

Ohio Votes to Legalize Sports Betting

By Jake Nicholson

Ohio lawmakers have reached an agreement that will legalize sports betting for those 21 and older. House Bill 29, which was passed by the Ohio House of Representatives and Senate on December 8 and is expected to be signed into law by Governor DeWine in the coming days, will allow licensed gaming operations to begin accepting wagers as soon as April 1, 2022.

Since the Supreme Court of the United States struck down federal law prohibiting state-sponsored sports betting in 2018, 33 states and Washington D.C. have passed legislation establishing regulated markets for wagering on sports. Ohio now becomes the 34th as it hopes to curb the flow of its residents' entertainment and tourism dollars into neighboring Michigan, Pennsylvania, Indiana and West Virginia, all of whom have already legalized sports betting.

Oversight. The Ohio Casino Control Commission ("OCCC") will be responsible for regulating and monitoring all sports gambling activity in the state. Once the bill is signed into law, the OCCC is required to establish a licensing process, consumer protections, advertising guidelines, and financial requirements for licensees. As an enforcement agency, it will also be given the authority to create other administrative rules it deems necessary to carry out its oversight duties.

Licenses. The OCCC will begin accepting license applications on January 1, 2022 and can begin issuing a limited number of licenses on April 1, 2022. The law provides guidance as to how the OCCC will evaluate applicants, and establishes three classes of licenses: (1) Type A licenses for casinos, racinos and sportsbooks operating online and via mobile app; (2) Type B licenses for brick-and-mortar sportsbooks, which will be distributed throughout the state based on county population; and (3) Type C licenses for betting terminals to be placed in restaurants, bars and the like that possess D-1, D-2, or D-5 liquor permits.

Taxes. A 10% tax will be placed on the new industry's revenues. Combined with the fees and fines collected by the OCCC, most of this money will be earmarked for distribution by the Ohio General Assembly to public and nonpublic K-12 education programs and a state-sponsored Problem Sports Gaming and Addiction Fund. The bill also creates certain tax incentives for licensed operators beginning in 2027.

Be Ready. Businesses affected by legalization, whether pursuing a license, contracting with a licenseholder or being indirectly impacted, need to stay vigilant as Ohio's sports betting regulatory framework develops. From financial reporting to employment practices, failure to understand and implement processes to comply with the forthcoming regulations could result in significant fines or even criminal penalties.

Roetzel is actively monitoring developments in this space and utilizing our firm's expansive capabilities in the areas of public law and finance, business services, and government relations to navigate the changing landscape. Should you have any questions, please contact one of the listed Roetzel attorneys.

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