

As Introduced

**128th General Assembly
Regular Session
2009-2010**

H. B. No. 250

Representatives Book, Blessing

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A B I L L

To amend sections 3770.02, 3770.03, 3770.05, 3770.06, 1
3770.07, 3770.08, and 4301.03 and to enact 2
sections 3770.21 to 3770.26, 3770.261, 3770.262, 3
3770.263, and 3770.27 to 3770.31 of the Revised 4
Code to require the State Lottery Commission to 5
establish licensing procedures for video lottery 6
sales agents that are horseracing permit holders 7
and authorizes those agents to conduct lotteries 8
that provide immediate prize determinations for 9
participants through the use of video lottery 10
terminals at not more than seven licensed 11
commercial horseracing tracks. 12
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BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 3770.02, 3770.03, 3770.05, 3770.06, 14
3770.07, 3770.08, and 4301.03 be amended and sections 3770.21, 15
3770.22, 3770.23, 3770.24, 3770.25, 3770.26, 3770.261, 3770.262, 16
3770.263, 3770.27, 3770.28, 3770.29, 3770.30, and 3770.31 of the 17
Revised Code be enacted to read as follows: 18

Sec. 3770.02. (A) Subject to the advice and consent of the 19
senate, the governor shall appoint a director of the state lottery 20

commission who shall serve at the pleasure of the governor. The 21
director shall devote full time to the duties of the office and 22
shall hold no other office or employment. The director shall meet 23
all requirements for appointment as a member of the commission and 24
shall, by experience and training, possess management skills that 25
equip the director to administer an enterprise of the nature of a 26
state lottery. The director shall receive an annual salary in 27
accordance with pay range 48 of section 124.152 of the Revised 28
Code. 29

(B)(1) The director shall attend all meetings of the 30
commission and shall act as its secretary. The director shall keep 31
a record of all commission proceedings and shall keep the 32
commission's records, files, and documents at the commission's 33
principal office. All records of the commission's meetings shall 34
be available for inspection by any member of the public, upon a 35
showing of good cause and prior notification to the director. 36

(2) The director shall be the commission's executive officer 37
and shall be responsible for keeping all commission records and 38
supervising and administering the state lottery in accordance with 39
this chapter, and carrying out all commission rules adopted under 40
section 3770.03 of the Revised Code. 41

(C)(1) The director shall appoint an assistant director, 42
deputy directors of marketing, operations, video lottery 43
terminals, sales, finance, public relations, security, and 44
administration, and as many regional managers as are required. The 45
director may also appoint necessary professional, technical, and 46
clerical assistants. All such officers and employees shall be 47
appointed and compensated pursuant to Chapter 124. of the Revised 48
Code. Regional and assistant regional managers, sales 49
representatives, and any lottery executive account representatives 50
shall remain in the unclassified service. 51

There is hereby created a division of video lottery terminals 52

within the commission that the deputy director of video lottery terminals shall supervise. 53
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(2) The director, in consultation with the director of administrative services, may establish standards of proficiency and productivity for commission field representatives. 55
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(D) The director shall request the bureau of criminal identification and investigation, the department of public safety, or any other state, local, or federal agency to supply the director with the criminal records of any job applicant and may periodically request the criminal records of commission employees. At or prior to the time of making such a request, the director shall require a job applicant or commission employee to obtain fingerprint cards prescribed by the superintendent of the bureau of criminal identification and investigation at a qualified law enforcement agency, and the director shall cause these fingerprint cards to be forwarded to the bureau of criminal identification and investigation and the federal bureau of investigation. The commission shall assume the cost of obtaining the fingerprint cards and shall pay to each agency supplying criminal records for each investigation under this division a reasonable fee, as determined by the agency. 58
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(E) The director shall license lottery sales agents pursuant to section 3770.05 of the Revised Code and video lottery sales agents pursuant to section 3770.24 of the Revised Code and, when it is considered necessary, may revoke or suspend the license of any ~~lottery sales~~ such agent under this chapter. 74
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(F) The director shall confer at least once each month with the commission, at which time the director shall advise it regarding the operation and administration of the lottery. The director shall make available at the request of the commission all documents, files, and other records pertaining to the operation and administration of the lottery. The director shall prepare and 79
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make available to the commission each month a complete and 85
accurate accounting of lottery revenues, prize money disbursements 86
and the cost of goods and services awarded as prizes, operating 87
expenses, and all other relevant financial information, including 88
an accounting of all transfers made from any lottery funds in the 89
custody of the treasurer of state to benefit education. 90

(G) The director may enter into contracts for the operation 91
or promotion of the lottery pursuant to Chapter 125. of the 92
Revised Code. 93

(H)(1) Pursuant to rules adopted by the commission under 94
section 3770.03 of the Revised Code, the director shall require 95
~~any~~ lottery sales agents licensed under section 3770.05 of the 96
Revised Code to either mail directly to the commission or deposit 97
to the credit of the state lottery fund, in banking institutions 98
designated by the treasurer of state, net proceeds due the 99
commission as determined by the director, and to file with the 100
director or the director's designee reports of their receipts and 101
transactions in the sale of lottery ~~tickets~~ products in the form 102
required by the director. 103

(2) Pursuant to rules adopted by the commission under Chapter 104
119. of the Revised Code, the director may impose penalties for 105
the failure of a sales agent to transfer funds to the commission 106
in a timely manner. Penalties may include monetary penalties, 107
immediate suspension or revocation of a license, or any other 108
penalty the commission adopts by rule. 109

(I) The director may arrange for any person, or any banking 110
institution, to perform functions and services in connection with 111
the operation of the lottery as the director may consider 112
necessary to carry out this chapter. 113

(J)(1) As used in this chapter, "statewide joint lottery 114
game" means a lottery game that the commission sells solely within 115

this state under an agreement with other lottery jurisdictions to 116
sell the same lottery game solely within their statewide or other 117
jurisdictional boundaries. 118

(2) If the governor directs the director to do so, the 119
director shall enter into an agreement with other lottery 120
jurisdictions to conduct statewide joint lottery games. If the 121
governor signs the agreement personally or by means of an 122
authenticating officer pursuant to section 107.15 of the Revised 123
Code, the director then may conduct statewide joint lottery games 124
under the agreement. 125

(3) The entire net proceeds from any statewide joint lottery 126
games shall be used to fund elementary, secondary, vocational, and 127
special education programs in this state. 128

(4) The commission shall conduct any statewide joint lottery 129
games in accordance with rules it adopts under division (B)(5) of 130
section 3770.03 of the Revised Code. 131

(K)(1) The director shall enter into an agreement with the 132
department of alcohol and drug addiction services under which the 133
department shall provide a program of gambling addiction services 134
on behalf of the commission for persons who participate in the 135
lottery under this chapter, including lotteries authorized by 136
section 3770.22 of the Revised Code. The commission shall pay the 137
costs of the program provided pursuant to the agreement. 138

(2) As used in this section, "gambling addiction services" 139
has the same meaning as in section 3793.01 of the Revised Code. 140

Sec. 3770.03. (A) The state lottery commission shall 141
promulgate rules under which a ~~statewide~~ lottery ~~may, including~~ 142
games providing immediate prize determinations for participants 143
through the use of video lottery terminals, shall be conducted. 144
The rules shall be promulgated pursuant to Chapter 119. of the 145

Revised Code, except that instant game rules shall be promulgated 146
pursuant to section 111.15 of the Revised Code but are not subject 147
to division (D) of that section. Subjects covered in these rules 148
shall include, but need not be limited to, the following: 149

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(1) The type of lottery to be conducted; 151

(2) The prices of ~~tickets in the lottery~~ products; 152

(3) The ~~number~~, nature, and value of prize awards, the manner 153
and frequency of prize drawings and determinations, and the manner 154
in which prizes shall be awarded ~~to holders of winning tickets~~. 155

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(B) The commission shall promulgate rules, in addition to 157
those described in division (A) of this section, pursuant to 158
Chapter 119. of the Revised Code under which ~~a statewide lottery~~ 159
~~and~~ statewide joint lottery games may, and lotteries, including 160
games providing immediate prize determinations through the use of 161
video lottery terminals shall, be conducted. Subjects covered in 162
these rules shall include, but not be limited to, the following: 163

(1) The locations at which lottery ~~tickets~~ products may be 164
sold and the manner in which they are to be sold. These rules may 165
authorize the sale of lottery ~~tickets~~ products by commission 166
personnel or other licensed individuals from traveling show wagons 167
at the state fair, and at any other expositions the director of 168
the commission considers acceptable. These rules shall prohibit 169
commission personnel or other licensed individuals from soliciting 170
from an exposition the right to sell lottery tickets at that 171
exposition, but shall allow commission personnel or other licensed 172
individuals to sell lottery tickets at an exposition if the 173
exposition requests commission personnel or licensed individuals 174
to do so. These rules may also address the accessibility of sales 175
agent locations to commission products in accordance with the 176

"Americans with Disabilities Act of 1990," 104 Stat. 327, 42 177
U.S.C.A. 12101 et seq. 178

(2) The manner in which lottery sales revenues are to be 179
collected, including authorization for the director to impose 180
penalties for failure by lottery sales agents or, under section 181
3770.28 of the Revised Code, video lottery sales agents to 182
transfer revenues to the commission in a timely manner; 183

(3) ~~The~~ Except as provided in section 3770.26 of the Revised 184
Code, the amount of compensation to be paid licensed ~~lottery~~ sales 185
agents; 186

(4) The substantive criteria for the licensing of lottery 187
sales agents consistent with section 3770.05 of the Revised Code, 188
and procedures for revoking or suspending their licenses, or the 189
licenses of video lottery sales agents issued under section 190
3770.24 of the Revised Code, consistent with Chapter 119. of the 191
Revised Code. If circumstances, such as the nonpayment of funds 192
owed by a lottery sales agent or video lottery sales agent, or 193
other circumstances related to the public safety, convenience, or 194
trust, require immediate action, the director may suspend a 195
license without affording an opportunity for a prior hearing under 196
section 119.07 of the Revised Code. 197

(5) Special game rules to implement any agreements signed by 198
the governor that the director enters into with other lottery 199
jurisdictions under division (J) of section 3770.02 of the Revised 200
Code to conduct statewide joint lottery games. The rules shall 201
require that the entire net proceeds of those games that remain, 202
after associated operating expenses, prize disbursements, lottery 203
sales agent bonuses, commissions, and reimbursements, and any 204
other expenses necessary to comply with the agreements or the 205
rules are deducted from the gross proceeds of those games, be 206
transferred to the lottery profits education fund under division 207
(B) of section 3770.06 of the Revised Code. 208

~~(C)~~(6) The manner in which lotteries that use video lottery terminals under section 3770.22 of the Revised Code must be conducted and the security, licensing, and enforcement procedures necessary to ensure the integrity of those lotteries; 209
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(7) Licensing requirements and fees for key gaming employees of video lottery sales agents, as defined in section 3770.21 of the Revised Code, or agents' contractors that employ key gaming employees; provided that the maximum initial or yearly fee for a license issued by the commission and fees associated therewith shall be set by rule by the commission; 213
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(8) Any other subjects the commission determines are necessary for the conduct of lotteries under section 3770.22 of the Revised Code. 219
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(C) Chapter 2915. of the Revised Code does not apply to, affect, or prohibit lotteries conducted pursuant to this chapter. 222
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(D) The commission may conduct lotteries simulating card games, spinning-wheel games, or cast object games by video lottery terminals pursuant to section 3770.22 of the Revised Code. 224
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(E) The commission may promulgate rules, in addition to those described in divisions (A) and (B) of this section, that establish standards governing the display of advertising and celebrity images on lottery tickets and on other items that are used in the conduct of, or to promote, the statewide lottery and statewide joint lottery games. Any revenue derived from the sale of advertising displayed on lottery tickets and on those other items shall be considered, for purposes of section 3770.06 of the Revised Code, to be related proceeds in connection with the statewide lottery or gross proceeds from statewide joint lottery games, as applicable. 227
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~~(D)~~(F)(1) The commission shall meet with the director at least once each month and shall convene other meetings at the 238
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request of the chairperson or any five of the members. No action 240
taken by the commission shall be binding unless at least five of 241
the members present vote in favor of the action. A written record 242
shall be made of the proceedings of each meeting and shall be 243
transmitted forthwith to the governor, the president of the 244
senate, the senate minority leader, the speaker of the house of 245
representatives, and the house minority leader. 246

(2) The director shall present to the commission a report 247
each month, showing the total revenues, prize disbursements, and 248
operating expenses of the state lottery for the preceding month. 249
As soon as practicable after the end of each fiscal year, the 250
commission shall prepare and transmit to the governor and the 251
general assembly a report of lottery revenues, prize 252
disbursements, and operating expenses for the preceding fiscal 253
year and any recommendations for legislation considered necessary 254
by the commission. 255

Sec. 3770.05. (A) As used in this section, "person" means any 256
person, association, corporation, partnership, club, trust, 257
estate, society, receiver, trustee, person acting in a fiduciary 258
or representative capacity, instrumentality of the state or any of 259
its political subdivisions, or any other combination of 260
individuals meeting the requirements set forth in this section or 261
established by rule or order of the state lottery commission. 262

(B) The director of the state lottery commission may license 263
any person as a lottery sales agent for the sale of lottery 264
products. No license shall be issued to any person or group of 265
persons to engage in the sale of lottery ~~tickets~~ products as the 266
person's or group's sole occupation or business. 267

Before issuing any license to a lottery sales agent for the 268
sale of lottery products, the director shall consider all of the 269
following: 270

(1) The financial responsibility and security of the applicant and the applicant's business or activity;	271 272
(2) The accessibility of the applicant's place of business or activity to the public;	273 274
(3) The sufficiency of existing licensed agents to serve the public interest;	275 276
(4) The volume of expected sales by the applicant;	277
(5) Any other factors pertaining to the public interest, convenience, or trust.	278 279
(C) Except as otherwise provided in division (F) of this section, the director of the state lottery commission shall refuse to grant, or shall suspend or revoke, a license <u>issued under this section</u> if the applicant or licensee:	280 281 282 283
(1) Has been convicted of a felony or has been convicted of a crime involving moral turpitude;	284 285
(2) Has been convicted of an offense that involves illegal gambling;	286 287
(3) Has been found guilty of fraud or misrepresentation in any connection;	288 289
(4) Has been found to have violated any rule or order of the commission; or	290 291
(5) Has been convicted of illegal trafficking in food stamps.	292
(D) Except as otherwise provided in division (F) of this section, the director of the state lottery commission shall refuse to grant, or shall suspend or revoke, a license <u>issued under this section</u> if the applicant or licensee is a corporation and any of the following applies:	293 294 295 296 297
(1) Any of the corporation's directors, officers, or controlling shareholders has been found guilty of any of the	298 299

activities specified in divisions (C)(1) to (5) of this section; 300

(2) It appears to the director of the state lottery 301
commission that, due to the experience, character, or general 302
fitness of any director, officer, or controlling shareholder of 303
the corporation, the granting of a license as a lottery sales 304
agent would be inconsistent with the public interest, convenience, 305
or trust; 306

(3) The corporation is not the owner or lessee of the 307
business at which it would conduct a lottery sales agency pursuant 308
to the license applied for; 309

(4) Any person, firm, association, or corporation other than 310
the applicant or licensee shares or will share in the profits of 311
the applicant or licensee, other than receiving dividends or 312
distributions as a shareholder, or participates or will 313
participate in the management of the affairs of the applicant or 314
licensee. 315

(E)(1) The director of the state lottery commission shall 316
refuse to grant a license to an applicant for a lottery sales 317
agent license issued under this section and shall revoke a lottery 318
sales agent license if the applicant or licensee is or has been 319
convicted of a violation of division (A) or (C)(1) of section 320
2913.46 of the Revised Code. 321

(2) The director shall refuse to grant a license issued under 322
this section to an applicant for a lottery sales agent license 323
that is a corporation and shall revoke the lottery sales agent 324
license issued under this section of a corporation if the 325
corporation is or has been convicted of a violation of division 326
(A) or (C)(1) of section 2913.46 of the Revised Code. 327

(F) The director of the state lottery commission shall 328
request the bureau of criminal identification and investigation, 329
the department of public safety, or any other state, local, or 330

federal agency to supply the director with the criminal records of 331
any applicant for a lottery sales agent license, and may 332
periodically request the criminal records of any person to whom a 333
lottery sales agent license has been issued. At or prior to the 334
time of making such a request, the director shall require an 335
applicant or licensee to obtain fingerprint impressions on 336
fingerprint cards prescribed by the superintendent of the bureau 337
of criminal identification and investigation at a qualified law 338
enforcement agency, and the director shall cause those fingerprint 339
cards to be forwarded to the bureau of criminal identification and 340
investigation, to the federal bureau of investigation, or to both 341
bureaus. The commission shall assume the cost of obtaining the 342
fingerprint cards. 343

The director shall pay to each agency supplying criminal 344
records for each investigation a reasonable fee, as determined by 345
the agency. 346

The commission may adopt uniform rules specifying time 347
periods after which the persons described in divisions (C)(1) to 348
(5) and (D)(1) to (4) of this section may be issued a license and 349
establishing requirements for those persons to seek a court order 350
to have records sealed in accordance with law. 351

(G)(1) Each applicant for a lottery sales agent license for 352
the sale of lottery products shall do both of the following: 353

(a) Pay to the state lottery commission, at the time the 354
application is submitted, a fee in an amount that the director of 355
the state lottery commission determines by rule adopted under 356
Chapter 119. of the Revised Code and that the controlling board 357
approves; 358

(b) Prior to approval of the application, obtain a surety 359
bond in an amount the director determines by rule adopted under 360
Chapter 119. of the Revised Code or, alternatively, with the 361

director's approval, deposit the same amount into a dedicated 362
account for the benefit of the state lottery. The director also 363
may approve the obtaining of a surety bond to cover part of the 364
amount required, together with a dedicated account deposit to 365
cover the remainder of the amount required. 366

A surety bond may be with any company that complies with the 367
bonding and surety laws of this state and the requirements 368
established by rules of the commission pursuant to this chapter. A 369
dedicated account deposit shall be conducted in accordance with 370
policies and procedures the director establishes. 371

A surety bond, dedicated account, or both, as applicable, may 372
be used to pay for the lottery sales agent's failure to make 373
prompt and accurate payments for lottery ~~ticket~~ product sales, for 374
missing or stolen lottery ~~tickets~~ products, or for damage to 375
equipment or materials issued to the lottery sales agent, or to 376
pay for expenses the commission incurs in connection with the 377
lottery sales agent's license. 378

(2) A lottery sales agent license for the sale of lottery 379
products is effective for one year, except as otherwise provided 380
in division (B) of section 3770.24 of the Revised Code. 381

A licensed lottery sales agent, on or before the date 382
established by the director, shall renew the agent's license and 383
provide at that time evidence to the director that the surety 384
bond, dedicated account deposit, or both, required under division 385
(G)(1)(b) of this section has been renewed or is active, whichever 386
applies. 387

Before the commission renews a lottery sales agent license, 388
the lottery sales agent shall submit a renewal fee to the 389
commission in an amount that the director determines by rule 390
adopted under Chapter 119. of the Revised Code and that the 391
controlling board approves. The renewal fee shall not exceed the 392

actual cost of administering the license renewal and processing 393
changes reflected in the renewal application. The renewal of the 394
license is effective for up to one year. 395

(3) A lottery sales agent license shall be complete, 396
accurate, and current at all times during the term of the license. 397
Any changes to an original license application or a renewal 398
application may subject the applicant or lottery sales agent, as 399
applicable, to paying an administrative fee that shall be in an 400
amount that the director determines by rule adopted under Chapter 401
119. of the Revised Code, that the controlling board approves, and 402
that shall not exceed the actual cost of administering and 403
processing the changes to an application. 404

(4) The relationship between the commission and a lottery 405
sales agent is one of trust. A lottery sales agent collects funds 406
on behalf of the commission through the sale of lottery ~~tickets~~ 407
products for which the agent receives a compensation. 408

(H) Pending a final resolution of any question arising under 409
this section, the director of the state lottery commission may 410
issue a temporary lottery sales agent license for the sale of 411
lottery products, subject to the terms and conditions the director 412
considers appropriate. 413

(I) If a lottery sales agent's rental payments for the 414
lottery sales agent's premises are determined, in whole or in 415
part, by the amount of retail sales the lottery sales agent makes, 416
and if the rental agreement does not expressly provide that the 417
amount of those retail sales includes the amounts the lottery 418
sales agent receives from lottery ~~ticket~~ product sales, only the 419
amounts the lottery sales agent receives as compensation from the 420
state lottery commission for selling lottery ~~tickets~~ products 421
shall be considered to be amounts the lottery sales agent receives 422
from the retail sales the lottery sales agent makes, for the 423
purpose of computing the lottery sales agent's rental payments. 424

Sec. 3770.06. (A)(1) There is hereby created the state 425
lottery gross revenue fund, which shall be in the custody of the 426
treasurer of state, but shall not be part of the state treasury. 427
All gross revenues received from sales of lottery ~~tickets~~ 428
products, fines, fees, and related proceeds in connection with the 429
statewide lottery and all gross proceeds from statewide joint 430
lottery games shall be deposited into the fund. The treasurer of 431
state shall invest any portion of the fund not needed for 432
immediate use in the same manner as, and subject to all provisions 433
of law with respect to the investment of, state funds. The 434
treasurer of state shall disburse money from the fund on order of 435
the director of the state lottery commission or the director's 436
designee. 437

(2) Except for gross proceeds from statewide joint lottery 438
games, all revenues of the state lottery gross revenue fund that 439
are not paid to ~~holders of winning lottery tickets~~ participants, 440
that are not required to meet short-term prize liabilities, that 441
are not credited to lottery sales agents or video lottery sales 442
agents in the form of bonuses, commissions, or reimbursements, 443
that are not necessary for operating the video lottery terminals 444
under Chapter 3770. of the Revised Code, that are not paid to 445
financial institutions to reimburse those institutions for sales 446
agent nonsufficient funds, and that are not collected from sales 447
agents for remittance to insurers under contract to provide sales 448
agent bonding services shall be transferred to the state lottery 449
fund, which is hereby created in the state treasury. In addition, 450
all revenues of the state lottery gross revenue fund that 451
represent the gross proceeds from the statewide joint lottery 452
games and that are not paid to holders of winning lottery tickets, 453
that are not required to meet short-term prize liabilities, that 454
are not credited to lottery sales agents in the form of bonuses, 455
commissions, or reimbursements, and that are not necessary to 456

cover operating expenses associated with those games or to 457
otherwise comply with the agreements signed by the governor that 458
the director enters into under division (J) of section 3770.02 of 459
the Revised Code or the rules the commission adopts under division 460
(B)(5) of section 3770.03 of the Revised Code shall be transferred 461
to the state lottery fund. ~~All~~ 462

All investment earnings of the state lottery fund shall be 463
credited to the fund. Moneys shall be disbursed from the fund 464
pursuant to vouchers approved by the director. Total disbursements 465
for monetary prize awards to holders of winning lottery tickets in 466
connection with the statewide lottery and purchases of goods and 467
services awarded as prizes to holders of winning lottery tickets 468
shall be of an amount equal to at least fifty per cent of the 469
total revenue accruing from the sale of lottery ~~tickets~~ products. 470

(B) Pursuant to Section 6 of Article XV, Ohio Constitution, 471
there is hereby established in the state treasury the lottery 472
profits education fund. Whenever, in the judgment of the director 473
of budget and management, the amount to the credit of the state 474
lottery fund that does not represent proceeds from statewide joint 475
lottery games is in excess of that needed to meet the maturing 476
obligations of the commission and as working capital for its 477
further operations, the director shall transfer the excess to the 478
lottery profits education fund in connection with the statewide 479
lottery. In addition, whenever, in the judgment of the director of 480
budget and management, the amount to the credit of the state 481
lottery fund that represents proceeds from statewide joint lottery 482
games equals the entire net proceeds of those games as described 483
in division (B)(5) of section 3770.03 of the Revised Code and the 484
rules adopted under that division, the director shall transfer 485
those proceeds to the lottery profits education fund. There shall 486
also be credited to the fund any repayments of moneys loaned from 487
the educational excellence investment fund. Investment earnings of 488

the lottery profits education fund shall be credited to the fund. 489

The lottery profits education fund shall be used solely for 490
the support of elementary, secondary, vocational, and special 491
education programs as determined in appropriations made by the 492
general assembly, or as provided in applicable bond proceedings 493
for the payment of debt service on obligations issued to pay costs 494
of capital facilities, including those for a system of common 495
schools throughout the state pursuant to section 2n of Article 496
VIII, Ohio Constitution. When determining the availability of 497
money in the lottery profits education fund, the director of 498
budget and management may consider all balances and estimated 499
revenues of the fund. 500

(C) There is hereby established in the state treasury the 501
deferred prizes trust fund. With the approval of the director of 502
budget and management, an amount sufficient to fund annuity prizes 503
shall be transferred from the state lottery fund and credited to 504
the trust fund. The treasurer of state shall credit all earnings 505
arising from investments purchased under this division to the 506
trust fund. Within sixty days after the end of each fiscal year, 507
the treasurer of state shall certify to the director of budget and 508
management whether the actuarial amount of the trust fund is 509
sufficient over the fund's life for continued funding of all 510
remaining deferred prize liabilities as of the last day of the 511
fiscal year just ended. Also, within that sixty days, the director 512
of budget and management shall certify the amount of investment 513
earnings necessary to have been credited to the trust fund during 514
the fiscal year just ending to provide for such continued funding 515
of deferred prizes. Any earnings credited in excess of the latter 516
certified amount shall be transferred to the lottery profits 517
education fund. 518

To provide all or a part of the amounts necessary to fund 519
deferred prizes awarded by the commission in connection with the 520

statewide lottery, the treasurer of state, in consultation with 521
the commission, may invest moneys contained in the deferred prizes 522
trust fund ~~which represents~~ that represent proceeds from the 523
statewide lottery in obligations of the type permitted for the 524
investment of state funds but whose maturities are thirty years or 525
less. Notwithstanding the requirements of any other section of the 526
Revised Code, to provide all or part of the amounts necessary to 527
fund deferred prizes awarded by the commission in connection with 528
statewide joint lottery games, the treasurer of state, in 529
consultation with the commission, may invest moneys in the trust 530
fund which represent proceeds derived from the statewide joint 531
lottery games in accordance with the rules the commission adopts 532
under division (B)(5) of section 3770.03 of the Revised Code. 533
Investments of the trust fund are not subject to the provisions of 534
division (A)(10) of section 135.143 of the Revised Code limiting 535
to twenty-five per cent the amount of the state's total average 536
portfolio that may be invested in debt interests and limiting to 537
one-half of one per cent the amount that may be invested in debt 538
interests of a single issuer. 539

All purchases made under this division shall be effected on a 540
delivery versus payment method and shall be in the custody of the 541
treasurer of state. 542

The treasurer of state may retain an investment advisor, if 543
necessary. The commission shall pay any costs incurred by the 544
treasurer of state in retaining an investment advisor. 545

(D) The auditor of state shall conduct annual audits of all 546
funds and any other audits as the auditor of state or the general 547
assembly considers necessary. The auditor of state may examine all 548
records, files, and other documents of the commission, and records 549
of lottery sales agents and of video lottery sales agents that 550
pertain to their activities as agents, for purposes of conducting 551
authorized audits. 552

The state lottery commission shall establish an internal 553
audit program before the beginning of each fiscal year, subject to 554
the approval of the auditor of state. At the end of each fiscal 555
year, the commission shall prepare and submit an annual report to 556
the auditor of state for the auditor of state's review and 557
approval, specifying the internal audit work completed by the end 558
of that fiscal year and reporting on compliance with the annual 559
internal audit program. The form and content of the report shall 560
be prescribed by the auditor of state under division (C) of 561
section 117.20 of the Revised Code. 562

(E) Whenever, in the judgment of the director of budget and 563
management, an amount of net state lottery proceeds is necessary 564
to be applied to the payment of debt service on obligations, all 565
as defined in sections 151.01 and 151.03 of the Revised Code, the 566
director shall transfer that amount directly from the state 567
lottery fund or from the lottery profits education fund to the 568
bond service fund defined in those sections. The provisions of 569
this division are subject to any prior pledges or obligation of 570
those amounts to the payment of bond service charges as defined in 571
division (C) of section 3318.21 of the Revised Code, as referred 572
to in division (B) of this section. 573

Sec. 3770.07. (A)(1) Except as provided in division (A)(2) of 574
this section, lottery prize awards shall be claimed by the holder 575
of the winning lottery ~~ticket~~ product, or by the executor or 576
administrator, or the trustee of a trust, of the estate of a 577
deceased holder of a winning lottery ~~ticket~~ product, in a manner 578
to be determined by the state lottery commission, within one 579
hundred eighty days after the date on which the prize award was 580
announced if the lottery game is an online game, and within one 581
hundred eighty days after the close of the game if the lottery 582
game is an instant game. 583

No lottery prize award with a value that exceeds ~~five~~ eleven 584
hundred ninety-nine dollars shall be claimed by or paid to any 585
person, as defined in section 1.59 of the Revised Code or as 586
defined by rule or order of the state lottery commission, until 587
the name, address, and social security number of each beneficial 588
owner of the prize award are ~~disclosed to~~ documented for the 589
commission. Except when a beneficial owner otherwise consents in 590
writing, in the case of a claim for a lottery prize award made by 591
one or more beneficial owners using a trust, the name, address, 592
and social security number of each such beneficial owner in the 593
commission's records as a result of such a disclosure are 594
confidential and shall not be subject to inspection or copying 595
under section 149.43 of the Revised Code as a public record. 596

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Except as otherwise provided in division (A)(1) of this 598
section or as otherwise provided by law, the name and address of 599
any individual claiming a lottery prize award are subject to 600
inspection or copying under section 149.43 of the Revised Code as 601
a public record. 602

(2) An eligible person serving on active military duty in any 603
branch of the United States armed forces during a war or national 604
emergency declared in accordance with federal law may submit a 605
delayed claim for a lottery prize award. The eligible person shall 606
do so by notifying the state lottery commission about the claim 607
not later than the five hundred fortieth day after the date on 608
which the prize award was announced if the lottery game is an 609
online game or after the date on which the lottery game closed if 610
the lottery game is an instant game. 611

(3) If no valid claim to a lottery prize award is made within 612
the prescribed period, the prize money, the cost of goods and 613
services awarded as prizes, or, if goods or services awarded as 614
prizes are resold by the state lottery commission, the proceeds 615

from their sale shall be returned to the state lottery fund and 616
distributed in accordance with section 3770.06 of the Revised 617
Code. 618

(4) The state lottery commission may share with other 619
governmental agencies the name, address, and social security 620
number of a beneficial owner disclosed to the commission under 621
division (A)(1) of this section, as authorized under sections 622
3770.071 and 3770.073 of the Revised Code. Any shared information 623
as disclosed pursuant to those sections that is made confidential 624
by division (A)(1) of this section remains confidential and shall 625
not be subject to inspection or copying under section 149.43 of 626
the Revised Code as a public record unless the applicable 627
beneficial owner otherwise provides written consent. 628

(5) As used in this division: 629

(a) "Eligible person" means a person who is entitled to a 630
lottery prize award and who falls into either of the following 631
categories: 632

(i) While on active military duty in this state, the person, 633
as the result of a war or national emergency declared in 634
accordance with federal law, is transferred out of this state 635
before the one hundred eightieth day after the date on which the 636
winner of the lottery prize award is selected. 637

(ii) While serving in the reserve forces in this state, the 638
person, as the result of a war or national emergency declared in 639
accordance with federal law, is placed on active military duty and 640
is transferred out of this state before the expiration of the one 641
hundred eightieth day after the date on which the prize drawing 642
occurs for an online game or before the expiration of the one 643
hundred eightieth day following the close of an instant game as 644
determined by the commission. 645

(b) "Active military duty" means that a person is covered by 646

the "Servicemembers Civil Relief Act," 117 Stat. 2835 (2003), 50 647
U.S.C. 501 et seq., as amended, or the "Uniformed Services 648
Employment and Reemployment Rights Act of 1994," 108 Stat. 3149, 649
38 U.S.C. 4301 et seq., as amended. 650

(c) "Each beneficial owner" means the ultimate recipient or, 651
if there is more than one, each ultimate recipient of a lottery 652
prize award. 653

(B) If a prize winner, as defined in section 3770.10 of the 654
Revised Code, is under eighteen years of age, or is under some 655
other legal disability, and the prize money or the cost of goods 656
or services awarded as a prize exceeds one thousand dollars, the 657
director of the state lottery commission shall order that payment 658
be made to the order of the legal guardian of that prize winner. 659
If the amount of the prize money or the cost of goods or services 660
awarded as a prize is one thousand dollars or less, the director 661
may order that payment be made to the order of the adult member, 662
if any, of that prize winner's family legally responsible for the 663
care of that prize winner. 664

(C) No right of any prize winner, as defined in section 665
3770.10 of the Revised Code, to a prize award shall be the subject 666
of a security interest or used as collateral. 667

(D)(1) No right of any prize winner, as defined in section 668
3770.10 of the Revised Code, to a prize award shall be assignable 669
except as follows: when the payment is to be made to the executor 670
or administrator, or the trustee of a trust, of the estate of a 671
~~winning ticket holder~~ prize winner; when the award of a prize is 672
disputed, any person may be awarded a prize award to which another 673
has claimed title, pursuant to the order of a court of competent 674
jurisdiction; when a person is awarded a prize award to which 675
another has claimed title, pursuant to the order of a federal 676
bankruptcy court under Title 11 of the United States Code; or as 677
provided in sections 3770.10 to 3770.14 of the Revised Code. 678

(2)(a) No right of any prize winner, as defined in section 679
3770.10 of the Revised Code, to a prize award with a remaining 680
unpaid balance of less than one hundred thousand dollars shall be 681
subject to garnishment, attachment, execution, withholding, or 682
deduction except as provided in sections 3119.80, 3119.81, 683
3121.02, 3121.03, and 3123.06 of the Revised Code or when the 684
director is to make a payment pursuant to section 3770.071 or 685
3770.073 of the Revised Code. 686

(b) No right of any prize winner, as defined in section 687
3770.10 of the Revised Code, to a prize award with an unpaid 688
balance of one hundred thousand dollars or more shall be subject 689
to garnishment, attachment, execution, withholding, or deduction 690
except as follows: as provided in sections 3119.80, 3119.81, 691
3121.02, 3121.03, and 3123.06 of the Revised Code; when the 692
director is to make a payment pursuant to section 3770.071 or 693
3770.073 of the Revised Code; or pursuant to the order of a court 694
of competent jurisdiction located in this state in a proceeding in 695
which the state lottery commission is a named party, in which case 696
the garnishment, attachment, execution, withholding, or deduction 697
pursuant to the order shall be subordinate to any payments to be 698
made pursuant to section 3119.80, 3119.81, 3121.02, 3121.03, 699
3123.06, 3770.071, or 3770.073 of the Revised Code. 700

(3) The state lottery commission may adopt and amend rules 701
pursuant to Chapter 119. of the Revised Code as necessary to 702
implement division (D) of this section, to provide for payments 703
from prize awards subject to garnishment, attachment, execution, 704
withholding, or deduction, and to comply with any applicable 705
requirements of federal law. 706

(4) Upon making payments from a prize award as required by 707
division (D) of this section, the director and the state lottery 708
commission are discharged from all further liability for those 709
payments, whether they are made to an executor, administrator, 710

trustee, judgment creditor, or another person, or to the prize
winner, as defined in section 3770.10 of the Revised Code.

(5) The state lottery commission shall adopt rules pursuant
to section 3770.03 of the Revised Code concerning the payment of
prize awards upon the death of a prize winner, as defined in
section 3770.10 of the Revised Code. Upon the death of a prize
winner, the remainder of the prize winner's prize award, to the
extent it is not subject to a transfer agreement under sections
3770.10 to 3770.14 of the Revised Code, may be paid to the
executor, administrator, or trustee in the form of a discounted
lump sum cash settlement.

(E) No lottery prize award shall be awarded to or for any
officer or employee of the state lottery commission, any officer
or employee of the auditor of state actively auditing,
coordinating ~~and~~, or certifying commission drawings, or any blood
relative or spouse of such an officer or employee of the
commission or auditor of state living as a member of the officer's
or employee's household, nor shall any such officer, employee,
blood relative, or spouse attempt to claim a lottery prize award.

(F) The director may prohibit vendors to the state lottery
commission and their employees from being awarded a lottery prize
award.

(G) Upon the payment of prize awards pursuant to a provision
of this section other than a provision of division (D) of this
section or section 3770.28 of the Revised Code, the director and
the state lottery commission are discharged from all further
liability for their payment. Installment payments of lottery prize
awards shall be paid by official check or warrant, and they shall
be sent by mail delivery to the prize winner's address within the
United States or by electronic funds transfer to an established
bank account located within the United States, or the prize winner
may pick them up at an office of the commission.

Sec. 3770.08. (A) No person shall sell a lottery ticket at a price greater than that ~~fixed~~ established by rule of the state lottery commission.

(B) No person other than a licensed lottery sales agent or video lottery sales agent shall sell lottery ~~tickets~~ products, but nothing in this section shall be construed to prevent any person from giving lottery ~~tickets~~ products to another as a gift. A transfer of lottery ~~tickets~~ products by any person ~~which~~ that is made in connection with a marketing, promotional, or advertising program shall be deemed to be a gift for the purposes of this chapter.

(C) No person shall sell a lottery ~~ticket~~ product to any person under eighteen years of age, and no person under eighteen years of age shall attempt to purchase a lottery ~~ticket~~ product. The commission shall adopt rules to establish a problem gamblers list and create a voluntary exclusion program.

(D) No person, directly or indirectly, on behalf of self, or another, nor any organization, shall invite, solicit, demand, offer, or accept any payment, contribution, favor, or other consideration to influence the award, renewal, or retention of a lottery sales or video lottery sales agent license.

(E) Except as otherwise provided in this division, no person shall sell lottery tickets on any fairgrounds during any annual exhibition conducted in accordance with Chapter 991. or 1711. of the Revised Code. "Fairgrounds" includes any land or property under the control or management of any agricultural society or of the Ohio expositions commission. This division does not apply to the sale of lottery ~~tickets~~ products by the commission at the state fairground during the state fair.

Sec. 3770.21. As used in sections 3770.21 to 3770.30 of the

<u>Revised Code:</u>	773
<u>(A) "Associated equipment" means any hardware or software</u>	774
<u>that is connected to video lottery terminal or the central</u>	775
<u>communications system for the purpose of performing communications</u>	776
<u>to, or validation, auditing, or data and information retrieval by,</u>	777
<u>the state lottery commission. "Associated equipment" does not</u>	778
<u>include telecommunications facilities and equipment of a public</u>	779
<u>utility or video lottery terminals.</u>	780
<u>(B) "Central communications system" means the computer system</u>	781
<u>that is operated and controlled under the authority of the state</u>	782
<u>lottery commission, to which video lottery terminals and their</u>	783
<u>associated equipment communicate for security, auditing, data and</u>	784
<u>information retrieval, and other purposes authorized under this</u>	785
<u>chapter and that has the ability to activate and deactivate the</u>	786
<u>operation of video lottery terminals.</u>	787
<u>(C) "EDGE business enterprises" has the same meaning as in</u>	788
<u>section 123.152 of the Revised Code.</u>	789
<u>(D) "Video lottery terminal" means a device approved by the</u>	790
<u>state lottery commission for the purpose of conducting at tracks</u>	791
<u>lotteries that provide immediate prize determinations for</u>	792
<u>participants.</u>	793
<u>(E) "Video lottery sales agent" means a person who is a</u>	794
<u>permit holder and holds a current license issued under section</u>	795
<u>3770.24 of the Revised Code to assist the state lottery commission</u>	796
<u>in conducting lotteries through the use of video lottery terminals</u>	797
<u>at a track.</u>	798
<u>(F) "Gross proceeds" means the amount of wagers by</u>	799
<u>participants in lotteries minus payments to winning participants</u>	800
<u>and minus value credits redeemed through a video lottery terminal.</u>	801
<u>(G) "Key gaming employee" means an individual determined to</u>	802

be a key gaming employee under rules adopted by the state lottery commission. 803
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(H) "Ohio-based business" means a business that is subject to a tax imposed by Chapter 5725., 5727., 5733., or 5751. of the Revised Code and that has a physical presence in this state. 805
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(I) "Permit holder" means a person, as defined in section 1701.01 of the Revised Code, that has been authorized by the state racing commission to conduct one or more horse racing meetings under Chapter 3769. of the Revised Code. 808
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(J) "Value credit" means a credit that provides customers of a video lottery sales agent with free plays on video lottery terminal. 812
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(K) "Track" means any place, track, or enclosure where a permit holder conducts live horse racing for profit at a racing meeting. "Track" includes facilities on premises contiguous or adjacent to those places, tracks, or enclosures. 815
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Sec. 3770.22. The state lottery commission shall conduct lotteries that provide immediate prize determinations for participants through the use of video lottery terminals. The commission shall conduct these lotteries only through video lottery sales agents that were permit holders that conducted live horseracing meetings continuing since calendar year 2003, and only at tracks operated by one or more video lottery sales agents. If, on the effective date of this section, more than one permit holder conducted horseracing meetings at a track during the previous calendar year, the permit holders shall designate, by a written agreement, one permit holder, or a person or entity owning or owned by one or more permit holders, as the video lottery sales agent for that track. The agreement shall be filed with the commission prior to the issuance of a video lottery sales agent license and shall not be modified without the consent of the 819
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commission. 834

Sec. 3770.23. A video lottery terminal shall be connected to 835
the central communications system. The state lottery commission 836
shall evaluate and approve both the hardware of a video lottery 837
terminal and the software that is used to operate the video 838
lottery terminal. The commission shall contract with an 839
independent testing laboratory to ensure that the video lottery 840
terminals operate in full compliance with all rules and 841
regulations. The commission shall not approve a video lottery 842
terminal unless the software that is used to operate the video 843
lottery terminal will provide to participants a projected average 844
return of more than eighty-five per cent during the expected 845
lifetime of the video lottery terminal using standard methods of 846
probability theory. 847

Except as provided in the agreement required by section 848
3770.26 of the Revised Code, the number, type, denomination, and 849
location of video lottery terminals at a track shall be agreed 850
upon between the agent and the commission. Not more than sixty per 851
cent of the video lottery terminals operated by the commission at 852
the track of a video lottery sales agent during the first five 853
years of operation shall be manufactured by the same entity. 854

Sec. 3770.24. (A) The director of the state lottery 856
commission shall license a permit holder as a video lottery sales 857
agent. Each applicant for a license as a video lottery sales agent 858
shall do all of the following: 859

(1) Pay to the commission a nonrefundable application fee of 860
one hundred thousand dollars; 861

(2) Present proof, in the form required by the director, that 862
the applicant is a permit holder; 863

(3) Prior to the approval of the application, obtain a letter of credit, or a surety, or, if required by the director, a fidelity bond, in an amount to be determined by the director, but not more than two million dollars. The bond may be with any company that complies with the bonding and surety laws of this state and the requirements established by rules of the commission under section 3770.03 of the Revised Code. 864
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(B) A video lottery sales agent license is effective for ten years. A video lottery sales agent, on or before the date established by the director, shall renew the agent's license and the agreement required by section 3770.26 of the Revised Code, and provide evidence that the agent is a current permit holder and has renewed the letter of credit, surety, or bond required by this section. 871
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A video lottery sales agent may only transfer the agent's video lottery sales license with the consent of the commission. 878
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(C) Any violation of this chapter, or of any rule adopted under it, is sufficient reason for the commission to refuse to issue a license, or for the commission to suspend or revoke any license issued, under this section. 880
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With respect to the issuance, refusal, suspension, or revocation of a license under this section, the action of the commission is subject to Chapter 119. of the Revised Code. 884
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Sec. 3770.25. The relationship between the state lottery commission and a video lottery sales agent is one of trust. A video lottery sales agent collects funds on behalf of the commission through the sale of lottery products for which the agent receives a commission. 887
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A video lottery sales agent may provide value credits to its customers as authorized by rule of the state lottery commission to 892
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promote and advertise the use of video lottery terminals. 894
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Sec. 3770.26. (A) The state lottery commission shall execute 896
an agreement with each video lottery sales agent. Each agreement 897
and renewed agreement shall provide all of the following: 898

(1) That fifty per cent of the gross proceeds of the 899
lotteries conducted under section 3770.22 of the Revised Code 900
shall be paid as a commission to the agent for services and 901
personnel provided under section 3770.28 of the Revised Code by 902
the agent for the lotteries and for the provision, maintenance, 903
and repair of the buildings and grounds at the track where the 904
video lottery terminals are located and that the remaining fifty 905
per cent of the gross proceeds shall be retained by the state; 906

(2) That the agent shall give to the commission a written 907
schedule that lists the installed cost of all fixtures and 908
equipment supplied by the agent to assist the commission in 909
conducting lotteries under section 3770.22 of the Revised Code; 910

(3) That not more than two thousand five hundred video 911
lottery terminals shall be placed at each track, without a 912
determination by the director of the state lottery commission that 913
the number of devices is consistent with the purposes of this 914
chapter and has been requested by the agent; 915

(4) That the agent shall do all of the following: 916

(a) Set a goal to award not less than fifty per cent of the 917
contracts related to the provision, maintenance, and repair under 918
division (B) of section 3770.28 of the Revised Code of necessary 919
capital improvements for the facilities at the track at which 920
video lottery terminals are located to, and make a good faith 921
effort to see that not less than fifty per cent of the 922
subcontracts of those contracts are awarded to, Ohio-based 923

businesses; 924

(b) Make a good faith effort to see that not less than five 925
per cent of the subcontracts described in division (A)(5)(a) of 926
this section are awarded to Ohio-based businesses that are EDGE 927
business enterprises in accordance with executive order 2008-13S; 928

(c) Set a goal that not less than fifty per cent of the key 929
video lottery employees and other personnel employed under 930
division (C) of section 3770.28 of the Revised Code to perform 931
duties to implement sections 3770.21 to 3770.30 of the Revised 932
Code are residents of the county where the track is located or of 933
a county adjacent to that county. 934

(5) That, not later than one year after the initial 935
implementation of sections 3770.21 to 3770.30 of the Revised Code 936
and annually thereafter, the agent shall report to the commission 937
on its efforts to comply with divisions (A)(4)(a) and (d) of this 938
section; 939

(6) That within five years after commencing operation of the 940
lotteries conducted under section 3770.22 of the Revised Code, the 941
agent shall make not less than eighty million dollars in 942
improvements to the buildings and grounds at the track where the 943
video lottery terminals are located, including temporary 944
facilities, with not less than twenty million dollars in 945
improvements to the buildings and grounds at the track being made 946
within the first year. All improvements are subject to review by 947
the commission. 948

(B) The term of the agreement shall not exceed ten years and 949
shall not be terminated by the parties during its term, except for 950
breach of a provision of the agreement, or suspension or 951
revocation of a video lottery sales agent's license issued under 952
section 3770.24 of the Revised Code or of a permit issued under 953
Chapter 3769. of the Revised Code. The video lottery sales agent 954

shall have exclusive rights to conduct lotteries through the use 955
of video lottery terminals during the term of the agreement. If 956
the commission intends to terminate or not renew an agreement, it 957
shall provide the agent with an opportunity for an adjudication 958
under Chapter 119. of the Revised Code. 959

Sec. 3770.261. (A) The agreement between the state lottery 960
commission and each video lottery sales agent shall provide that a 961
one-time licensing fee equal to sixty-five million dollars shall 962
be paid by the agent to the commission, with thirteen million 963
dollars to be paid on September 15, 2009, thirteen million dollars 964
to be paid on December 15, 2009, thirteen million dollars to be 965
paid on March 15, 2010, thirteen million dollars to be paid on 966
June 15, 2010, and thirteen million dollars to be paid on 967
September 15, 2010. 968

(B) Video lottery sales agents shall file with the commission 969
all documents relating to their borrowing or financing of video 970
lottery terminal licensing fees stating the date at which the 971
borrowing or financing is retired. 972

Sec. 3770.262. (A) The state lottery commission may charge 973
fees to persons applying for a contract as a vendor, retailer, or 974
lessor of video lottery terminals. The fees shall be reasonably 975
calculated to cover the costs of processing applications. 976

(B) If the state lottery commission determines the 977
certification standards of another state are comprehensive, 978
thorough, and provide adequate safeguards, the commission may 979
certify an applicant without the necessity of a full 980
investigation. 981

Sec. 3770.263. (A) There is hereby created the video lottery 982
study council consisting of five members. The speaker of the house 983
of representatives shall appoint to the council two members of the 984

house of representatives, the president of the senate shall 985
appoint to the council two members of the senate, and the governor 986
shall appoint to the council one member. Members of the council 987
shall serve at the pleasure of their appointing authority, and 988
shall serve without compensation, but shall be reimbursed for 989
actual and necessary expenses incurred in the performance of their 990
duties. 991

(B) The council shall do all of the following: 992

(1) Make an impartial review of all laws governing the 993
operation and administration of video lottery gaming and recommend 994
to the general assembly any changes it may find desirable with 995
respect to the language, structure, and organization of those 996
laws; 997

(2) Make an annual report to the governor and the general 998
assembly with respect to the operation and administration of video 999
lottery gaming; and 1000

(3) Study all proposed changes in the laws governing the 1001
operation and administration of video lottery gaming and report to 1002
the general assembly on their desirability as a matter of public 1003
policy. 1004

Sec. 3770.27. In conducting lotteries under section 3770.22 1005
of the Revised Code, the director of the state lottery commission 1006
shall do all of the following: 1007

(A) Approve, qualify, certify, purchase or lease, install, 1008
maintain, repair, replace, and operate all video lottery 1009
terminals, associated equipment, and intellectual property 1010
necessary for the conduct of the lotteries. At the commencement of 1011
operations the video lottery terminals shall be new, 1012
state-of-the-art video lottery terminals. Thereafter, the video 1013
lottery sales agent has the right to request that underperforming 1014

video lottery terminals be removed and replaced with better 1015
performing video lottery terminals. 1016

(B) Procure, install, establish, maintain, repair, replace, 1017
and operate the central communications system that provides 1018
security, auditing, and data and information retrieval as 1019
determined necessary by the commission, that is compatible with 1020
all video lottery terminal manufacturers, distributors, suppliers, 1021
and providers, and that uses a gaming standards association 1022
communications protocol. The central communications system 1023
provider shall upgrade the protocol to the latest standards at the 1024
request of the commission. The central communications system shall 1025
be online and in communication with computers, video lottery 1026
terminals, and associated equipment located at the tracks of video 1027
lottery sales agents. 1028

(C) Select, qualify, certify, retain, pay, and terminate all 1029
contractors, suppliers, service companies, and vendors of the 1030
commission necessary for the conduct of lotteries under section 1031
3770.22 of the Revised Code, including those persons that provide 1032
video lottery terminals, associated equipment, and the central 1033
communications system; 1034

(D) Establish standards for the daily payment on business 1035
days, by a video lottery sales agent through electronic transfer 1036
or other system mandated by the director, of the gross proceeds of 1037
lotteries conducted under section 3770.22 of the Revised Code, 1038
less the commission paid to the video lottery sales agent under 1039
division (A)(1) of section 3770.26 of the Revised Code; 1040

(E) Review advertising and promotion of the lottery and 1041
levels thereof. The commission may approve or disapprove of any 1042
advertising and promotion, but approval shall not be unreasonably 1043
withheld. 1044

Sec. 3770.28. In assisting the state lottery commission with 1045

the conduct of lottery games under section 3770.22 of the Revised Code, a video lottery sales agent shall do all of the following: 1046
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(A) Promptly report to the video lottery terminal manufacturer and the commission any malfunctions of the devices, or failures of the manufacturers or service technicians to promptly service and repair the devices or associated equipment; 1048
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(B) Provide, maintain, and repair necessary capital improvements for the facilities at the track at which video lottery terminals are located; 1052
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(C) Hire and compensate adequate personnel to ensure compliance with the provisions of this chapter relating to the operation of video lottery terminals, including sufficient security personnel to protect and secure the video lottery terminals and associated equipment, and the track at which the video lottery terminals are located; 1056
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(D) By electronic transfer or other system mandated by the director of the state lottery commission, transfer or deliver daily on business days to the commission the gross proceeds of lotteries conducted under section 3770.22 of the Revised Code, less the commission paid to the agent under division (A)(1) of section 3770.26 of the Revised Code; 1062
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(E) Deliver payment to winning participants of prizes awarded by lotteries conducted by the commission through video lottery terminals at the track. 1068
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Sec. 3770.29. (A) The conduct of lotteries and the operation of video lottery terminals at tracks under section 3770.22 of the Revised Code shall not be deemed to change the character of the use of the tracks under any county, municipal, or township land use regulation, ordinance, or agreement. 1071
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(B) No license or excise tax or fee shall be assessed upon or 1076
collected from a video lottery sales agent by any county, 1077
township, municipal corporation, school district, or other 1078
political subdivision of the state that has the authority to 1079
assess or collect a tax or fee, by reason of the conduct of 1080
lotteries at tracks under section 3770.22 of the Revised Code. 1081
This division does not prohibit the imposition of taxes under 1082
Chapter 718. or 3769. of the Revised Code. 1083

Sec. 3770.30. Sections 3770.21 to 3770.30 of the Revised Code 1084
do not modify the authority of the state racing commission to 1085
regulate horse racing in accordance with Chapter 3769. of the 1086
Revised Code or, except as provided in sections 3770.21 to 3770.30 1087
of the Revised Code, the rights and responsibilities of permit 1088
holders under that chapter. 1089

Sec. 3770.31. (A) The supreme court shall have exclusive, 1090
original jurisdiction in all cases that challenge the 1091
constitutionality of sections 3770.21 to 3770.31 of the Revised 1092
Code or the relevant portions of any related sections. 1093

(B) Any action challenging the constitutionality of sections 1094
3770.21 to 3770.31 of the Revised Code or the relevant portions of 1095
any related section shall be commenced within ninety days after 1096
the effective date of those sections. 1097

Sec. 4301.03. The liquor control commission may adopt and 1098
promulgate, repeal, rescind, and amend, in the manner required by 1099
this section, rules, standards, requirements, and orders necessary 1100
to carry out this chapter and Chapter 4303. of the Revised Code, 1101
but all rules of the board of liquor control that were in effect 1102
immediately prior to April 17, 1963, shall remain in full force 1103
and effect as rules of the liquor control commission until and 1104
unless amended or repealed by the liquor control commission. The 1105

rules of the commission may include the following: 1106

(A) Rules with reference to applications for and the issuance 1107
of permits for the manufacture, distribution, transportation, and 1108
sale of beer and intoxicating liquor, and the sale of alcohol; and 1109
rules governing the procedure of the division of liquor control in 1110
the suspension, revocation, and cancellation of those permits; 1111

(B) Rules and orders providing in detail for the conduct of 1112
any retail business authorized under permits issued pursuant to 1113
this chapter and Chapter 4303. of the Revised Code, with a view to 1114
ensuring compliance with those chapters and laws relative to them, 1115
and the maintenance of public decency, sobriety, and good order in 1116
any place licensed under the permits. No rule or order shall 1117
prohibit the sale of lottery ~~tickets~~ products issued pursuant to 1118
Chapter 3770. of the Revised Code by any retail business 1119
authorized under permits issued pursuant to that chapter. 1120

No rule or order shall prohibit pari-mutuel wagering on 1121
simulcast horse races at a satellite facility that has been issued 1122
a D liquor permit under Chapter 4303. of the Revised Code. No rule 1123
or order shall prohibit a charitable organization that holds a D-4 1124
permit from selling or serving beer or intoxicating liquor under 1125
its permit in a portion of its premises merely because that 1126
portion of its premises is used at other times for the conduct of 1127
a bingo game, as described in division (S) of section 2915.01 of 1128
the Revised Code. However, such an organization shall not sell or 1129
serve beer or intoxicating liquor or permit beer or intoxicating 1130
liquor to be consumed or seen in the same location in its premises 1131
where a bingo game, as described in division (S)(1) of section 1132
2915.01 of the Revised Code, is being conducted while the game is 1133
being conducted. As used in this division, "charitable 1134
organization" has the same meaning as in division (H) of section 1135
2915.01 of the Revised Code. No rule or order pertaining to 1136

visibility into the premises of a permit holder after the legal 1137
hours of sale shall be adopted or maintained by the commission. 1138

(C) Standards, not in conflict with those prescribed by any 1139
law of this state or the United States, to secure the use of 1140
proper ingredients and methods in the manufacture of beer, mixed 1141
beverages, and wine to be sold within this state; 1142

(D) Rules determining the nature, form, and capacity of all 1143
packages and bottles to be used for containing beer or 1144
intoxicating liquor, except for spirituous liquor to be kept or 1145
sold, governing the form of all seals and labels to be used on 1146
those packages and bottles, and requiring the label on every 1147
package, bottle, and container to state the ingredients in the 1148
contents and, except on beer, the terms of weight, volume, or 1149
proof spirits, and whether the same is beer, wine, alcohol, or any 1150
intoxicating liquor except for spirituous liquor; 1151

(E) Uniform rules governing all advertising with reference to 1152
the sale of beer and intoxicating liquor throughout the state and 1153
advertising upon and in the premises licensed for the sale of beer 1154
or intoxicating liquor; 1155

(F) Rules restricting and placing conditions upon the 1156
transfer of permits; 1157

(G) Rules and orders limiting the number of permits of any 1158
class within the state or within any political subdivision of the 1159
state; and, for that purpose, adopting reasonable classifications 1160
of persons or establishments to which any authorized class of 1161
permits may be issued within any political subdivision; 1162

(H) Rules and orders with reference to sales of beer and 1163
intoxicating liquor on Sundays and holidays and with reference to 1164
the hours of the day during which and the persons to whom 1165
intoxicating liquor of any class may be sold, and rules with 1166
reference to the manner of sale; 1167

(I) Rules requiring permit holders buying beer to pay and 1168
permit holders selling beer to collect minimum cash deposits for 1169
kegs, cases, bottles, or other returnable containers of the beer; 1170
requiring the repayment, or credit, of the minimum cash deposit 1171
charges upon the return of the empty containers; and requiring the 1172
posting of such form of indemnity or such other conditions with 1173
respect to the charging, collection, and repayment of minimum cash 1174
deposit charges for returnable containers of beer as are necessary 1175
to ensure the return of the empty containers or the repayment upon 1176
that return of the minimum cash deposits paid; 1177

(J) Rules establishing the method by which alcohol products 1178
may be imported for sale by wholesale distributors and the method 1179
by which manufacturers and suppliers may sell alcohol products to 1180
wholesale distributors. 1181

Every rule, standard, requirement, or order of the commission 1182
and every repeal, amendment, or rescission of them shall be posted 1183
for public inspection in the principal office of the commission 1184
and the principal office of the division of liquor control, and a 1185
certified copy of them shall be filed in the office of the 1186
secretary of state. An order applying only to persons named in it 1187
shall be served on the persons affected by personal delivery of a 1188
certified copy, or by mailing a certified copy to each person 1189
affected by it or, in the case of a corporation, to any officer or 1190
agent of the corporation upon whom a service of summons may be 1191
served in a civil action. The posting and filing required by this 1192
section constitutes sufficient notice to all persons affected by 1193
such rule or order which is not required to be served. General 1194
rules of the commission promulgated pursuant to this section shall 1195
be published in the manner the commission determines. 1196

Section 2. That existing sections 3770.02, 3770.03, 3770.05, 1197
3770.06, 3770.07, 3770.08, and 4301.03 of the Revised Code are 1198

hereby repealed. 1199

Section 3. A video lottery sales agent shall set a goal to 1200
award not less than ten per cent of the contracts described in 1201
division (A)(5)(a) of section 3770.26 of the Revised Code to 1202
Ohio-based businesses that are minority business enterprises in 1203
accordance with Executive Order 2008-13S. 1204

Section 4. Notwithstanding sections 3769.04 and 3769.13 of 1205
the Revised Code, for a period of two years after the effective 1206
date of this section, a permit holder who is located on property 1207
owned by a political subdivision and who is eligible to become an 1208
electronic lottery sales agent may move its track to another 1209
location in a contiguous county that is within fifty miles of its 1210
current location for any reason and without the application or 1211
petition otherwise required by those sections. That permit holder 1212
may operate as an electronic lottery sales agent at a temporary 1213
facility at its new location while constructing or otherwise 1214
preparing its new track at that location. However, that permit 1215
holder may not move its track into a contiguous county in which a 1216
permit holder who is eligible to become an electronic lottery 1217
sales agent already is located on the effective date of this 1218
section. 1219

As used in this section, "permit holder," "electronic lottery 1220
sales agent," and "track" have the same meanings as in section 1221
3770.21 of the Revised Code. 1222