OVERVIEW

The relationship between the Ohio Lottery Commission (OLC) and a Video Lottery Sales Agent (VLSA) is one of trust. A video lottery sales agent collects funds on behalf of the OLC through lottery sales from which a video lottery sales agent receives a commission.

REFERENCE DOCUMENTS

Ohio Administrative Codes 3770:2-6, 3770:2-7-02,
Ohio Revised Code 3770.071, .072, & .073
Ohio Revised Code 3770.21
Ohio Revised Code 5747.064

Video Lottery Sales Agent Terms and Conditions

STANDARDS

Business Day - The video lottery business day runs from 5:00:00 a.m. to 4:59:59 a.m. with wager processing capability 24 hours a day. The traditional Lottery business day corresponds to a calendar day and sales of those products including Keno will be processed under the existing VLSA processes.

Business Week - The video lottery business week runs from 5:00:00 a.m. Sunday to 4:59:59 a.m. Sunday with wager processing capability 24 hours a day.

Settlement Date - At the end of each week, the Lottery Commission will reconcile activity for the previous week and create an invoice identifying the commission amount due to the VLSA. The OLC will generate an invoice report and submit to the VLSA each week for processing.

Payment - The VLSA is required to make weekly deposits of game proceeds into their designated lottery account. This account is electronically debited or credited on a weekly basis.

Minimum Bankroll - A facility operator shall at all times maintain in its cashier's cage or in bank, (subject to OLC approval) a reserve cash bankroll sufficient to pay all winning wagers. The VLSA shall propose a minimum level and shall describe the methodology for calculating and adjusting the minimum.

Video Lottery Prize Payment - The VLSA is required to follow section 6041 of the Internal Revenue Code for W-2G reporting guidelines with respect to video lottery prize payments.

Pursuant to Ohio Revised Code (ORC) 3770.072 and 5747.064, prize awards of one thousand two hundred dollars or more from video lottery terminals are subject to State of

Ohio tax withholding and may be subject to municipal tax withholding depending upon the jurisdiction of the facility location. A lottery sales agent shall deduct and withhold Ohio income tax from the person's prize award at a rate of four percent of the amount won. The agent shall complete the applicable fields on the W2-G for the Ohio tax withholding.

Pursuant to ORC 3770.071 and 3770.073, the VLSA is required to intercept (withhold) prize payments for amounts owed to both the child support enforcement agency and the State of Ohio. The debt to the child support enforcement agency supersedes the State of Ohio debt. The VLSA will be required to make weekly deposits, of the withholdings into their designated lottery account. This electronic funds transfer will take place each week. The lottery will remit the withholdings and related data to the appropriate agency. The prize intercept procedures will be agreed to by the OLC and the VLSA.

Promotional Credits - A VLSA may offer promotional credits, also known as restricted promotional credits as approved by the Director. Restricted promotional credits must be played and cannot be cashed. Credits won from restricted promotional credits are permitted to be cashed. Promotional credits used during the billing cycle will be subtracted from the invoice totals so that restricted promotional credits are not included in the invoice calculation.

The VLSA shall present an annual promotional credit plan which shall propose the quantity of restricted promotional credits to be awarded and shall describe the allocation of credits among programs (e.g. direct mail, player loyalty).

TITO - A VLSA must provide to the OLC, for review and approval, a sample of the TITO ticket layout, design and disclaimer language including language regarding expiration. The submission must permit the OLC to edit and approve prior to printing.

Unclaimed Credit Vouchers - An unclaimed credit voucher is treated as an expired voucher on the 181st day following issuance. All funds from expired vouchers are due to the OLC the following business week. The funds from expired vouchers will not be included in the calculation of video lottery terminal income. There will be an adjustment created by the OLC as a separate item on the invoice as part of the video lottery terminal income.

Customer Credit - A VLSA may extend credit to a player for the purpose of playing Video Lottery Terminals. The VLSA shall submit customer credit policies, procedures and internal controls to be approved by the OLC.

Player Check Cashing - The VLSA is permitted to cash traveler's checks, bank cashier's checks, money orders and personal checks drawn on the player's personal account made payable to the VLSA or the player only. No restrictions as to the amount cashed. No fee restrictions for cashing. The VLSA shall describe the check verification services and proposed fees.

Automatic Teller Machine (ATM) - A VLSA may place an ATM in the gaming area. The ATM can allow access to a player's bank accounts via debit or ATM card. The VLSA shall describe controls in place to deter fraud or abuse.

Purchasing – Pursuant to Ohio Revised Code 3770.21 the VLSA shall present for approval a Minority Business Enterprise (MBE) and Encouraging Diversity, Growth, and Equity (EDGE) plan.

COMPLIANCE

The VLSA shall submit Financial Procedures to the OLC for review and approval. The procedures shall address each of the categories identified above and any additional information deemed pertinent by the VLSA.

CONTACT

Questions regarding the OLC program may be directed to:
Joseph.Angelillo@olc.state.oh.us