



General Assembly

February Session, 2004

Raised Bill No. 5068

LCO No. 477

00477 _____ PS_

Referred to Committee on Public Safety

Introduced by:
(PS)

**AN ACT CONCERNING LOTTERY VENDOR, AFFILIATE AND
OCCUPATIONAL LICENSES.**

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

1 Section 1. Section 12-815a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 [The executive director of the Division of Special Revenue shall
4 require the person or business organization awarded the primary
5 contract by the Connecticut Lottery Corporation to provide facilities,
6 components, goods or services which are necessary for the operation of
7 the activities of said corporation to submit to state and national
8 criminal history records checks. No such person or business
9 organization may provide such facilities, components, goods or
10 services unless such person or business organization submits to a state
11 police background investigation in accordance with subsection (i) of
12 section 12-574 or is issued a vendor license by the executive director of
13 the Division of Special Revenue. The criminal history records checks
14 required pursuant to this section shall be conducted in accordance
15 with section 29-17a.]

16 (a) The executive director of the Division of Special Revenue shall
17 issue vendor, affiliate and occupational licenses in accordance with the
18 provisions of this section.

19 (b) No person or business organization awarded a primary contract
20 by the Connecticut Lottery Corporation to provide facilities,
21 components, goods or services that are necessary for and directly
22 related to the secure operation of the activities of said corporation shall
23 do so unless such person or business organization is issued a vendor
24 license by the executive director of the Division of Special Revenue.
25 For the purposes of this subsection, "primary contract" means a
26 contract to provide facilities, components, goods or services to said
27 corporation by a person or business organization (1) that provides any
28 lottery game or any online wagering system related facilities,
29 components, goods or services and that receives or, in the exercise of
30 reasonable business judgment, can be expected to receive more than
31 seventy-five thousand dollars or twenty-five per cent of its gross
32 annual sales from said corporation, or (2) that has access to the
33 facilities of said corporation and provides services in such facilities
34 without supervision by said corporation. Each applicant for a vendor
35 license shall pay a nonrefundable application fee of two hundred
36 dollars.

37 (c) No business organization, other than a shareholder in a publicly
38 traded corporation, may be a subcontractor for the provision of
39 facilities, components, goods or services that are necessary for and
40 directly related to the secure operation of the activities of the
41 Connecticut Lottery Corporation, or may exercise control in or over a
42 vendor licensee unless such business organization is licensed as an
43 affiliate licensee by the executive director. Each applicant for an
44 affiliate license shall pay a nonrefundable application fee of two
45 hundred dollars.

46 (d) (1) Each employee of a vendor or affiliate licensee who has
47 access to the facilities of the Connecticut Lottery Corporation and

48 provides services in such facilities without supervision by said
49 corporation or performs duties directly related to the activities of said
50 corporation shall obtain an occupational license.

51 (2) Each officer, director, partner, trustee or owner of a business
52 organization licensed as a vendor or affiliate licensee and any
53 shareholder, executive, agent or other person connected with any
54 vendor or affiliate licensee who, in the judgment of the executive
55 director, will exercise control in or over any such licensee shall obtain
56 an occupational license.

57 (3) Each employee of the Connecticut Lottery Corporation shall
58 obtain an occupational license.

59 (e) The executive director shall issue occupational licenses in the
60 following classes: (1) Class I for persons specified in subdivision (1) of
61 subsection (d) of this section; (2) Class II for persons specified in
62 subdivision (2) of subsection (d) of this section; (3) Class III for persons
63 specified in subdivision (3) of subsection (d) of this section who, in the
64 judgment of the executive director, will not exercise authority over or
65 direct the management and policies of the Connecticut Lottery
66 Corporation; and (4) Class IV for persons specified in subdivision (3) of
67 subsection (d) of this section who, in the judgment of the executive
68 director, will exercise authority over or direct the management and
69 policies of the Connecticut Lottery Corporation. Each applicant for a
70 Class I or III occupational license shall pay a nonrefundable
71 application fee of ten dollars. Each applicant for a Class II or IV
72 occupational license shall pay a nonrefundable application fee of fifty
73 dollars. The nonrefundable application fee shall accompany the
74 application for each such occupational license.

75 (f) In determining whether to grant a vendor, affiliate or
76 occupational license to any such person or business organization, the
77 executive director may require an applicant to provide information as
78 to such applicant's: (1) Financial standing and credit; (2) moral
79 character; (3) criminal record, if any; (4) previous employment; (5)

80 corporate, partnership or association affiliations; (6) ownership of
81 personal assets; and (7) such other information as the executive
82 director deems pertinent to the issuance of such license, provided the
83 submission of such other information will assure the integrity of the
84 state lottery. The executive director shall require each applicant for a
85 vendor, affiliate or occupational license to submit to state and national
86 criminal history records checks and may require each such applicant to
87 submit to an international criminal history records check before such
88 license is issued. The state and national criminal history records checks
89 required pursuant to this subsection shall be conducted in accordance
90 with section 29-17a. The executive director shall issue a vendor,
91 affiliate or occupational license, as the case may be, to each applicant
92 who satisfies the requirements of this subsection and who is deemed
93 qualified by the executive director. The executive director may reject
94 for good cause an application for a vendor, affiliate or occupational
95 license.

96 (g) Each vendor, affiliate or Class I or II occupational license shall be
97 effective for not more than one year from the date of issuance. Each
98 Class III or IV occupational license shall remain in effect throughout
99 the term of employment of any such employee holding such a license.
100 The executive director may require each employee issued a Class IV
101 occupational license to submit information as to such employee's
102 financial standing and credit annually. Initial application for and
103 renewal of any such license shall be in such form and manner as the
104 executive director shall prescribe.

105 (h) (1) The executive director may suspend or revoke for good cause
106 a vendor, affiliate or occupational license after a hearing held before
107 the executive director in accordance with chapter 54. The executive
108 director may order summary suspension of any such license in
109 accordance with subsection (c) of section 4-182.

110 (2) Any such applicant aggrieved by the action of the executive
111 director concerning an application for a license, or any person or

112 business organization whose license is suspended or revoked, may
113 appeal to the Gaming Policy Board not later than fifteen days after
114 such decision. Any person or business organization aggrieved by a
115 decision of the board may appeal pursuant to section 4-183.

116 (3) The executive director may impose a civil penalty on any
117 licensee for a violation of any provision of this chapter or any
118 regulation adopted under section 12-568a in an amount not to exceed
119 two thousand five hundred dollars after a hearing held in accordance
120 with chapter 54.

121 (i) The executive director may require that the books and records of
122 any vendor or affiliate licensee be maintained in any manner which the
123 executive director may deem best, and that any financial or other
124 statements based on such books and records be prepared in
125 accordance with generally accepted accounting principles in such form
126 as the executive director shall prescribe. The executive director or a
127 designee may visit, investigate and place expert accountants and such
128 other persons as deemed necessary in the offices or places of business
129 of any such licensee for the purpose of satisfying himself that such
130 licensee is in compliance with the regulations of the division.

131 (j) For the purposes of this section, "control" means the power to
132 exercise authority over or direct the management and policies of a
133 licensee.

134 (k) The executive director of the Division of Special Revenue may
135 adopt such regulations, in accordance with chapter 54, as are necessary
136 to implement the provisions of this section.

137 Sec. 2. Section 12-557e of the general statutes is repealed and the
138 following is substituted in lieu thereof (*Effective from passage*):

139 The Gaming Policy Board shall work in cooperation with the
140 Division of Special Revenue to implement and administer the
141 provisions of this chapter and chapter 226b. In carrying out its duties

142 the board shall be responsible for: (1) Approving, suspending or
143 revoking licenses issued under subsection (a) of section 12-574; (2)
144 approving contracts for facilities, goods, components or services
145 necessary to carry out the provisions of section 12-572; (3) setting
146 racing and jai alai meeting dates, except that the board may delegate to
147 the executive director the authority for setting make-up performance
148 dates within the period of a meeting set by the board; (4) imposing
149 fines on licensees under subsection (j) of [said] section 12-574; (5)
150 approving the types of pari-mutuel betting to be permitted; (6)
151 advising the executive director concerning the conduct of off-track
152 betting facilities; (7) assisting the executive director in developing
153 regulations to carry out the provisions of this chapter and chapter 226b
154 and approving such regulations prior to their adoption; (8) hearing all
155 appeals taken under subsection (j) of [said] section 12-574 and section
156 [12-802b] 12-815a, as amended by this act; and (9) advising the
157 Governor on state-wide plans and goals for legalized gambling.

158 Sec. 3. Section 12-806a of the general statutes is repealed and the
159 following is substituted in lieu thereof (*Effective from passage*):

160 As used in this section, "procedure" shall have the same meaning as
161 "procedure", as defined in subdivision (2) of section 1-120. The
162 Division of Special Revenue shall, for the purposes of sections 12-557e
163 and 12-568a, subsection (d) of section 12-574 and sections 12-802a, [12-
164 802b,] 12-815a, as amended by this act, and this section, [and section
165 12-815a,] regulate the activities of the Connecticut Lottery Corporation
166 to assure the integrity of the state lottery. In addition to the
167 requirements of the provisions of chapter 12 and notwithstanding the
168 provisions of section 12-806, the Connecticut Lottery Corporation shall,
169 prior to implementing any procedure designed to assure the integrity
170 of the state lottery, obtain the written approval of the executive
171 director of the Division of Special Revenue in accordance with
172 regulations adopted under section 12-568a.

173 Sec. 4. (*Effective from passage*) Section 12-802b of the general statutes

174 is repealed.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>
Sec. 3	<i>from passage</i>
Sec. 4	<i>from passage</i>

Statement of Purpose:

To clarify the authority of the Division of Special Revenue with regard to the licensing of lottery vendors, affiliates and occupational licensees.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]