **Bingo Law enforcement**

(R.C. 2915.08, 2915.081, 2915.082, and 2915.10)

### **Charitable organizations**

The act allows the AG or a law enforcement agency to examine the accounts and records of any officer, agent, trustee, member, or employee of a charitable organization with a bingo license, in addition to examining the charitable organization's accounts and records as permitted under continuing law.

The act specifies that the AG may impose a civil fine on an organization for failure to comply with the Bingo Law or related rules, according to a schedule of fines adopted under the Administrative Procedure Act.

### **Distributors and manufacturers**

The act also permits the AG or a law enforcement agency to do any of the following with respect to a bingo distributor or manufacturer or any officer, agent, trustee, member, or employee of the bingo distributor or manufacturer:

- Investigate the person;
- Examine the person's accounts and records;
- Conduct inspections of the premises where bingo supplies are manufactured or distributed.

Under the act, if a law enforcement agency has reasonable grounds to believe that a bingo distributor or manufacturer or an officer, agent, trustee, member, or employee of the bingo distributor or manufacturer has violated any provision of the chapter of the Revised Code governing gambling, the agency may commence a court action to enforce that chapter, so long as the agency gives the AG written notice of the action.

The act prohibits any person from destroying, altering, concealing, withholding, or denying access to any accounts or records of a bingo distributor or manufacturer that have been requested for examination. And, the act prohibits any person from obstructing, impeding, or interfering with any inspection, audit, or observation of premises where bingo supplies are manufactured or distributed. Whoever violates those prohibitions is guilty of a first degree misdemeanor.

Continuing law gives the AG and law enforcement agencies those powers with respect to charitable organizations that conduct bingo, but not with respect to bingo distributors or manufacturers.

The act also specifies that the AG may impose a civil fine on a distributor or manufacturer for failure to comply with the Bingo Law or related rules, according to a schedule of fines adopted under the Administrative Procedure Act.

## Charitable organizations

(R.C. 1716.21)

The act prohibits a state agency or official from imposing any filing or reporting requirements on a charitable organization that is more stringent, restrictive, or expansive than the requirements explicitly authorized by the Revised Code. This prohibition is not to be construed as repealing or otherwise negating any rule or requirement already in existence. It is also not to be construed as negating or limiting any of the following:

- Any civil or criminal right, claim, or defense that the AG may assert under the Revised Code or common law;
- The authority of the AG to institute and prosecute an action to enforce any provision of the Revised Code the AG is authorized to enforce;
- The independent authority of the AG to protect charitable assets in Ohio.

All of the following are exempt from this prohibition:

- State grants and contracts;
- Fraud investigations;
- Any enforcement action taken against a specific charitable organization;
- Settlement agreements;
- Assurances of discontinuance;
- Court judgments;
- Entities operating under the Ohio Gambling laws.

## Ohio Peace Officer Training Academy

(R.C. 109.79, 109.802, repealed; R.C. 2981.13, and 3772.01)

The act makes the following changes to funds associated with the Ohio Peace Officer Training Academy:

1. Eliminates the Law Enforcement Assistance Fund;
2. Codifies the Peace Officer Training Academy Fee Fund into permanent law, and specifies all of the following:
  - a. The fund is in the state treasury;
  - b. Tuition paid by a political subdivision or by the State Public Defenders Office must be deposited into the fund;
  - c. The AG must use money in the fund to pay costs associated with operation of the Academy.
3. Eliminates the Peace Officer Training Commission Fund and transfers its functions and purposes to the Ohio Law Enforcement Training Fund;

Under continuing law, if a court other than a juvenile court orders a forfeiture, a portion of the forfeiture must be distributed to various law enforcement related funds. Under the act, the forfeiture amount that used to be deposited into the Peace Officer Training Commission Fund instead must be deposited into the Ohio Law Enforcement Training Fund. A provision of law, retained by the act, requires these funds to be used by the Ohio Peace Officer Commission only to pay the cost of peace officer training.

The Ohio Law Enforcement Training Fund is the fund described in the Ohio Constitution, which must receive 2% of the proceeds of the gross casino revenue tax collected by the state, to enhance public safety by providing additional training opportunities to the law enforcement community.<sup>20</sup>

4. Authorizes the use of money in the Ohio Law Enforcement Training Fund for all training opportunities for the law enforcement community, rather than for additional training only.

## **Pilot program – funding peace officer and trooper training**

(Section 701.70(A))

### **Creation of pilot program; background on training requirements**

The act requires the AG, not later than December 1, 2021, to create a pilot program for state funding of the training of peace officers and troopers that is required under R.C. 109.803. The program must be administered by the AG's office. As used in these provisions, a "peace officer" is a person under the definition of that term set forth in R.C. 109.71 and a "trooper" is an individual appointed as a State Highway Patrol Trooper. The program will be a one-year program, operating in calendar year 2022. The R.C. 109.803 training requirements specify that, with limited exceptions, every appointing authority must require its appointed peace officers and troopers to complete up to 24 hours of continuing professional training each calendar year, as directed by the Ohio Peace Officer Training Commission.

Note that, as described above in "**Ohio Peace Officer Training Academy**," the act repeals an existing statutory mechanism (R.C. 109.802) that, along with a related Administrative Code mechanism ([Ohio Administrative Code rule 109:2-18-04](#)), provides for state funding of the training of peace officers and troopers that is required under R.C. 109.803.

### **Agency certification of salaries**

Under the pilot program, not later than December 2, 2021, each law enforcement agency with peace officers or troopers who are subject to the R.C. 109.803 training requirement must certify to the AG the total of all salaries to be paid in calendar year 2022 to officers or troopers of the agency who will receive that training in calendar year 2022 and their hourly rates of pay.

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<sup>20</sup> Ohio Constitution Article XV, Section 6(C)(3)(f).

## **Operation of pilot program and payments**

Not later than January 1, 2022, the AG must begin the pilot program's operation. Prior to that date, the AG must establish rules, under R.C. 111.15, for the program's operation and administration, for determining eligibility for funding and payments, and for providing the funding and payments.

From money appropriated for the pilot program, the AG must pay each law enforcement agency with peace officers or troopers who are subject to the R.C. 109.803 training requirement an amount to cover up to 50% of the total cost of the salaries of the officers or troopers who will receive that training in calendar year 2022, as certified by the agency, during the period of the training. The amount paid must cover only the period when the officers or troopers are receiving that training, and may not exceed an amount covering 24 hours of the training.

If the amount appropriated for the pilot program is insufficient to pay 50% of the total cost of the salaries of the peace officers or troopers of all law enforcement agencies to be paid in calendar year 2022, the amount paid to each agency must be reduced so that each agency is paid an equal percentage of its cost in 2022 for the training. No payment may be made under the program after January 1, 2023. If a law enforcement agency does not use all of the money for the salaries it certified, it must return the unused money to the AG.

A law enforcement agency that receives payments under the pilot program will be responsible for paying the cost of training required under R.C. 109.803 that exceeds the amount of the payment.

## **Sole state funding for the training**

The act specifies that state funding for the training of peace officers or troopers that is required under R.C. 109.803 will be provided in calendar year 2022 only in accordance with the pilot program, notwithstanding any other provision of law that addresses any alternative method of state funding for such training. However, this limitation does not apply with respect to direct appropriations made to a state law enforcement agency.

## **Agency and AG reports**

Each law enforcement agency that receives money under the pilot program must submit to the AG, by the date the AG specifies, a report that states the amount of money the agency received, how and when that money was used, and any other information the AG requires with respect to the use of the money. The AG must prepare a report that compiles the information in the agency reports and submit it to the General Assembly and the Legislative Service Commission.

## **Law Enforcement Training Funding Study Commission**

(Section 701.70(B))

The act creates the 12-member Law Enforcement Training Funding Study Commission. The members are: (1) the AG or a designee of the AG with experience in law enforcement funding issues, (2) the Director of Public Safety or a designee of the Director with experience in

law enforcement funding issues, (3) three members of the House appointed by the Speaker, with not more than two from the same political party, (4) three members of the Senate appointed by the Senate President, with not more than two from the same political party, and (5) four members of the public appointed by the Governor, with each having a law enforcement background. The Speaker, the President, and the Governor must make their initial appointments not later than October 30, 2021 (30 days after this provision's effective date).

The Commission must study possible long-term methods for providing state funding to law enforcement agencies for training their peace officers and troopers as required under R.C. 109.803. The Commission must evaluate as part of the study the plans for the pilot program described above. Upon completing the study, the Commission must prepare a report of its findings and recommendations for a long-term method for that state funding. The Commission must submit the report by March 1, 2022, to the Governor, the General Assembly, the AG, and the Legislative Service Commission. The Commission ceases to exist when it submits the report.

The act includes provisions regarding the Commission's initial and subsequent meetings, selection of officers, adoption of procedures for its proceedings, establishment of a quorum and making recommendations, disqualification of appointed members and appointment of replacements, and members serving without compensation. Commission meetings must be open to the public under the state's Open Meetings Law, and the Commission must keep minutes of its meetings as public records under the state's Public Records Law.

## **Delinquent municipal income tax collection**

(R.C. 131.025)

Continuing law requires the AG to participate in the federal Treasury Offset Program (TOP) for collecting past due state income taxes and covered unemployment compensation debts. The act further requires the AG to participate in the TOP for delinquent municipal income taxes to the extent that such taxes qualify for the program.

The TOP assists in the collection of certain debts owed to federal agencies and states by deducting delinquent amounts from federal tax refunds and other payments by the federal government to the indebted person. Federal law permits collection of local income tax delinquencies through the TOP only if the taxes are "administered by the chief tax administration agency of the State."<sup>21</sup> The act declares that the AG is the tax administrator with respect to past due municipal income taxes that are certified to the AG for collection. It expressly provides that the title is conferred only for the purpose of qualifying for the TOP.

Under continuing law, municipal income taxes are generally administered by a local tax administrator designated by the taxing municipality. Only municipal utility net profits taxes and

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<sup>21</sup> 26 U.S.C. 6402(e)(5).



taxes of certain businesses that opt for centralized collection and administration are administered by a state agency – in both cases, the Tax Commissioner.<sup>22</sup>

## **Foreclosure sale reports to the AG**

(R.C. 2329.312)

The act revises requirements concerning the quarterly reports that sheriffs and private selling officers who conduct foreclosure sales of residential property must submit to the AG. Specifically, it adds a requirement that the reports contain specific data that shows whether deadlines applying to the appraisal, the buyer's payment for the property sold at an auction, and the confirmation of sale were met. The reports must also include information as to whether the statutory deadline was met for the sale of vacant and abandoned property.

The act maintains the requirement that the AG make the information submitted in the reports publicly available. However, it removes a requirement that the AG maintain a database with the information submitted in the reports.

## **Public record exemption for certain telephone numbers**

(R.C. 149.43)

The act revises the law that exempts from public records release the telephone numbers of crime victims and witnesses to a crime, and of parties to a motor vehicle accident subject to R.C. 5502.11, that are listed in a law enforcement record or report, unless the telephone numbers are requested by an insurer or insurance agent investigating an insurance claim resulting from a motor vehicle accident.

The act's revisions specify that:

1. The telephone numbers of crime victims (see below) and witnesses to a crime are exempt unless the act's provisions with respect to parties to a motor vehicle accident described in (2) apply;

2. The telephone numbers of parties to a motor vehicle accident subject to R.C. 5502.11 (see below) are exempt until the 30<sup>th</sup> day after the accident's occurrence (the exemption does not apply on and after that 30<sup>th</sup> day); and

3. The requirement that the request for the telephone numbers be made as part of an insurance investigation is repealed.

### **Related provisions**

Unchanged by the act:

1. Under the Crime Victims' Rights Law (R.C. 2930.01, not in the act), "victim" means: (a) a person identified as the victim of a crime or specified delinquent act in a police report or in a complaint, indictment, or information that charges the commission of a crime and that

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<sup>22</sup> R.C. Chapters 718 and 5745.

provides the basis for the criminal prosecution or delinquency proceeding and subsequent proceedings to which that law makes reference, or (b) a person who receives injuries as a result of a vehicle, streetcar, trackless trolley, aquatic device, or aircraft accident proximately caused by a violation of a specified nature or a motor vehicle accident proximately caused by a violation of a specified nature and who receives medical treatment of a specified nature.

2. R.C. 5502.11, not in the act, requires every law enforcement agency representing any political subdivision investigating a motor vehicle accident involving a fatality, personal injury, or property damage greater than \$1,000, within five days, to forward a written report of the accident to the Director of Public Safety.