



Common Sense Initiative

Mike DeWine, Governor
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Business Impact Analysis

Agency, Board, or Commission Name: State Lottery Commission

Rule Contact Name and Contact Information: Ian Litherland, (216) 339-7993

Regulation/Package Title (a general description of the rules' substantive content):

Grounds for Refusal of a license, Issuance of Licenses, products and equipment, Application

Rule Number(s): 3770-2-01, 3770-2-02, 3770-4-02, 3770-4-06

Date of Submission for CSI Review: 1/24/2025

Public Comment Period End Date: 2/7/2025

Rule Type/Number of Rules:

New/___ rules

No Change/___ rules (FYR? ___)

Amended/___ **X**___ rules (FYR? **X**___)

Rescinded/___ rules (FYR? ___)

The Common Sense Initiative is established in R.C. 107.61 to eliminate excessive and duplicative rules and regulations that stand in the way of job creation. Under the Common Sense Initiative, agencies must balance the critical objectives of regulations that have an adverse impact on business with the costs of compliance by the regulated parties. Agencies should promote transparency, responsiveness, predictability, and flexibility while developing regulations that are fair and easy to follow. Agencies should prioritize compliance over punishment, and to that end, should utilize plain language in the development of regulations.

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Reason for Submission

1. **R.C. 106.03 and 106.031 require agencies, when reviewing a rule, to determine whether the rule has an adverse impact on businesses as defined by R.C. 107.52. If the agency determines that it does, it must complete a business impact analysis and submit the rule for CSI review.**

Which adverse impact(s) to businesses has the agency determined the rule(s) create?

The rule(s):

- a. ☒ **Requires a license, permit, or any other prior authorization to engage in or operate a line of business.**
- b. ☒ **Imposes a criminal penalty, a civil penalty, or another sanction, or creates a cause of action for failure to comply with its terms.**
- c. ☒ **Requires specific expenditures or the report of information as a condition of compliance.**
- d. ☐ **Is likely to directly reduce the revenue or increase the expenses of the lines of business to which it will apply or applies.**

Regulatory Intent

2. **Please briefly describe the draft regulation in plain language.**

Please include the key provisions of the regulation as well as any proposed amendments.

3770-2-01 – Sets forth the eligibility requirements for those applying for a Lottery Sales Agent License.

3770-2-02 – Sets forth the grounds the Lottery will consider when deciding whether to deny an application for a Lottery Sales Agent License.

3770-4-02 – Sets forth and establishes mandates and conditions for issuance of a new license, transfer of an existing license to a new location, the temporary issuance of a license, and renewal of an existing license, as well as the issuance of Lottery products and equipment.

3770-4-06 – Sets forth the Lottery Sales Agents' responsibilities regarding the return of tickets to settle Lottery accounts. It also explains the methods for collection of Lottery Sales Revenues.

3. **Please list the Ohio statute(s) that authorize the agency, board or commission to adopt the rule(s) and the statute(s) that amplify that authority.**

Ohio Revised Code: §3770.03 – Commission - Powers and Duties.

4. **Does the regulation implement a federal requirement? Is the proposed regulation being adopted or amended to enable the state to obtain or maintain approval to administer and enforce a federal law or to participate in a federal program?**

If yes, please briefly explain the source and substance of the federal requirement.

Not applicable to this rule package.

- 5. If the regulation implements a federal requirement, but includes provisions not specifically required by the federal government, please explain the rationale for exceeding the federal requirement.**

Not applicable to this rule package.

- 6. What is the public purpose for this regulation (i.e., why does the Agency feel that there needs to be any regulation in this area at all)?**

3770-2-01 – To provide guidelines for those persons seeking to become Lottery Sales Agents.

3770-2-02 – The rule states the grounds the director may consider when deciding whether to grant an individual or cooperative applicant's request for a Lottery Sales Agent License.

3770-4-02 – The rule sets forth the requirements associated with the issuance of lottery licenses, products and equipment.

3770-4-06 – To establish uniform procedures for the return and settlement of lottery tickets and the collection of Lottery Sales Revenue.

- 7. How will the Agency measure the success of this regulation in terms of outputs and/or outcomes?]**

3770-2-01 – The Lottery maintains review procedures for the review of Lottery Sales Agent License applications which ensure consistent and standardized requirements are being maintained.

3770-2-02 – Success will be measured through consistent enforcement of these standardized requirements, which will ensure ongoing compliance with lottery rules and regulations, while maintaining the integrity of all lottery sales agent license holders.

3770-4-02 – Success will be measured through consistent enforcement of these standardized requirements, which will ensure ongoing compliance with lottery rules and regulations, while maintaining the integrity of all lottery sales agent license holders.

3770-4-06 – The Lottery utilizes software to track the revenue for each Lottery Sales Agent account to determine if any problems exist.

- 8. Are any of the proposed rules contained in this rule package being submitted pursuant to R.C. 101.352, 101.353, 106.032, 121.93, or 121.931?**

If yes, please specify the rule number(s), the specific R.C. section requiring this submission, and a detailed explanation.

No.

Development of the Regulation

- 9. Please list the stakeholders included by the Agency in the development or initial review of the draft regulation.**

If applicable, please include the date and medium by which the stakeholders were initially contacted.

The following stakeholders were contacted through email on December 13, 2024, and they consist of representatives from licensed Lottery Sales Agents:

Smith & Snow Shell
Johnny's On The Spot
Bee Gee's Minit Market
Murray Bros Old Time Store #2
Delaware Food Mart
Sammy's Food Mart
Peoples News & Book Mart #4
Colla's Market
Cenco

10. What input was provided by the stakeholders, and how did that input affect the draft regulation being proposed by the Agency?

The Lottery did not receive any comments from stakeholders.

11. What scientific data was used to develop the rule or the measurable outcomes of the rule? How does this data support the regulation being proposed?

Not applicable.

12. What alternative regulations (or specific provisions within the regulation) did the Agency consider, and why did it determine that these alternatives were not appropriate? If none, why didn't the Agency consider regulatory alternatives? *Alternative regulations may include performance-based regulations, which define the required outcome, but do not dictate the process the regulated stakeholders must use to comply.*

We believe the nature of the proposed rules are appropriate. We have not received any complaints regarding the operation of the regulation in the past. We also did not receive any comments during the stakeholder comment period with regard to these regulations.

13. What measures did the Agency take to ensure that this regulation does not duplicate an existing Ohio regulation?

No other regulations exist dealing with these topics.

14. Please describe the Agency's plan for implementation of the regulation, including any measures to ensure that the regulation is applied consistently and predictably for the regulated community.

The Lottery's plans to continue its current operating procedures with regard to implementation of these regulations.

Adverse Impact to Business

15. Provide a summary of the estimated cost of compliance with the rule(s). Specifically, please do the following:

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- a. **Identify the scope of the impacted business community, and**
Impacted businesses would be the Ohio Lottery Sales Agents.
- b. **Quantify and identify the nature of all adverse impact (e.g., fees, fines, employer time for compliance, etc.).**
The adverse impact can be quantified in terms of dollars, hours to comply, or other factors; and may be estimated for the entire regulated population or for a representative business. Please include the source for your information/estimated impact.

3770-2-01 – This rule establishes the requirements that a Lottery Sales Agent have to meet in order to be eligible.

3770-2-02 – Applicants may have their request for a license denied for the reasons stated in the rule, including any fraudulent misrepresentation on the application or during the licensing process, lack of experience, character or general fitness for licensure, failing to comply with the Lottery Act or Americans with Disabilities Act, expected sales volume deficiencies, and/or lack of financial responsibility or security.

3770-4-02 - Failure to pay the application fee, deposit, or obtain and maintain a bond, would be grounds to deny or revoke a lottery sales agent license. The adverse impact can be quantified in terms of the value in dollars of lost revenue relating to the absence of sales of lottery tickets or other products by a current or potential sales agent due to the denial or revocation of a lottery sales agent license application.

3770-4-06 - If a sales agent fails to timely transfer funds to the lottery, that sales agent may face penalties that include, but are not limited to, a monetary penalty and/or license modification, suspension or revocation.

Any monetary estimates are not possible, because in many cases the revenue is hypothetically changing, and/or may be contingent on many other contributing factors outside of the Lottery control.

- 16. Are there any proposed changes to the rules that will reduce a regulatory burden imposed on the business community? Please identify. (*Reductions in regulatory burden may include streamlining reporting processes, simplifying rules to improve readability, eliminating requirements, reducing compliance time or fees, or other related factors*).**

No proposed changes will have an impact on or reduce any regulatory burden.

- 17. Why did the Agency determine that the regulatory intent justifies the adverse impact to the regulated business community?**

Lottery Sales Agents are required to follow guidelines and procedures, which have been promulgated by the Lottery. Consistently enforced standards maintain the integrity of the Lottery and directly benefit the business community as a whole.

The adverse impacts of requiring applications be submitted pursuant to licensing processes by a Lottery Sales Agent is justified by the resulting establishment of consistent applicant eligibility criteria, as well as the requiring of the Lottery to give notice of the rules and regulations, and standards that are expected to be adhered to ensure ongoing compliance of uninterrupted licensure.

Regulatory Flexibility

18. Does the regulation provide any exemptions or alternative means of compliance for small businesses? Please explain.

No, many Lottery Sales Agents are small businesses, and are required to meet the same simple standards, regardless of size or profitability.

19. How will the agency apply Ohio Revised Code section 119.14 (waiver of fines and penalties for paperwork violations and first-time offenders) into implementation of the regulation?

There is no automatic penalty for a paperwork violation.

20. What resources are available to assist small businesses with compliance of the regulation?

The Ohio Lottery Commission is available to assist any Ohio business or employee regarding the conditions outlines in the proposed rules.

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