OHIO LEGISLATIVE SERVICE COMMISSION

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Office of Research and Drafting

Legislative Budget Office

H.B. 476
136th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsors: Reps. Craig and D. Thomas

Local Impact Statement Procedure Required: No

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Highlights

- Authorizes online raffles under the Charitable Gaming Law and makes various other changes. To some extent, these changes allow for conduct that is widely engaged under current practice so that organizations are not inadvertently noncompliant with the law. In cases where enforcement actions have been taken (cease-and-desist orders), those organizations may continue engaging in online raffles and/or online ticket sales under the bill.
- The work, costs, and revenue generated for the Attorney General to regulate raffles will increase as a result of the bill, however, the same regulations that currently exist for traditional raffles will extend to online raffles. Revenue will be realized in the form of licensing fees that will be imposed on operators of online raffle platforms.
- The bill declares an emergency.

Detailed Analysis

The bill (1) authorizes online raffles and the sale of electronic raffle tickets in addition to paper, (2) clarifies that an organization conducting a traditional paper raffle may accept electronic payments and sell tickets remotely (by mail, internet, or other remote means), (3) requires the operator of an online raffle platform to obtain a bingo supply distributor or manufacturer license from the Attorney General, (4) clarifies the definition of a "volunteer firefighter's organization" for the Charitable Gaming Law to include those recognized by a joint fire district, and (5) declares an emergency. The LSC bill analysis outlines these changes and provides background on raffles as a form of charitable bingo.

Online raffles and tickets

Under existing law, certain organizations, such as those exempt from federal income tax, schools, and specific nonprofit groups, are permitted to conduct raffles as long as it is done only for charitable purposes. The bill allows these organizations, already permitted to conduct traditional raffles, to also conduct online raffles and to sell electronic raffle tickets in addition to paper. In addition, it clarifies that an organization conducting a traditional paper raffle may accept electronic payments and sell tickets remotely.

These changes can be seen, at least in part, as addressing conduct widely engaged in by organizations authorized to conduct raffles that, given rapidly changing technology, may not explicitly, or unambiguously, violate existing regulations. In this regard, the bill is arguably clarifying and codifying current practice so that organizations are not inadvertently noncompliant with the law, or, in cases where cease-and-desist orders have been issued, can continue engaging in online raffles after the bill's effective date. Notably, the bill declares an emergency, meaning it takes effect immediately.

Licensure and enforcement

The Attorney General's Charitable Law Section is responsible for licensing (1) charitable organizations who apply for various bingo-related licenses, and (2) manufacturers and distributors of bingo supplies. Ohio law classifies a raffle as a form of bingo and, unchanged by the bill, no bingo license is required to conduct a raffle. However, as previously mentioned, the bill requires the operator of an online raffle platform to obtain a bingo supply distributor or manufacturer license which will affect the revenues and oversight expenditures of the Charitable Law Section. The annual fee imposed on bingo supply distributor and manufacturer licensees is $5,000. The impact of this provision would depend on whether the existing administrative rule[1] that excludes raffle tickets and devices from the definition of "bingo supplies" that must be purchased from a distributor would apply to online tickets and platforms. The Attorney General may need to update these rules if not.

In addition to its licensing function, the Charitable Law Section works, in cooperation with local law enforcement agencies when necessary and appropriate, to investigate, examine accounts and records, conduct inspections, and take any other necessary and reasonable actions to administer and enforce the Gambling Law. The Section's operating expenses are financed with moneys appropriated from the Charitable Law Fund (Fund 4180). Any increase in annual licensing revenue that will be generated and credited to Fund 4180 is indeterminate. It is likely that the existing cash flow in Fund 4180 can more or less support the Section's increased annual operating costs.

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[1] Ohio Administrative Code 109:1-4-11.