



AN ACT ALLOWING THE CONDUCT OF KENO AND HIGH STAKES BINGO GAMES.

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

1 Section 1. (NEW) (*Effective July 1, 2003*) (a) For the purposes of this
2 section and section 2 of this act, (1) "high stakes bingo" means a game
3 in which each player receives a card containing several rows of
4 numbers and, as numbers are drawn or otherwise obtained by chance
5 and publicly announced, the player first having a specified number of
6 announced numbers appearing on his or her card in a continuous
7 straight line or covering a previously designated arrangement of
8 numbers on such card is declared the winner and for which a prize is
9 awarded that may exceed two thousand dollars, (2) "keno" means a
10 lottery game in which twenty numbers are drawn from a field of
11 eighty numbers by a central computer system using an approved
12 random number generator, a rabbit ear or wheel system device
13 employing eighty numbered balls and the player having matched the
14 number of balls required for a particular spot game is awarded a prize
15 as indicated on the approved rate card, (3) "session" means a series of
16 high stakes bingo or keno games played in one day, (4) "executive
17 director" means the executive director of the Division of Special
18 Revenue within the Department of Revenue Services who shall be
19 responsible for the administration and regulation of high stakes bingo
20 in the state, and (5) "lottery corporation" means the Connecticut
21 Lottery Corporation which shall be responsible for the administration

22 of keno in the state.

23 (b) (1) On and after July 1, 2004, each licensee conducting dog racing
24 events under the pari-mutuel system may operate high stakes bingo
25 games on the premises of each dog race track.

26 (2) On and after July 1, 2003, each licensee conducting dog racing
27 events or authorized to operate the system of off-track betting under
28 the pari-mutuel system may operate keno games on the premises of
29 each dog race track or off-track betting facility, as the case may be.

30 (c) (1) No person or business organization may conduct a session at
31 which high stakes bingo or keno is permitted for any prize unless such
32 person or business organization is licensed as an association licensee
33 by the Gaming Policy Board. Any licensee authorized to conduct a
34 session shall indemnify and save harmless the state of Connecticut
35 against any and all actions, claims, and demands that the state may
36 sustain or incur by reason of issuing such license.

37 (2) No business organization, other than a shareholder in a publicly
38 traded corporation, may exercise control in or over an association
39 licensee unless such business organization is licensed as an affiliate
40 licensee by the board.

41 (3) No person or business organization may operate any concession
42 at any session at which high stakes bingo or keno is permitted unless
43 such person or business organization is licensed as a concessionaire
44 licensee by the executive director.

45 (4) No person or business organization awarded a contract by an
46 association licensee to provide facilities, components, goods or services
47 which are necessary for the operation of high stakes bingo or keno may
48 do so unless such person or business organization is licensed as a
49 vendor licensee by the executive director.

50 (5) No person may participate in any activity permitted under this
51 section as an employee of an association, concessionaire, vendor or

52 affiliate licensee unless such person is licensed as an occupational
53 licensee by the executive director. No officer, director, partner, trustee
54 or owner of a business organization that obtains a license in
55 accordance with this section may continue in such capacity unless such
56 officer, director, partner, trustee or owner is licensed as an
57 occupational licensee by the executive director. An occupational
58 license shall also be obtained by any shareholder, key executive, agent
59 or other person connected with any association, concessionaire, vendor
60 or affiliate licensee, who in the judgment of the executive director, will
61 exercise control in or over any such licensee. Such person shall apply
62 for a license not later than thirty days after the executive director
63 requests such person to do so, in writing. The executive director shall
64 complete the investigation of an applicant for an occupational license
65 and notify such applicant of the executive director's decision to
66 approve or deny the application within one year of receipt. Such
67 period may be extended by the board upon a showing of good cause
68 by the executive director, after giving the applicant a reasonable
69 opportunity for a hearing before the board.

70 (d) In determining whether to grant a license to any person or
71 business organization, the executive director may require an applicant
72 to submit to a state police background investigation and to provide
73 information on such applicant's: (1) Financial standing and credit
74 which shall, at the discretion of the executive director, be updated
75 annually; (2) moral character; (3) criminal record, if any; (4) previous
76 employment; (5) corporate, partnership or association affiliations; (6)
77 ownership of personal assets; and (7) such other information as the
78 executive director deems pertinent to the issuance of such license. The
79 executive director shall require each applicant for a vendor license to
80 submit to state and national criminal history records checks before
81 such license is issued. The criminal history records checks required
82 pursuant to this subsection shall be conducted in accordance with
83 section 29-17a of the general statutes. Each such applicant shall pay a
84 nonrefundable application fee of two hundred dollars. The executive
85 director shall issue a license to each applicant who satisfies the

86 requirements of this subsection.

87 (e) Each license shall be renewed annually. A nonrefundable
88 application fee of two hundred dollars shall accompany the initial
89 application and any subsequent renewal application.

90 (f) The executive director may reject for good cause an application
91 for a license and may suspend or revoke for good cause any license
92 issued by said executive director and may impose a civil penalty on
93 any licensee for a violation of any provision of any regulation adopted
94 under this section in an amount not to exceed two thousand five
95 hundred dollars after a hearing held in accordance with the provisions
96 of chapter 54 of the general statutes. Any such applicant aggrieved by
97 the action of the executive director concerning an application for a
98 license, or any person or business organization whose license is
99 suspended or revoked, may appeal to the Gaming Policy Board not
100 later than fifteen days after such action, suspension or revocation.

101 (g) The executive director of the Division of Special Revenue, in
102 consultation with the lottery corporation, and with the advice and
103 consent of the Gaming Policy Board, shall adopt such regulations, in
104 accordance with the provisions of chapter 54 of the general statutes, as
105 are necessary effectively to implement the provisions of sections 1 to 3,
106 inclusive, of this act in order to prevent fraud and protect the public.

107 Sec. 2. (NEW) (*Effective July 1, 2003*) (a) Each licensee conducting
108 high stakes bingo or keno shall pay to the state, and there is hereby
109 imposed: (1) A tax on the total money wagered on each and every day
110 the licensee conducts high stakes bingo or keno, pursuant to the
111 following schedule:

T1	Total Wagered	Tax
T2	0 to \$20,000,000	3%
T3	\$20,000,001 to 40,000,000	5%

T4

\$40,000,001 and over

7%

112 and (2) a tax equal to one-half of the breakage to the dime resulting
113 from such wagering.

114 (b) The executive director shall assess and collect the taxes imposed
115 by subsection (a) of this section under such regulations as, with the
116 advice and consent of the board, the executive director may prescribe.
117 All taxes hereby imposed shall be due and payable by the close of the
118 next banking day after each day's session. If any such tax is not paid
119 when due, the executive director shall impose a delinquency
120 assessment upon the licensee in the amount of ten per cent of such tax
121 or ten dollars, whichever amount is greater, plus interest at the rate of
122 one and one-half per cent of the unpaid principal of such tax for each
123 month or fraction of a month from the date such tax is due to the date
124 of payment. Subject to the provisions of section 12-3a of the general
125 statutes, the executive director may waive all or part of the penalties
126 provided under this subsection when it is proven to the executive
127 director's satisfaction that the failure to pay such tax within the time
128 required was due to reasonable cause and was not intentional or due
129 to neglect. Failure to pay any such delinquent tax upon demand may
130 be considered by the executive director as cause for revocation of
131 license.

132 (c) The executive director shall devise a system of accounting and
133 shall supervise betting at each session in such manner that the rights of
134 the state are protected and shall collect all fees and licenses under such
135 regulations as, with the advice and consent of the board, the executive
136 director shall prescribe.

137 (d) The executive director may authorize deputies and the
138 Commissioner of Revenue Services, or the commissioner's agents, shall
139 be authorized to enter upon the premises at any session for the
140 purpose of inspecting books and records, supervising and examining
141 cashiers, card sellers and other persons handling money at such

142 session and such other supervision as may be necessary for the
143 maintenance of integrity at such session.

144 Sec. 3. Subsection (b) of section 12-806 of the general statutes is
145 repealed and the following is substituted in lieu thereof (*Effective July*
146 *1, 2003*):

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

148 (1) To receive as transferee from the state of Connecticut all of the
149 tangible and intangible assets constituting the lottery including the
150 exclusive right to operate the lottery as the exclusive lottery of the state
151 and, subject to subsection (b) of section 12-808, to assume and
152 discharge all of the agreements, covenants and obligations of the
153 Division of Special Revenue entered into which constitute a part of the
154 operation and management of the lottery;

155 (2) To operate and manage the lottery consistent with the provisions
156 of sections 1-120, 1-121, 1-125, 12-557e, 12-563, 12-563a, 12-564, 12-566,
157 12-567, 12-568a and 12-569, subsection (d) of section 12-574 and
158 sections 12-800 to 12-818, inclusive, and as specifically provided in
159 section 12-812;

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

163 (4) To introduce new lottery games, modify existing lottery games,
164 utilize existing and new technologies, determine distribution channels
165 for the sale of lottery tickets and, to the extent specifically authorized
166 by regulations adopted by the Division of Special Revenue pursuant to
167 chapter 54, introduce instant ticket vending machines, kiosks and
168 automated wagering systems or machines, with all such rights being
169 subject to regulatory oversight by the Division of Special Revenue;

170 (5) To establish an annual budget of revenues and expenditures,
171 along with reasonable reserves for working capital, capital

172 expenditures, debt retirement and other anticipated expenditures, in a
173 manner and at levels considered by the board of directors as
174 appropriate and prudent;

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

177 (7) To enter into agreements with one or more states for the
178 promotion and operation of joint lottery games;

179 (8) Subject to the provisions of section 12-815, to enter into
180 agreements with vendors with respect to the operation and
181 management of the lottery, including operation of lottery terminals,
182 management services, printing of lottery tickets, management
183 expertise, marketing expertise, advertising or such other goods or
184 services as the board of directors deems necessary and appropriate;

185 (9) To purchase or lease operating equipment, including, but not
186 limited to, computer gaming and automated wagering systems and to
187 employ agents or employees to operate such systems;

188 (10) To retain unclaimed prize funds as additional revenue for the
189 state, or to use unclaimed prize funds to increase sales, or to return to
190 participants unclaimed prize funds in a manner designed to increase
191 sales;

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

194 (12) To pay lottery prizes as awarded under section 12-812, to
195 purchase annuities to fund such prizes, and to assure that all annuities
196 from which payments to winners of lottery prizes are made are
197 invested in instruments issued by agencies of the United States
198 government and backed by the full faith and credit of the United
199 States, or are issued by insurance companies licensed to do business in
200 the state, provided the issuer has been determined by the Division of
201 Special Revenue to be financially stable and meets the minimum

202 investment rating as determined by the division;

203 (13) To pay or to reimburse the Division of Special Revenue, the
204 Office of Policy and Management and other affected state agencies, for
205 the reasonable direct and indirect costs of the planning for and
206 implementation of the transactions contemplated by sections 5 of this
207 act, 12-563a and 12-800 to 12-818, inclusive, including, without
208 limitation, expenses related to such transactions arising prior to June
209 14, 1996, and the operation and management of the lottery, including,
210 without limitation, regulatory oversight of the corporation, costs
211 arising directly or indirectly from the licensing of lottery agents,
212 performance of state police background investigations, and the
213 planning for and implementation of the transactions contemplated by
214 section 12-808;

215 (14) In the event that the operation or management of the
216 corporation becomes subject to the federal gaming occupation tax, to
217 pay such tax on behalf of lottery sales agents and to assist agents
218 subject thereto;

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

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

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

231 (18) To hold patents, copyrights, trademarks, marketing rights,
232 licenses or any other evidence of protection or exclusivity issued under

233 the laws of the United States or any state;

234 (19) To employ such assistants, agents and other employees as may
235 be necessary or desirable to carry out its purposes in accordance with
236 sections 12-563a and 12-800 to 12-818, inclusive, to fix their
237 compensation and, subject to the provisions of subsections (e) and (f)
238 of section 12-802, establish all necessary and appropriate personnel
239 practices and policies; to engage consultants, accountants, attorneys
240 and financial and other independent professionals as may be necessary
241 or desirable to assist the corporation in performing its purposes in
242 accordance with sections 12-563a and 12-800 to 12-818, inclusive;

243 (20) To make and enter into all contracts and agreements necessary
244 or incidental to the performance of its duties and the execution of its
245 powers under sections 1 of this act, 12-563a and 12-800 to 12-818,
246 inclusive;

247 (21) To retain funds to cover costs relative to the administration of
248 keno games in this state pursuant to section 1 of this act;

249 [(21)] (22) In its own name, to sue and be sued, plead and be
250 impleaded, adopt a seal and alter the same at pleasure;

251 [(22)] (23) Subject to the approval of the board and to the
252 requirement to remit excess lottery funds to the General Fund as set
253 forth in section 12-812, to invest any funds not needed for immediate
254 use or disbursement, including any funds held in approved reserve
255 accounts, in investments permitted by sections 3-20 and 3-27a for the
256 proceeds of state bonds;

257 [(23)] (24) To procure insurance against any loss in connection with
258 its property and other assets in such amounts and from such insurers
259 as it deems desirable;

260 [(24)] (25) To the extent permitted under any contract with other
261 persons to which the corporation is a party, to consent to any
262 termination, modification, forgiveness or other change of any term of

263 any contractual right, payment, royalty, contract or agreement of any
264 kind;

265 [(25)] (26) To acquire, lease, purchase, own, manage, hold and
266 dispose of personal property, and lease, convey or deal in or enter into
267 agreements with respect to such property on any terms necessary or
268 incidental to the carrying out of these purposes;

269 [(26)] (27) To account for and audit funds of the corporation;

270 [(27)] (28) To pay or provide for payment from operating revenues
271 all expenses, costs and obligations incurred by the corporation in the
272 exercise of the powers of the corporation under sections 12-563a and
273 12-800 to 12-818, inclusive; and

274 [(28)] (29) To exercise any powers necessary to carry out the
275 purposes of sections 1 of this act, 12-563a and 12-800 to 12-818,
276 inclusive.

277 Sec. 4. (NEW) (*Effective July 1, 2003*) The Department of Economic
278 and Community Development, for the fiscal year beginning July 1,
279 2003, shall provide a grant in the amount of five million dollars to the
280 Northeast Connecticut Economic Alliance. Said grant shall be used by
281 the alliance to provide financial assistance to companies in Windham
282 and Tolland counties that are unable to obtain financing through
283 traditional means. In determining eligibility for financial assistance,
284 the alliance shall give preference to companies that would enhance
285 existing industrial clusters, including plastics technology and
286 manufacturing, medical device development, environmental
287 technology development, information technology, fiber optics,
288 shipping and distribution, entertainment and tourism. At least seventy
289 per cent of said funds shall be made available for direct loans. Direct
290 loans provided to any one company shall be limited to fifty thousand
291 dollars in any three-year period, provided the alliance, with the
292 approval of a majority of its governing board, may increase the
293 amount of direct loans up to forty-five per cent of the company's
294 finance package. For purposes of this section, "financial assistance"

295 means the infusion of capital, in any form whatsoever including, but
296 not limited to, grants, loans, equity, leases, guarantees, royalty
297 arrangements and other risk capital.

This act shall take effect as follows:	
Section 1	<i>July 1, 2003</i>
Sec. 2	<i>July 1, 2003</i>
Sec. 3	<i>July 1, 2003</i>
Sec. 4	<i>July 1, 2003</i>

PS

Joint Favorable Subst. C/R

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