



House of Representatives

General Assembly

File No. 134

January Session, 2003

House Bill No. 6298

House of Representatives, April 1, 2003

The Committee on Public Safety reported through REP. DARGAN of the 115th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT AUTHORIZING MULTIJURISDICTIONAL LOTTERY GAMES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (b) of section 12-806 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2003*):

4 (b) The corporation shall have the following powers:

5 (1) To receive as transferee from the state of Connecticut all of the
6 tangible and intangible assets constituting the lottery including the
7 exclusive right to operate the lottery as the exclusive lottery of the state
8 and, subject to subsection (b) of section 12-808, to assume and
9 discharge all of the agreements, covenants and obligations of the
10 Division of Special Revenue entered into which constitute a part of the
11 operation and management of the lottery;

12 (2) To operate and manage the lottery consistent with the provisions
13 of sections 1-120, 1-121, 1-125, 12-557e, 12-563, 12-563a, 12-564, 12-566,

14 12-567, 12-568a and 12-569, subsection (d) of section 12-574 and
15 sections 12-800 to 12-818, inclusive, and as specifically provided in
16 section 12-812;

17 (3) To have perpetual succession as a body corporate and to adopt
18 bylaws, policies and procedures for the operation of its affairs and
19 conduct of its businesses;

20 (4) To introduce new lottery games, modify existing lottery games,
21 utilize existing and new technologies, determine distribution channels
22 for the sale of lottery tickets and, to the extent specifically authorized
23 by regulations adopted by the Division of Special Revenue pursuant to
24 chapter 54, introduce instant ticket vending machines, kiosks and
25 automated wagering systems or machines, with all such rights being
26 subject to regulatory oversight by the Division of Special Revenue;

27 (5) To establish an annual budget of revenues and expenditures,
28 along with reasonable reserves for working capital, capital
29 expenditures, debt retirement and other anticipated expenditures, in a
30 manner and at levels considered by the board of directors as
31 appropriate and prudent;

32 (6) To adopt such administrative and operating procedures which
33 the board of directors deems appropriate;

34 (7) To enter into agreements with one or more states, territories of
35 the United States, or any government authorized lottery operated
36 outside of the United States for the promotion and operation of joint
37 lottery games;

38 (8) Subject to the provisions of section 12-815, to enter into
39 agreements with vendors with respect to the operation and
40 management of the lottery, including operation of lottery terminals,
41 management services, printing of lottery tickets, management
42 expertise, marketing expertise, advertising or such other goods or
43 services as the board of directors deems necessary and appropriate;

44 (9) To purchase or lease operating equipment, including, but not

45 limited to, computer gaming and automated wagering systems and to
46 employ agents or employees to operate such systems;

47 (10) To retain unclaimed prize funds as additional revenue for the
48 state, or to use unclaimed prize funds to increase sales, or to return to
49 participants unclaimed prize funds in a manner designed to increase
50 sales;

51 (11) To establish prize reserve accounts as the board of directors
52 deems appropriate;

53 (12) To pay lottery prizes as awarded under section 12-812, to
54 purchase annuities to fund such prizes, and to assure that all annuities
55 from which payments to winners of lottery prizes are made are
56 invested in instruments issued by agencies of the United States
57 government and backed by the full faith and credit of the United
58 States, or are issued by insurance companies licensed to do business in
59 the state, provided the issuer has been determined by the Division of
60 Special Revenue to be financially stable and meets the minimum
61 investment rating as determined by the division;

62 (13) To pay or to reimburse the Division of Special Revenue, the
63 Office of Policy and Management and other affected state agencies, for
64 the reasonable direct and indirect costs of the planning for and
65 implementation of the transactions contemplated by sections 12-563a
66 and 12-800 to 12-818, inclusive, including, without limitation, expenses
67 related to such transactions arising prior to June 14, 1996, and the
68 operation and management of the lottery, including, without
69 limitation, regulatory oversight of the corporation, costs arising
70 directly or indirectly from the licensing of lottery agents, performance
71 of state police background investigations, and the planning for and
72 implementation of the transactions contemplated by section 12-808;

73 (14) In the event that the operation or management of the
74 corporation becomes subject to the federal gaming occupation tax, to
75 pay such tax on behalf of lottery sales agents and to assist agents
76 subject thereto;

77 (15) To determine the commissions payable to lottery sales agents,
78 provided any agent's commission shall not average less than five per
79 cent of such agent's lottery sales;

80 (16) To invest in, acquire, lease, purchase, own, manage, hold and
81 dispose of real property and lease, convey or deal in or enter into
82 agreements with respect to such property on any terms necessary or
83 incidental to carrying out the purposes of sections 12-563a and 12-800
84 to 12-818, inclusive, provided such transactions shall not be subject to
85 approval, review or regulation pursuant to title 4b or any other statute
86 by any state agency, except that real property transactions shall be
87 subject to review by the State Properties Review Board;

88 (17) To borrow money for the purpose of obtaining working capital;

89 (18) To hold patents, copyrights, trademarks, marketing rights,
90 licenses or any other evidence of protection or exclusivity issued under
91 the laws of the United States or any state;

92 (19) To employ such assistants, agents and other employees as may
93 be necessary or desirable to carry out its purposes in accordance with
94 sections 12-563a and 12-800 to 12-818, inclusive, to fix their
95 compensation and, subject to the provisions of subsections (e) and (f)
96 of section 12-802, establish all necessary and appropriate personnel
97 practices and policies; to engage consultants, accountants, attorneys
98 and financial and other independent professionals as may be necessary
99 or desirable to assist the corporation in performing its purposes in
100 accordance with sections 12-563a and 12-800 to 12-818, inclusive;

101 (20) To make and enter into all contracts and agreements necessary
102 or incidental to the performance of its duties and the execution of its
103 powers under sections 12-563a and 12-800 to 12-818, inclusive;

104 (21) In its own name, to sue and be sued, plead and be impleaded,
105 adopt a seal and alter the same at pleasure;

106 (22) Subject to the approval of the board and to the requirement to
107 remit excess lottery funds to the General Fund as set forth in section

108 12-812, to invest any funds not needed for immediate use or
109 disbursement, including any funds held in approved reserve accounts,
110 in investments permitted by sections 3-20 and 3-27a for the proceeds of
111 state bonds;

112 (23) To procure insurance against any loss in connection with its
113 property and other assets in such amounts and from such insurers as it
114 deems desirable;

115 (24) To the extent permitted under any contract with other persons
116 to which the corporation is a party, to consent to any termination,
117 modification, forgiveness or other change of any term of any
118 contractual right, payment, royalty, contract or agreement of any kind;

119 (25) To acquire, lease, purchase, own, manage, hold and dispose of
120 personal property, and lease, convey or deal in or enter into
121 agreements with respect to such property on any terms necessary or
122 incidental to the carrying out of these purposes;

123 (26) To account for and audit funds of the corporation;

124 (27) To pay or provide for payment from operating revenues all
125 expenses, costs and obligations incurred by the corporation in the
126 exercise of the powers of the corporation under sections 12-563a and
127 12-800 to 12-818, inclusive; and

128 (28) To exercise any powers necessary to carry out the purposes of
129 sections 12-563a and 12-800 to 12-818, inclusive.

| | |
|--|------------------------|
| This act shall take effect as follows: | |
| Section 1 | <i>October 1, 2003</i> |

PS *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Type | FY 04 \$ | FY 05 \$ |
|-------------------|-----------|-----------|-----------|
| Gaming Policy Bd. | GF | See Below | See Below |

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill is not anticipated to result in any fiscal impact to the state. Current law is unclear about whether the Connecticut Lottery Corporation (CLC) can enter into agreements to promote and operate joint lottery games (such as Powerball) with US territories (such as the US Virgin Islands) or government-authorized lotteries operated outside the United States (such as the Mexican National Lottery). The bill clarifies that the CLC has the authority to enter into such agreements, which will enable the CLC to continue participating in the Powerball game if such entities begin participating in the game in the future.

Currently, sales of Powerball tickets in Connecticut generate approximately \$70 million in annual sales, which yields approximately \$32.4 million in revenue to the General Fund.

OLR Bill Analysis

HB 6298

AN ACT AUTHORIZING MULTIJURISDICTIONAL LOTTERY GAMES

SUMMARY:

This bill allows the Connecticut Lottery Corporation to enter into agreements to promote and operate joint lottery games (similar to Powerball) with U.S. territories or government-authorized lotteries operated outside of the United States. Current law allows participation with other states.

EFFECTIVE DATE: October 1, 2003

COMMITTEE ACTION

Public Safety Committee

Joint Favorable Report

Yea 20 Nay 0