



Common Sense Initiative

Mike DeWine, *Governor*
Jon Husted, *Lt. Governor*

Joseph Baker, *Director*

MEMORANDUM

TO: Ian Litherland, Ohio Lottery Commission

FROM: Jacob Ritzenthaler, Business Advocate

DATE: September 11, 2024

RE: CSI Review – Licensing Fees (OAC 3770:2-11-01)

On behalf of Lt. Governor Jon Husted, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Commission as provided for in ORC 107.54.

Analysis

This rule package consists of one amended rule proposed by the Ohio Lottery Commission (Commission) as part of the statutory five-year review process. This rule package was submitted to the CSI Office on July 17, 2024, and the public comment period was held open through July 31, 2024. Unless otherwise noted below, this recommendation reflects the version of the proposed rule filed with the CSI Office on July 17, 2024.

Ohio Administrative Code 3770:2-11-01 establishes the licensing fees for licenses issued to video lottery sales agents, gaming employees, and technology providers. The rule includes fee schedules for video lottery sales agent licenses and categories for gaming employee licenses. The rule is proposed for amendment to remove unnecessary regulatory restrictions.

During early stakeholder outreach, the Commission sent the proposed rule to industry stakeholders for feedback, including the seven commercial racetracks and gaming licensees. No comments were received during that time or during the CSI public comment period.

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The business community impacted by the rule includes all commercial racetracks and gaming licensees. The adverse impact created by the rule is primarily the cost of licensing fees. The cost of a video lottery sales agent license is \$50,000,000, with \$10,000,000 of that cost paid at the time of application, \$15,000,000 paid upon the commencement of video lottery terminal sales, and \$25,000,000 upon one year of video lottery terminal sales. The cost of gaming employee licenses is \$250 for category one key gaming employees and \$100 for category two gaming employee licenses. The licensing fee costs \$2,500 for technology providers and \$100 for technology provider individual licenses. The Commission states that the adverse impact created by the rule is necessary to ensure the consistent and ongoing collection of licensing fees according to statute.

Recommendations

Based on the information above, the CSI Office has no recommendations on this rule package.

Conclusion

The CSI Office concludes that the Commission should proceed in filing the proposed rule with the Joint Committee on Agency Rule Review.