



General Assembly

**Amendment**

January Session, 2003

LCO No. 6419

\*HB0653006419HR0\*

Offered by:

REP. CARON, 44<sup>th</sup> Dist.  
REP. MIKUTEL, 45<sup>th</sup> Dist.  
REP. ORANGE, 48<sup>th</sup> Dist.  
REP. CARUSO, 126<sup>th</sup> Dist.

REP. DYSON, 94<sup>th</sup> Dist.  
REP. COLLINS, 117<sup>th</sup> Dist.  
SEN. NEWTON, 23<sup>rd</sup> Dist.  
SEN. COOK, 18<sup>th</sup> Dist.

To: Subst. House Bill No. 6530

File No. 734

Cal. No. 135

**"AN ACT CONCERNING THE LICENSING OF LOTTERY VENDORS."**

1 After the last section, add the following and renumber sections and  
2 internal references accordingly:

3 "Sec. 501. (NEW) (*Effective July 1, 2003*) (a) For the purposes of this  
4 section and section 502 of this act, (1) "high stakes bingo" means a  
5 game in which each player receives a card containing several rows of  
6 numbers and, as numbers are drawn or otherwise obtained by chance  
7 and publicly announced, the player first having a specified number of  
8 announced numbers appearing on his or her card in a continuous  
9 straight line or covering a previously designated arrangement of  
10 numbers on such card is declared the winner and for which a prize is  
11 awarded that may exceed two thousand dollars, (2) "keno" means a  
12 lottery game in which twenty numbers are drawn from a field of  
13 eighty numbers by a central computer system using an approved

14 random number generator, a rabbit ear or wheel system device  
15 employing eighty numbered balls and the player having matched the  
16 number of balls required for a particular spot game is awarded a prize  
17 as indicated on the approved rate card, (3) "session" means a series of  
18 high stakes bingo or keno games played in one day, (4) "executive  
19 director" means the executive director of the Division of Special  
20 Revenue within the Department of Revenue Services who shall be  
21 responsible for the administration and regulation of high stakes bingo  
22 in the state, and (5) "lottery corporation" means the Connecticut  
23 Lottery Corporation which shall be responsible for the administration  
24 of keno in the state.

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

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

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

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

43 (3) No person or business organization may operate any concession  
44 at any session at which high stakes bingo or keno is permitted unless  
45 such person or business organization is licensed as a concessionaire

46 licensee by the executive director.

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

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

72 (d) In determining whether to grant a license to any person or  
73 business organization, the executive director may require an applicant  
74 to submit to a state police background investigation and to provide  
75 information on such applicant's: (1) Financial standing and credit  
76 which shall, at the discretion of the executive director, be updated  
77 annually; (2) moral character; (3) criminal record, if any; (4) previous  
78 employment; (5) corporate, partnership or association affiliations; (6)

79 ownership of personal assets; and (7) such other information as the  
80 executive director deems pertinent to the issuance of such license. The  
81 executive director shall require each applicant for a vendor license to  
82 submit to state and national criminal history records checks before  
83 such license is issued. The criminal history records checks required  
84 pursuant to this subsection shall be conducted in accordance with  
85 section 29-17a of the general statutes. Each such applicant shall pay a  
86 nonrefundable application fee of two hundred dollars. The executive  
87 director shall issue a license to each applicant who satisfies the  
88 requirements of this subsection.

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

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

103 (g) The executive director of the Division of Special Revenue, in  
104 consultation with the lottery corporation, and with the advice and  
105 consent of the Gaming Policy Board, shall adopt such regulations, in  
106 accordance with the provisions of chapter 54 of the general statutes, as  
107 are necessary effectively to implement the provisions of sections 501 to  
108 503, inclusive, of this act in order to prevent fraud and protect the  
109 public.

110 Sec. 502. (NEW) (*Effective July 1, 2003*) (a) Each licensee conducting

111 high stakes bingo or keno shall pay to the state, and there is hereby  
 112 imposed: (1) A tax on the total money wagered on each and every day  
 113 the licensee conducts high stakes bingo or keno, pursuant to the  
 114 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%

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

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

135 (c) The executive director shall devise a system of accounting and

136 shall supervise betting at each session in such manner that the rights of  
137 the state are protected and shall collect all fees and licenses under such  
138 regulations as, with the advice and consent of the board, the executive  
139 director shall prescribe.

140 (d) The executive director may authorize deputies and the  
141 Commissioner of Revenue Services, or the commissioner's agents, shall  
142 be authorized to enter upon the premises at any session for the  
143 purpose of inspecting books and records, supervising and examining  
144 cashiers, card sellers and other persons handling money at such  
145 session and such other supervision as may be necessary for the  
146 maintenance of integrity at such session.

147 Sec. 503. Subsection (b) of section 12-806 of the general statutes is  
148 repealed and the following is substituted in lieu thereof (*Effective July*  
149 *1, 2003*):

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

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

158 (2) To operate and manage the lottery consistent with the provisions  
159 of sections 1-120, 1-121, 1-125, 12-557e, 12-563, 12-563a, 12-564, 12-566,  
160 12-567, 12-568a and 12-569, subsection (d) of section 12-574 and  
161 sections 12-800 to 12-818, inclusive, and as specifically provided in  
162 section 12-812;

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

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

173 (5) To establish an annual budget of revenues and expenditures,  
174 along with reasonable reserves for working capital, capital  
175 expenditures, debt retirement and other anticipated expenditures, in a  
176 manner and at levels considered by the board of directors as  
177 appropriate and prudent;

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

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

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

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

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

195 (11) To establish prize reserve accounts as the board of directors

196 deems appropriate;

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

206 (13) To pay or to reimburse the Division of Special Revenue, the  
207 Office of Policy and Management and other affected state agencies, for  
208 the reasonable direct and indirect costs of the planning for and  
209 implementation of the transactions contemplated by sections 501 of  
210 this act, 12-563a and 12-800 to 12-818, inclusive, including, without  
211 limitation, expenses related to such transactions arising prior to June  
212 14, 1996, and the operation and management of the lottery, including,  
213 without limitation, regulatory oversight of the corporation, costs  
214 arising directly or indirectly from the licensing of lottery agents,  
215 performance of state police background investigations, and the  
216 planning for and implementation of the transactions contemplated by  
217 section 12-808;

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

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

225 (16) To invest in, acquire, lease, purchase, own, manage, hold and  
226 dispose of real property and lease, convey or deal in or enter into  
227 agreements with respect to such property on any terms necessary or

228 incidental to carrying out the purposes of sections 12-563a and 12-800  
229 to 12-818, inclusive, provided such transactions shall not be subject to  
230 approval, review or regulation pursuant to title 4b or any other statute  
231 by any state agency, except that real property transactions shall be  
232 subject to review by the State Properties Review Board;

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

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

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

246 (20) To make and enter into all contracts and agreements necessary  
247 or incidental to the performance of its duties and the execution of its  
248 powers under sections 501 of this act, 12-563a and 12-800 to 12-818,  
249 inclusive;

250 (21) To retain funds to cover costs relative to the administration of  
251 keno games in this state pursuant to section 501 of this act;

252 [(21)] (22) In its own name, to sue and be sued, plead and be  
253 impleaded, adopt a seal and alter the same at pleasure;

254 [(22)] (23) Subject to the approval of the board and to the  
255 requirement to remit excess lottery funds to the General Fund as set  
256 forth in section 12-812, to invest any funds not needed for immediate  
257 use or disbursement, including any funds held in approved reserve

258 accounts, in investments permitted by sections 3-20 and 3-27a for the  
259 proceeds of state bonds;

260 [(23)] (24) To procure insurance against any loss in connection with  
261 its property and other assets in such amounts and from such insurers  
262 as it deems desirable;

263 [(24)] (25) To the extent permitted under any contract with other  
264 persons to which the corporation is a party, to consent to any  
265 termination, modification, forgiveness or other change of any term of  
266 any contractual right, payment, royalty, contract or agreement of any  
267 kind;

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

272 [(26)] (27) To account for and audit funds of the corporation;

273 [(27)] (28) To pay or provide for payment from operating revenues  
274 all expenses, costs and obligations incurred by the corporation in the  
275 exercise of the powers of the corporation under sections 12-563a and  
276 12-800 to 12-818, inclusive; and

277 [(28)] (29) To exercise any powers necessary to carry out the  
278 purposes of sections 501 of this act, 12-563a and 12-800 to 12-818,  
279 inclusive.

280 Sec. 504. (NEW) (*Effective July 1, 2003*) The Office of Policy and  
281 Management, for the fiscal year beginning July 1, 2003, shall provide a  
282 grant in the amount of five million dollars to the Northeast  
283 Connecticut Economic Alliance. Said grant shall be used by the alliance  
284 to provide financial assistance to companies in Windham and Tolland  
285 counties that are unable to obtain financing through traditional means.  
286 In determining eligibility for financial assistance, the alliance shall give  
287 preference to companies that would enhance existing industrial

288 clusters, including plastics technology and manufacturing, medical  
289 device development, environmental technology development,  
290 information technology, fiber optics, shipping and distribution,  
291 entertainment and tourism. At least seventy per cent of said funds  
292 shall be made available for direct loans. Direct loans provided to any  
293 one company shall be limited to fifty thousand dollars in any three-  
294 year period, provided the alliance, with the approval of a majority of  
295 its governing board, may increase the amount of direct loans up to  
296 forty-five per cent of the company's finance package. For purposes of  
297 this section, "financial assistance" means the infusion of capital, in any  
298 form whatsoever including, but not limited to, grants, loans, equity,  
299 leases, guarantees, royalty arrangements and other risk capital."