

# Eyeing big payoff, Ohio lawmakers look at going all-in on allowing online gambling, lottery games

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COLUMBUS, Ohio—Ohio lawmakers are looking to legalize online poker, casino and lottery games as a way to bring hundreds of millions of dollars per year in new state tax revenue.

If passed, it would be a major acceleration of Ohio's trend over the past two decades toward relaxing limits on gambling. In 2009, voters passed a constitutional amendment legalizing the state's casinos and racinos, and state lawmakers [legalized sports betting in 2023](#).

But while an "iGaming" and "iLottery" legalization bill was introduced in the Senate last week, and a second bill is reportedly on the way in the House, it remains to be seen exactly what, if anything, the legislature will do.

And a big question looms: How would the state spend those tax dollars? Republican state lawmakers continue to look at ways to cut taxes, and they have a \$600 million ask from the Cleveland Browns to help fund a new stadium in Brook Park, among dozens of other priorities.

There are still concerns in the legislature, though, about allowing online gambling – in particular, that it would make gambling addiction a far bigger problem in Ohio.

And it's not yet clear whether an online gaming bill would have support from Gov. Mike DeWine -- whose stance on legalized gambling in general might best be described as "begrudging acceptance" -- and whether such an expansion of gambling would run afoul of the Ohio Constitution.

## **What are lawmakers proposing?**

Senate Bill 197, introduced last week by Republican state Sen. Nathan Manning of North Ridgeville, would allow each of Ohio's four casinos and seven racinos to introduce – by themselves or via a vendor – websites and apps allowing people who are 21 or older to gamble via casino-style games, such as roulette, slots, blackjack and poker.

Internet betting on horse races – both real and simulated – would also be permitted.

Ohioans, after providing verification of their identity and eligibility, would be allowed to wager up to \$500 per week and spend up to five hours per week gambling online (the latter limit could be adjusted by bettors).

Each casino and racino would have to pony up \$50 million for an initial license, then pay \$5 million to renew the license after five years. If the casinos contract with a management company to run the online gaming operation, licenses would cost \$100 million each with a \$10 million renewal fee.

If each of the casinos and racinos purchase a license, that would bring an immediate cash infusion of at least \$550 million for the state.

But the state also would impose a 36% tax on Ohio casinos' online gambling revenues. That tax would rise to 40% for management companies. Just how much that would net the state in tax revenue would depend on how much Ohioans gamble.

The bill would also allow the Ohio Lottery to offer online lottery games, except for some existing lottery games like Pick 3, Pick 4, Pick 5, and Classic Lotto. Powerball or Mega Millions would be able to be played online starting a year after the bill becomes law.

The Ohio Lottery, meanwhile, would have to give 3.5% of its internet lottery revenue every three months to lottery sales agents.

SB197 would also streamline the way the state regulates gambling in general, by giving the Ohio Casino Control Commission oversight authority over online gambling, horse racing, charitable gaming and sweepstakes machines, and licensing and regulation of video lottery terminals.

The State Racing Commission, which currently regulates Ohio's nine horse tracks, would be abolished. Oversight over charitable gambling and video lottery terminals would be taken away from the state attorney general's office and the Ohio Lottery Commission, respectively.

Separately, Manning's bill would try to compensate sports-betting companies for the additional competition by halving the state's tax rate on sports-betting companies from 20% to 10%. That's the opposite of a plan that DeWine has been pushing to double the state's sports-gambling tax rate to 40% to help fund pro stadium projects and youth sports.

State Rep. Brian Stewart, a Pickaway County Republican and the powerful chair of the Ohio House Finance Committee, is also working on legislation to allow internet betting on casino and lottery games, poker, and horse races, [according to Ohio Public Media](#).

However, Stewart had not introduced any such legislation as of Friday. Stewart declined a request to comment for this story.

### **How much would online gambling bring the state?**

Manning, testifying last week before the Select Senate Committee on Gaming, said that it's difficult to predict exactly how much more money the state would get from legalizing online gambling. But, he added, after speaking with experts and looking at other states, he estimated that, under his internet gambling plan, the state would likely get at least \$500 million more per year.

The prospect of that much new state revenue inevitably attracts state lawmakers' interest, especially as they've been crafting a new two-year state budget [with less money to work with than they've had in the past few years](#).

Under Manning's bill, 99% of the tax revenue would go into the state's general revenue fund, and the remaining 1% would go the state's initiative to address problem gambling. Manning said putting those dollars in the general-revenue fund would allow lawmakers to decide during each future budget process on the best way to spend the money.

However, state Sen. Bill DeMora, a Columbus Democrat, said there's already talk that Republicans, who dominate both the Ohio House and Senate, want to use the money to help pay for further cuts to the state's income tax.

There are also rumors, he said, that it could be used to help meet the Cleveland Browns' request for the state to give \$600 million toward the team's proposed \$2.4 billion stadium in Brook Park.

"My concern is, are we going to raise all this money and increase gaming just to give a billion-dollar tax cut to people that don't need a tax cut -- the wealthy?" DeMora said in an interview.

House Speaker Matt Huffman, a Lima Republican, told reporters last week that the new gambling revenue could be used "in the future" to reduce the income tax or some other state tax. But until he sees "some other proposal," he said, he expects the money would go into the state's general-revenue fund.

Senate President Rob McColley, a Northwest Ohio Republican, also said last week that Republicans haven't yet decided what they'd like to do with the money.

But, he added, "there's an awful lot of discussion as to what should be done with it."

## **Pros and cons**

Manning said Ohioans already wager hundreds of millions of dollars via illegal online gambling sites. Legalizing it, he said, would not only allow the state to tax it, but regulate it and create protections for bettors – such as requiring age verification so children can't place bets.

"People are going to come to the legal market," Manning said. "It's easier, it's cleaner, it's better."

While Ohio lawmakers have long resisted allowing online gambling, McColley said earlier this month that there is a "different tone and tenor" about the idea now compared to a decade ago.

"I think a lot of times Ohioans want to have a little bit more choice as to how they spend their money and spend their recreational time," said McColley, [according to Ohio Public Media](#).

However, critics of online gambling say it would exploit poorer Ohioans and exacerbate the problem of gambling addiction by making it much easier to place bets.

"You can sit on your back patio and lose all your money. And for addicts, that's a problem," said Huffman, though he added that he was a "realist" about not standing in the way of at least some of the online gambling proposals.

Another concern is that allowing online lottery games would hurt Ohio retailers, as fewer customers would buy lottery tickets at their stores. However, a 2023 legislative report found that in other states, online lottery programs attracted new players who then bought tickets in person, resulting in an increase in retail sales.

There's also the question of whether state lawmakers could legalize online gambling without violating the Ohio Constitution, which [expressly authorizes only three kinds of gambling](#): the state lottery, casinos, and bingo games run by charitable groups.

It would likely be up to state courts to decide whether online gambling is allowed under that language. The Ohio Supreme Court has not yet ruled on the issue,

according to [an analysis of Manning's bill](#) by the nonpartisan Legislative Service Commission.

Manning, however, said during his testimony that the Ohio legislature has legalized several other forms of gambling over the years – including sports betting, horse racing, and card games at charitable festivals – that haven't been found unconstitutional.

He added that Ohio courts have found that the legislature can generally legalize any form of gambling that doesn't run afoul of other parts of the state constitution.

## **Other states**

Right now, 13 other states offer some form of legal online lottery sales, according to Manning. Seven states – Connecticut, Delaware, Michigan, New Jersey, Rhode Island, Pennsylvania, and West Virginia – allow a range of online gambling games, and Nevada allows online poker.

In Michigan, which allows gambling on online casino games and internet poker, the state collected nearly \$1.3 billion in tax revenue between iGaming's legalization there in 2021 and 2024, [according to state data](#). Last year alone, the state collected more than \$450 million using a graduated tax scale that ranges from 20% to 28%.

In Virginia, which legalized iLottery in 2020, online lottery sales hit a record \$2.9 billion last year, according to Khalid Jones, CEO and executive director of the Virginia Lottery. Retail lottery sales, he added, also hit a record high as well.

"I don't think that anyone back in 2020 had envisioned this level of success or adoption," he said.

Asked what Ohio could learn from Virginia's experience with its online lottery program, Jones replied that it's important to win over retailers when implementing such a program.

He also said that since Virginia created an iLottery program (and legalized sports betting at the same time), there's been a "corresponding increase" in problem gambling in the state.

"You have to be extra vigilant that you're making sure that your games are fair, the messaging is there, the resources are there, and that you're not putting anything out that could be considered irresponsible," he said.

*Laura Hancock contributed reporting.*

