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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Office

S.B. 194
133rd General Assembly

Fiscal Note & Local Impact Statement

[Click here for S.B. 194's Bill Analysis](#)

Version: As Reported by House State and Local Government

Primary Sponsor: Sen. Rulli

Local Impact Statement Procedure Required: No

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Highlights

- The work, costs, and revenue generated for the Attorney General's bingo regulation operations will increase as a result to the changes in regulating instant bingo, electronic instant bingo, as well as the Gambling Law. It is likely that the annual revenue gain will pay for the increase in annual operating expenses. State and local authorities may realize some increase in annual operating costs to conduct necessary civil and criminal enforcement actions.
- The renamed Board of Voting System Examiners will incur new testing and certification costs for analyzing voter registration systems. These costs would be offset through a testing and certification fee of \$2,400, the same amount that applies to other devices currently tested and certified by the Board. The additional fee revenue would be deposited into the renamed Board of Voting System Examiners Fund (Fund 4S80) under the Secretary of State's budget.
- Adding a cybersecurity expert to the renamed board means that overall member compensation will increase by a few hundred dollars. Under current law, members receive up to a maximum of \$600 per device that is tested. Members are also reimbursed for their expenses.
- Counties would face no new costs related to the voting registration system provisions in the bill. They may continue to use existing systems until it is time to acquire new systems that are certified by the Board of Voting Equipment Examiners.
- The bill requires county boards of elections to make a decision related to the protest of a petition for candidacy within ten days of the filing of the protest. Consequently, boards

of elections could incur some small costs for mailing hearing notices to the affected parties.

Detailed Analysis

Electronic bingo overview

The bill notably: (1) allows eligible veterans' and fraternal organizations that currently offer instant bingo to offer the game using an electronic instant bingo device, (2) requires a manufacturer, before providing an electronic instant bingo system to any person for use in Ohio, to submit the system to an independent testing laboratory certified by the Ohio Casino Control Commission, with any cost paid by the manufacturer, and (3) requires any electronic instant bingo system approved for use in Ohio to include an internal report management system. In addition, the bill makes numerous clarifying changes to the Gambling Law, and thus a savings effect in the use of operating and enforcement resources.

Conduct of instant bingo

The bill imposes several requirements regarding the conduct of instant bingo including those that a charitable organization complies with to conduct electronic instant bingo, and further specifies what actions qualify an individual as a bingo operator. The Attorney General is required to adopt rules to govern certain aspects of electronic instant bingo. As a result, the Attorney General will experience a minimal one-time increase in administrative costs to promulgate rules.

Electronic instant bingo licensing

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. In addition to its licensing function, the 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). Its revenues consist of charitable trust, bingo (operators, distributors, and manufacturers), and professional solicitor filing and licensing fees, and registration and certification filing fees received for the use of sweepstakes terminal devices. The Section's expenses in excess of the money available in Fund 4180 are paid from other revenue mechanisms appropriated for use by the Attorney General.

Staff of the Attorney General has estimated that, based on similar legislation enacted by other states, the additional annual licensing revenue generated and credited to Fund 4180 could be as much as \$673,000 or more. This increase is a function of: (1) currently licensed organizations taking advantage of the revenue-generating potential of electronic instant bingo devices, the license for which is based upon the gross receipts from the conduct of bingo, and (2) new organizations applying for a license to conduct electronic instant bingo.

The work, and related operating expenses, of the Charitable Law Section will increase to review applications, conduct enforcement operations, and comply with the bill's other requirements including issuing distributor license endorsements, and conducting additional

background checks connected to any application for endorsement. Staff of the Attorney General has estimated that the Section's annual operating costs will increase by at least \$250,000, which includes the need for the equivalent of two full-time staff. It is likely that the existing cash flow in Fund 4180 can more or less support the Section's increased annual operating costs.

Enforcement

Based on the experience of other states that have enacted similar legislation, the Attorney General expects some increase in complaints, investigations, settlement negotiations, civil litigation, and criminal prosecutions. Under current law, the Attorney General initiates civil and criminal actions with regard to bingo and gambling operations generally. It is LBO's understanding that the Attorney General's practice has been to address enforcement matters as a civil matter and to negotiate a settlement agreement to the degree that is the most appropriate remedy to the matter at hand.

Local law enforcement, the Ohio Department of Public Safety Investigative Unit, and the Ohio Casino Control Commission also have related enforcement duties, as the illegal use of electronic gambling machines is a criminal offense, a liquor permit violation, and may constitute an illegal slot machine.

A review of the Ohio Incident-Based Reporting System (OIBRS) indicates that, in any given year, there have been very few first-time criminal violations of the existing Gambling Law by charitable organizations, and no known instances of a subsequent violation. Whether the bill will result in a noticeable increase in criminal violations requiring adjudication by local criminal justice systems is indeterminate.

Board of Voting System Examiners

The renamed and enlarged Board of Voting System Examiners will incur some additional costs to approve and certify voter registration equipment under the same process currently used to test and certify voting machines, marking devices, automatic tabulating equipment, voting and tabulation software, and electronic pollbooks. However, these new costs will be offset by a \$2,400 equipment testing and certification fee the Board charges currently. Additional fees may be charged if any special testing is required or extraordinary costs are incurred during the examination process. The fees for testing voting registration systems would be deposited into the renamed Board of Voting System Examiners Fund (Fund 4S80). In FY 2019, Fund 4S80 collected \$16,800 in certification fees. It maintains a cash balance of \$3,287 as of October 1, 2019. As an illustration of the Board's workload, there are currently 13 voting systems and five electronic pollbook models certified for use by boards of elections.

The Board will incur some additional cost to compensate the new nonvoting cybersecurity expert added to the Board, increasing its membership to five appointees. Under current law unchanged by the bill, Board members are paid \$300 per day for each combination of systems or pieces of equipment examined and reported on, but they may not receive more than \$600 to examine and report on any one system or piece of equipment. Members are also reimbursed for their expenses.

Boards of elections costs

Boards of elections are not likely to face new costs as a result of the bill's requirements that apply to voter registration systems. This is because the bill specifies that a county board of

elections using a voter registration system before the bill takes effect may continue using that system until a new system is acquired.

Finally, the bill requires a board of elections or the Secretary of State to decide a protest against a person's candidacy filing no later than ten days after the protest is filed. Current law does not specify a deadline. Potentially, boards of elections could incur some small amount of additional mailing costs for sending notice of the hearing to the parties involved in the protest. A common type of protest involves a claim that a candidate has not met the valid signature thresholds on their nominating petitions.