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OHIO LEGISLATIVE SERVICE COMMISSION

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Office of Research
and Drafting

Legislative Budget
Office

S.B. 197*
136th General Assembly

Occupational Regulation Report

[Click here for H.B. 197's Bill Analysis / Fiscal Note](#)

Primary Sponsor: Sen. Manning

Impacted Professions: Businesses that operate gambling and their employees; businesses that offer related equipment and services

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LSC is required by law to issue a report for each introduced bill that substantially changes or enacts an occupational regulation. The report must: (1) explain the bill's regulatory framework in the context of Ohio's statutory policy of using the least restrictive regulation necessary to protect consumers, (2) compare the regulatory schemes governing the same occupation in other states, and (3) examine the bill's potential impact on employment, consumer choice, market competition, and cost to government.¹

LEAST RESTRICTIVE REGULATION COMPARISON

Ohio's general regulatory policy

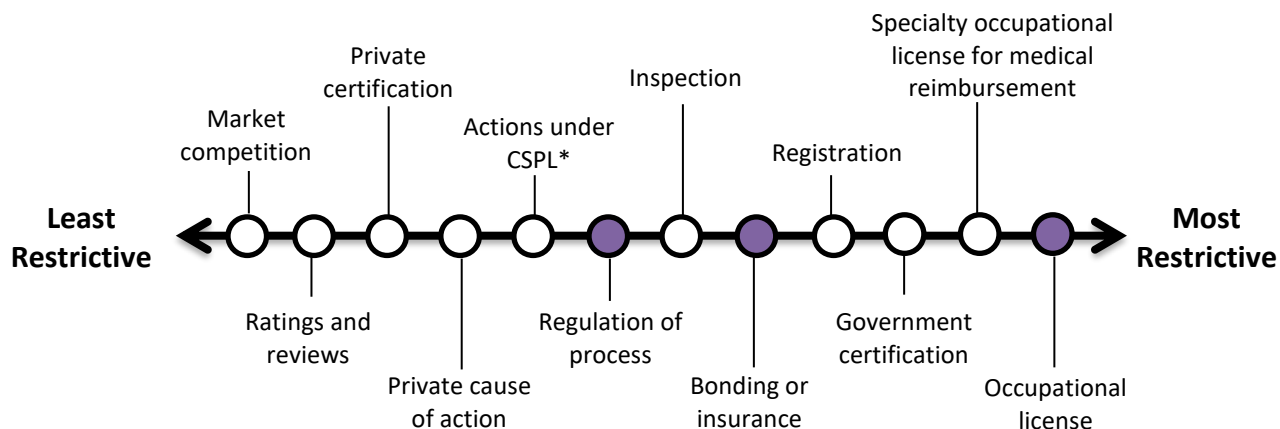
The general policy of the state is reliance on market competition and private remedies to protect the interests of consumers in commercial transactions involving the sale of goods or services. For circumstances in which the General Assembly determines that additional safeguards are necessary to protect consumers from "present, significant, and substantiated harms that threaten health, safety, or welfare," the state's expressed intent is to enact the "least restrictive regulation that will adequately protect consumers from such harms."²

The degree of "restrictiveness" of an occupational regulation is prescribed by statute. The following graphic identifies each type of occupational regulation expressly mentioned in the state's policy by least to most restrictive:

* This report addresses the "As Introduced" version of S.B. 197. It does not account for changes that may have been adopted after the bill's introduction.

¹ R.C. 103.26, not in the bill.

² R.C. 4798.01 and 4798.02, neither in the bill.



*CSPL – The Consumer Sales Practices Law

S.B. 197, among other changes, consolidates the regulation of gambling and related occupations under the Casino Control Commission (CAC) and does all of the following:

- Legalizes internet gambling, requires certain types of businesses and employees involved in it to be licensed, and establishes suitability factors for obtaining an internet gambling business license that include the applicant's financial ability to purchase insurance and provide a surety bond;³
- Consolidates employee licenses for internet gambling, horse racing, video lottery terminals (VLTs), casino gaming, and sports gaming so that an individual will be required to obtain only one license to work across any of those industries;⁴
- Creates regulatory uniformity by generally subjecting all licensed gambling businesses to process regulations and related penalties that currently apply to sports gaming licensees.⁵

In accordance with the law governing occupational regulation reports, only the following are reviewed in this report as occupational licenses: (1) licenses issued to individuals and (2) business licenses for which the applicant must satisfy a personal qualification such as passing a criminal background check.⁶

Necessity of regulations

Senator Nathan Manning, the bill's primary sponsor, testified that the legislation would modernize gambling in Ohio by bringing it online, both through the Ohio Lottery and through private businesses. He said that in recent years since sports gaming became legal, we have seen that Ohioans appreciate the option of being able to conveniently and responsibly gamble online.

³ R.C. Chapter 3771.

⁴ R.C. 3772.13, 3772.131, and 3772.132.

⁵ See, e.g., R.C. 3772.231, 3772.312 to 3772.317, 3772.38, 3772.41, and 3772.98.

⁶ R.C. 103.26 and 103.27, not in the bill.

He explained that the bill legalizes internet lottery, internet gambling, and online horse racing while ensuring that Ohio's in-state lottery retailers continue to profit, that K-12 education is supported through additional lottery revenue, and that jobs at our in-state casino and racing facilities are protected. In addition, he estimates that online-gambling-related fees and taxes collected under the bill likely could generate at least \$500 million per year in revenue for the state.

Furthermore, he asserted that it is clear that significant illegal online gambling currently is occurring in Ohio. He indicated that legalization is expected to reduce illegal online gambling, just as legalization of sports gaming reduced illegal sports gaming.

Senator Manning pointed out that some form of internet lottery is legal in 13 states, and that internet gambling is legal in seven states, including three of Ohio's neighbors (Michigan, Pennsylvania, and West Virginia).

He asserted that the bill streamlines gambling operations and related governmental regulation by halving the number of regulators and generally ensuring that each gambling operation is regulated by one government agency (rather than by multiple agencies as he said is often the case currently). He stated that this will create not only predictability for businesses but also fewer burdens for Ohioans seeking gambling-related jobs.

Senator Manning explained that the bill contains several important responsible-gambling measures to ensure that individuals with gambling problems are appropriately protected, including designating 1% of all internet-gambling-related revenue to support problem gambling treatment and prevention. He asserted that this will ensure that any Ohioan who needs problem-gambling treatment will be able to obtain it free of charge.

Finally, Senator Manning testified that the bill modernizes gambling in Ohio by providing products that are accessible and convenient. He concluded that the bill will generate revenue for the use of all Ohioans, while implementing industry-leading consumer protections and responsible-gaming measures that are more restrictive than any other form of gaming currently legal in the state.⁷

Restrictiveness of regulations

Licensure

Licensure is the most restrictive of all regulatory options identified within the state's continuum of regulations. Accordingly, the state's policy prescribes a narrow range of situations in which required licensure is appropriate; specifically, when all of the following circumstances are present:

- The occupation involves providing a service regulated by both state and federal law;

⁷ Senator Nathan Manning, [S.B. 197 Sponsor Testimony](#), Senate Select Committee on Gaming, May 14, 2025, which is available on the General Assembly's website, legislature.ohio.gov, by searching for "S.B. 197" and looking under the "Committee Activity" tab.

- The licensing framework allows individuals licensed in other states and territories to practice in Ohio; and
- The licensing requirement is based on uniform national laws, practices, and examinations that have been adopted by at least 50 U.S. states and territories.⁸

It appears likely that the licensure of gambling businesses and their employees under both continuing law and the bill satisfies the state policy's first criterion because gambling is regulated by both state and federal law. For example, continuing Ohio law regulates casino gambling and sports gaming,⁹ and federal law regulates gaming on Indian lands.¹⁰

As for the state policy's second criterion, the licensure of gambling businesses' employees appears to satisfy it under both continuing law and the bill. The bill specifically requires the CAC to issue key gaming employee licenses and gaming employee licenses to applicants with analogous out-of-state credentials or experience.¹¹ In addition, the Occupational Licenses for Out-of-State Applicants Law¹² generally requires licenses to be issued to applicants who hold analogous out-of-state occupational licenses.

However, the Occupational Licenses for Out-of-State Applicants Law does not apply unless the applicant is applying in the applicant's capacity as an individual.¹³ Therefore, with respect to a gambling business license, it appears unlikely that state policy's second criterion is met unless licensure of out-of-state applicants specifically is authorized outside of the Occupational Licenses for Out-of-State Applicants Law. This is the case under the bill for internet gambling suppliers and management companies, for which the bill allows the CAC to accept a license that is issued by another state with similar licensing requirements if the applicant satisfies certain criteria.¹⁴

Regarding the state policy's third criterion, licensure of gambling businesses and their employees under continuing law or the bill does not appear to meet it because such licensure is not based on uniform national laws.

New business licenses for internet gambling

Under the bill, certain entities involved in internet gambling must obtain a business license issued by the CAC. The bill creates three types of such business licenses and establishes related provisions.¹⁵ The license types are as follows:

⁸ R.C. 4798.02, not in the bill.

⁹ R.C. Chapter 3772 and 3775.

¹⁰ 25 United States Code (U.S.C.) 2701 *et seq.*

¹¹ R.C. 3772.13(H) and 3772.131(G).

¹² R.C. Chapter 4796, not in the bill.

¹³ R.C. 4796.03 and 4796.26, not in the bill.

¹⁴ R.C. 3771.05(H) and 3771.06(A).

¹⁵ R.C. 3771.04, 3771.05, 3771.06, and 3771.08.

- Internet gambling operator license — An applicant for a five-year license to operate internet gambling must: (1) be an Ohio casino operator or horse racetrack owner, (2) for an initial or renewed license, pay an application fee in an amount set by CAC rule, (3) complete requirements for a criminal records check, (4) for an initial license, pay a \$50 million fee (the same fee amount required for an initial casino license¹⁶), and (5) for a renewed license, pay a \$5 million fee. Each licensed operator may operate only one internet gambling platform. An operator may contract with a licensed internet gambling management company to operate the platform on the operator's behalf,¹⁷
- Internet gambling management company license — An applicant for a five-year license to operate an internet gambling platform on an operator's behalf must: (1) for an initial or renewed license, pay an application fee in an amount set by CAC rule and (2) if the same entity does not own or control at least 50% of both the operator and the management company, pay a \$50 million initial license fee and a \$5 million renewal fee. The applicant also must complete requirements for a criminal records check. The maximum number of management company licenses an entity may hold at one time must be established by CAC rule. To the extent that a management company is acting on behalf of an operator, the management company is regulated as if it is the operator;¹⁸
- Internet gambling supplier license — An applicant for a three-year license to supply internet gambling equipment or related services to an operator or management company must, for an initial or renewed license, pay a \$50,000 application fee and a \$100,000 license fee. The applicant also must complete requirements for a criminal records check. An applicant for a renewed license is not required to satisfy additional requirements that are substantially similar to those that the applicant already satisfied to obtain a sports gaming supplier license under continuing law.¹⁹

A violator of the bill's requirement to obtain any of these internet gambling business licenses is subject to a lawsuit brought by the Attorney General to restrain the violation. It also appears that operating without a license is a fifth degree felony on the first offense and a fourth-degree felony on any subsequent offense.²⁰

The regulatory framework prescribed by the bill for internet gambling is substantial, and the new licensure requirements appear to increase restrictiveness. However, internet gambling is prohibited under current law. Therefore, the bill conversely may be viewed as decreasing restrictiveness by expanding the scope of gambling services that businesses lawfully may offer.

¹⁶ Ohio Constitution, Article XV, Section 6.

¹⁷ R.C. 109.572, 3771.04, and 3771.05.

¹⁸ R.C. 109.572 and 3771.05.

¹⁹ R.C. 109.572 and 3771.06.

²⁰ R.C. 3771.02(G) and (J) and 3771.99(B).

Consolidated employee licenses

The bill consolidates gambling-related occupational licenses for employees involved in internet gambling, horse racing, VLTs, casino gaming, and sports gaming so that any given gambling employee will be required to obtain only one single occupational license issued by the CAC. Under the bill, applicants for such a license must satisfy eligibility and suitability criteria similar to those that currently apply to sports gaming employees. Under the bill the licenses generally are valid for three years, and the bill establishes grounds for discipline.

The type of occupational license that is required under the bill depends on the individual's duties as follows:

- A key employee gaming license is required for an individual who has the power to exercise significant influence over decisions concerning any part of the gambling operation;
- A gaming employee license is required for an individual whose duties enable the individual to alter material aspects of the gambling operation (a holder of a key employee gaming license is not required to additionally obtain a gaming employee license).²¹

An individual who fails to obtain a license as required under the bill is subject to a fine or penalty issued by the CAC or assessment of a civil penalty.²²

The bill's consolidation of gambling-related occupational licenses appears to decrease restrictiveness for an individual who currently must obtain multiple licenses due to working in: (1) multiple gambling industries or (2) multiple positions for which licensure is required in one gambling industry. By requiring such an employee to obtain only a single license, the bill eliminates duplication of licensure requirements with which the employee must comply, such as filing applications, paying related fees, and submitting to criminal background checks.²³

However, by making uniform the requirements for gambling-related occupational licensure, the bill impacts restrictiveness in various ways. An example involves security personnel employed at a horse racetrack, who under the bill must obtain a gaming employee license.²⁴ The licensure criteria that such an employee must satisfy under the bill is more restrictive than the criteria for licensure under current law.²⁵ From a license fee amount perspective, the bill also appears to increase restrictiveness by establishing a \$100 application fee and \$50 license fee for each three-year license term,²⁶ which costs more than the \$15 fee that currently is established

²¹ R.C. 3772.13, 3772.131, and 3772.132.

²² R.C. 3772.04(A) and 3772.99(C).

²³ R.C. 3772.13(J) and 3772.131(I).

²⁴ R.C. 3772.131(A).

²⁵ R.C. 3772.132; Ohio Administrative Code (O.A.C.) 3769-2-18.

²⁶ R.C. 3772.131(F).

for each one-year license term.²⁷ However, the bill requires the employer to pay these fees,²⁸ which decreases restrictiveness for the employees (while increasing restrictiveness for the employer). In addition, increasing the license term from one year to three years decreases restrictiveness by reducing the frequency with which the employee must apply for a license.

Bond and insurance

Under the state's general policy on occupational regulations, a bonding or insurance requirement is appropriate when the intent of the regulation is to protect against potential damages to third parties and other types of externalities.²⁹

The bill requires an applicant for an initial or renewed internet gambling business license to establish the applicant's suitability for licensure by clear and convincing evidence. In issuing the license, the CAC must consider several suitability factors, one of which is the applicant's financial ability to purchase and maintain adequate liability and casualty insurance and to provide an adequate surety bond.³⁰ It appears that this provision increases restrictiveness for license applicants.

Process regulations

The state's policy does not provide specific guidance as to when a regulation of process is the best means of protecting the health, safety, and welfare of consumers. However, the policy as a whole suggests that regulations of process are the most preferred method of regulation when market competition, ratings and reviews, private certifications, private causes of action, and actions under the state's Consumer Sales Practices Law do not provide sufficient protection.³¹

Whether these mechanisms are a sufficient means of protecting consumers is a policy decision. However, continuing Ohio law establishes numerous process regulations that govern gambling businesses. For example, a casino facility is prohibited from operating more than 5,000 slot machines, and casino operators must determine minimum and maximum wagers on casino gaming.³²

The bill creates regulatory uniformity by generally subjecting all licensed gambling businesses (i.e., those involved in internet gambling, horse racing, VLTs, casino gaming, or sports gaming) to process regulations and related penalties similar to those that currently apply to sports gaming licensees. This regulatory uniformity generally appears to increase restrictiveness

²⁷ Current R.C. 3769.031(C); O.A.C. 3769-2-24(A).

²⁸ R.C. 3772.131(F).

²⁹ R.C. 4798.02(B), not in the bill.

³⁰ R.C. 3771.08(B).

³¹ R.C. 4798.01, not in the bill.

³² R.C. 3772.20, not in the bill.

by expanding the application of process regulations that are intended to protect consumers and the integrity of gambling, such as:

- Security, accuracy, and recordkeeping requirements for various gaming systems;
- Accounting and auditing requirements;
- Requirements involving incident reporting and anti-laundering procedures; and
- Advertising restrictions.³³

Note that a single company may hold multiple business licenses spanning multiple gambling industries in Ohio. For example, casino licensees receive preference for obtaining sports gaming licenses³⁴ and, under the bill, only an Ohio casino operator or horse racetrack owner may obtain an internet gambling operator license. Thus, the same company may hold licenses to operate a casino, sports gaming, and internet gambling.³⁵ Therefore, a licensed gambling business already may be familiar with and complying with many of the bill's expanded process regulations, which could be viewed as somewhat mitigating the increased restrictiveness.

For a more detailed explanation of the bill, please see the [LSC bill analysis \(PDF\)](#).

IMPACT STATEMENT

Opportunities for employment

The bill may expand employment opportunities for gambling operators, their employees, and related service providers by expanding the scope of gambling services that businesses lawfully may offer and consolidating regulatory oversight under a single agency. It also lowers entry barriers by requiring only one occupational license to work across multiple gambling sectors while simultaneously lowering the cost of the application fee (to \$100 from not more than \$1,750) for a key employee gaming license. This streamlined licensing framework could make it easier for individuals to enter or transition within the industry, particularly in roles such as dealers, platform technicians, compliance staff, and customer support.

Consumer choice

The bill would expand consumer choice by authorizing three new forms of online gambling: internet gambling, internet lottery gaming (iLottery), and online pari-mutuel wagering on horse racing.

Market competition

The legalization of internet gambling may incur new entrants in the market despite the \$50 million initial license fee for an internet gambling operator and internet gambling management company. While operators are limited to Ohio casino operators or horse track

³³ R.C. 3772.231, 3772.312 to 3772.317, 3772.38, 3772.41, and 3772.98.

³⁴ R.C. 3775.041(A), not in the bill.

³⁵ R.C. 3771.04.

owners, this may still introduce competition in the online space by partnering with internet gambling management companies. Additionally, consolidating regulation under CAC could streamline the regulatory environment, potentially reducing administrative burdens for gambling entities.

The introduction of new online gambling options could create a substitution effect, where consumers shift their gambling from existing in-person casino gaming, online sports gaming, or traditional lottery products to the new online options. This could impact the revenues and competitive dynamics of established segments.

Cost to government

The bill is expected to generate substantial new state revenue from internet gambling license fees and ongoing taxes from internet gambling and iLottery. Expanding the sports gaming tax base will further increase receipts, though this is partially offset by a reduced tax rate for physical sportsbooks, which currently have a small share of the sports betting marketplace. CAC will incur increased costs due to its expanded regulatory responsibilities and higher salaries (i.e., annual compensation increased to \$60,000 from \$30,000 when the member begins a new term as a member of the Commission on or after the effective date of the legislation) of the seven CAC commissioners. However, these increases will be partially offset by cost savings from abolishing the Ohio State Racing Commission and transferring responsibilities from both the Lottery Commission and the Attorney General's Office. For further details, please refer to the [LBO fiscal note \(PDF\)](#).

COMPARISON TO OTHER STATES

Of the states surrounding Ohio, only Michigan, Pennsylvania, and West Virginia have legalized internet gambling. (Note that Ohio uses the term “internet gambling,” Michigan and New Jersey use “internet gaming,” Pennsylvania uses “interactive gaming,” and West Virginia uses “interactive wagering.”) The table below briefly discusses aspects of internet gambling regulations in those states and in New Jersey.³⁶

Internet Gambling			
State	Lawful Internet Gambling Games	Types of Required Internet Gambling Business Licenses	License Fees
Ohio (under the bill)	<p>Games with virtual representations of spinning wheels, cards, dice, tiles, or other equipment, with outcome determined randomly</p> <p>(Does not include online wagering on horse racing, lottery games, casino games, fantasy contests, sports gaming, sweepstakes terminal devices, or skill-based amusement machines)</p> <p><i>(R.C. 3771.01(D) and (F))</i></p>	<ul style="list-style-type: none"> Operator license (five-year duration; applicant must hold a casino operator or horse racetrack license); Management company license (five-year duration; required for management company that contracts with operator to offer internet gambling on the operator’s behalf); Supplier license (three-year duration) <p><i>(R.C. 3771.04, 3771.05, and 3771.06)</i></p>	<ul style="list-style-type: none"> Operator license: initial or renewal application fee in an amount set by CAC rules, \$50 million initial license fee and \$5 million renewal fee; Management company license: initial or renewal application fee in an amount set by CAC rules, but no license fees unless the same entity does not own or control at least 50% of both the operator and the management company – in that case, \$50 million initial license fee plus a \$5 million renewal fee;

³⁶ See also, [State of Play](#), which is accessible by clicking on “Research” and then “State of Play Map” on the American Gambling Association’s website: americangaming.org.

Internet Gambling			
State	Lawful Internet Gambling Games	Types of Required Internet Gambling Business Licenses	License Fees
			<ul style="list-style-type: none"> Supplier license: \$50,000 initial or renewal application fee plus a \$100,000 initial or renewal license fee <i>(R.C. 3771.04, 3771.05, and 3771.06)</i>
Michigan	Games of skill or chance approved by the Michigan Gaming Control Board, such as poker, blackjack, cards, slots, and other games typically offered at a casino <i>(Mich. Comp. Laws § 432.301; Mich. Admin. Code R. 432.611)</i>	<ul style="list-style-type: none"> Operator license (applicant must hold a casino license); Supplier license (Both licenses have a five-year duration) <i>(Mich. Comp. Laws § 432.306, 436.307, and 432.308)</i>	<ul style="list-style-type: none"> Operator license: \$50,000 initial application fee, \$100,000 initial license fee, and \$50,000 renewal fee; Supplier license: maximum \$5,000 initial application fee, \$5,000 initial license fee, and \$2,000 renewal fee <i>(Mich. Comp. Laws § 432.307 and 432.308)</i>
New Jersey	Any casino-style games authorized by the New Jersey Division of Gaming Enforcement (wagers on internet games must be placed via an account with a licensed physical casino in Atlantic City) <i>(N.J. Admin. Code 13:69O-1.1)</i>	Casino license held by a casino or its affiliate (licenses do not expire and remain in effect unless suspended, revoked, or surrendered) plus internet gaming permit (one-year duration) (Casino suppliers also must be licensed, but not specifically for internet gaming) <i>(N.J. Rev. Stat. 5:12-82(b), 5:12-87.1, 5:12-92, 5:12-95.21, 5:12-95.32))</i>	<ul style="list-style-type: none"> Casino license: \$200,000 minimum initial license fee; Internet gaming permit: \$400,000 minimum initial permit fee, \$250,000 renewal permit fee, and \$250,000 responsible internet gaming fee for an initial or renewal permit <i>(N.J. Admin. Code 13:69A-9.4)</i>

Internet Gambling			
State	Lawful Internet Gambling Games	Types of Required Internet Gambling Business Licenses	License Fees
Pennsylvania	<p>Any of the following as categorized by the Pennsylvania Gaming and Control Board:</p> <ul style="list-style-type: none"> Peer-to-peer interactive games; Non-peer-to-peer interactive games that simulate slot machines or table games <p>(4 Pa. Cons. Stat. 13B11)</p>	<ul style="list-style-type: none"> Certificate to operate_(applicant must be slot machine licensee) License to operate_(required for entity that operates interactive gaming on behalf of certificate holder) Manufacturer license Supplier license Service provider certification or registration (required for providers that offer services such as data hosting or money transmitting) <p>(All licenses, certificates, and registrations have a five-year duration)</p> <p>(4 Pa. Cons. Stat. 1317, 1326, 1317.1, 13B02, and 13B11; 58 Pa. Code 801a.2, 802a.3, 803a.1, 803a.3, 805a.3, 806a.3, 807a.1, 807a.2, 807a.3, and 807a.5)</p>	<ul style="list-style-type: none"> Certificate to operate: \$4 million to \$12 million initial license fee; \$250,000 renewal fee; License to operate: \$1 million initial license fee; \$100,000 renewal fee; Manufacturer license: \$10,000 initial license fee; \$10,000 renewal fee; Supplier license: \$10,000 initial license fee; \$10,000 renewal fee; Service provider certification: \$5,000 initial fee; \$5,000 renewal fee; Service provider registration: \$2,500 initial fee; \$2,500 renewal fee³⁷ <p>(4 Pa. Cons. Stat. 13B51)</p>

³⁷ See [License, Registration, Certification, Permit, and Application Fees \(PDF\)](#), which is accessible by clicking on “Licensing Applications & Other Forms” under “Fulfillment & Regulation” and then clicking on “Schedule of Fees” on the Pennsylvania Gaming and Control Board’s website: gamingcontrolboard.pa.gov.

Internet Gambling			
State	Lawful Internet Gambling Games	Types of Required Internet Gambling Business Licenses	License Fees
West Virginia	<p>Virtual games of chance owned by the State of West Virginia such as casino-themed slot simulations, table games, and other games approved by the West Virginia Lottery Commission (does not include pari-mutuel betting on horse or dog races, lottery games, video lottery, sports wagering, or daily fantasy sports)</p> <p><i>(W. Va. Code 29-22E-3(4) and (17) and 29-22E-6)</i></p>	<ul style="list-style-type: none"> Operator license (five-year duration; applicant must hold a racetrack video lottery, or gaming facility license) Services provider license (one-year duration; required for entity that contracts with an operator to conduct the wagering operation on its behalf) Supplier license (one-year duration) <p><i>(W. Va. Code 29-22E-6, 29-22E-7, and 29-22E-8)</i></p>	<ul style="list-style-type: none"> Operator license: \$250,000 initial application fee; \$100,000 renewal fee; Management services provider license: \$100,000 license and application fee; \$100,000 annual renewal fee; Supplier license: \$10,000 license and application fee; \$10,000 annual renewal fee <p><i>(W. Va. Code 29-22E-6, 29-22E-7, and 29-22E-8)</i></p>