



General Assembly

January Session, 2009

**Raised Bill No. 938**

LCO No. 3649

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Referred to Committee on Public Safety and Security

Introduced by:  
(PS)

**AN ACT CONCERNING AN ASSESSMENT FOR REGULATORY  
OVERSIGHT OF THE CONNECTICUT LOTTERY CORPORATION.**

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2 repealed and the following is substituted in lieu thereof (*Effective from*  
3 *passage*):

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 except that the corporation shall not offer any interactive on-line  
28 lottery games, including on-line video lottery games for promotional  
29 purposes;

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

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

37 (7) To enter into agreements with one or more states or territories of  
38 the United States for the promotion and operation of joint lottery  
39 games and to continue to participate in any joint lottery game in which  
40 the corporation participates on July 1, 2003, regardless of whether any  
41 government-authorized lottery operated outside of the United States  
42 participates in such game;

43 (8) Subject to the provisions of section 12-815, to enter into  
44 agreements with vendors with respect to the operation and

45 management of the lottery, including operation of lottery terminals,  
46 management services, printing of lottery tickets, management  
47 expertise, marketing expertise, advertising or such other goods or  
48 services as the board of directors deems necessary and appropriate;

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

52 (10) To retain unclaimed prize funds as additional revenue for the  
53 state, or to use unclaimed prize funds to increase sales, or to return to  
54 participants unclaimed prize funds in a manner designed to increase  
55 sales;

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

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

67 (13) To pay [or] the Office of Policy and Management to reimburse  
68 the Division of Special Revenue, [the Office of Policy and Management  
69 and other affected state agencies,] for the reasonable [direct and  
70 indirect] and necessary costs [of the planning for and implementation  
71 of the transactions contemplated by sections 12-563a and 12-800 to 12-  
72 818, inclusive, including, without limitation, expenses related to such  
73 transactions arising prior to June 14, 1996, and the operation and  
74 management of the lottery, including, without limitation, regulatory  
75 oversight of the corporation,] arising from the division's regulatory

76 oversight of the corporation, in accordance with the assessment made  
77 pursuant to section 2 of this act, including costs arising directly or  
78 indirectly from the licensing of lottery agents, performance of state  
79 police background investigations, and the [planning for and  
80 implementation of the transactions contemplated by section 12-808]  
81 implementation of subsection (b) of section 12-562, sections 12-563a,  
82 12-568a, 12-569, 12-570, 12-570a, and 12-800 to 12-818, inclusive;

83 (14) In the event that the operation or management of the  
84 corporation becomes subject to the federal gaming occupation tax, to  
85 pay such tax on behalf of lottery sales agents and to assist agents  
86 subject thereto;

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

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

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

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

102 (19) To employ such assistants, agents and other employees as may  
103 be necessary or desirable to carry out its purposes in accordance with  
104 sections 12-563a and 12-800 to 12-818, inclusive, to fix their  
105 compensation and, subject to the provisions of subsections (e) and (f)

106 of section 12-802, establish all necessary and appropriate personnel  
107 practices and policies; to engage consultants, accountants, attorneys  
108 and financial and other independent professionals as may be necessary  
109 or desirable to assist the corporation in performing its purposes in  
110 accordance with sections 12-563a and 12-800 to 12-818, inclusive;

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

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

116 (22) Subject to the approval of the board and to the requirement to  
117 remit excess lottery funds to the General Fund as set forth in section  
118 12-812, to invest any funds not needed for immediate use or  
119 disbursement, including any funds held in approved reserve accounts,  
120 in investments permitted by sections 3-20 and 3-27a for the proceeds of  
121 state bonds;

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

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

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

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

134 (27) To pay or provide for payment from operating revenues all

135 expenses, costs and obligations incurred by the corporation in the  
136 exercise of the powers of the corporation under sections 12-563a and  
137 12-800 to 12-818, inclusive; and

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

140 Sec. 2. (NEW) (*Effective from passage*) (a) Each year the Office of  
141 Policy and Management shall assess the Connecticut Lottery  
142 Corporation in an amount sufficient to compensate the Division of  
143 Special Revenue for the reasonable and necessary costs incurred by the  
144 division for the regulatory activities specified in subdivision (13) of  
145 subsection (b) of section 12-806 of the general statutes, as amended by  
146 this act, for the preceding fiscal year ending June thirtieth.

147 (b) On or before January first of each year, the Office of Policy and  
148 Management shall submit the total of the assessment made in  
149 accordance with subsection (a) of this section, together with a  
150 proposed assessment for the succeeding fiscal year based on the  
151 preceding fiscal year cost, to the Connecticut Lottery Corporation. Not  
152 later than March first of each year, after receiving any objections to the  
153 proposed assessments and making such changes or adjustments as the  
154 Secretary of the Office of Policy and Management determines to be  
155 warranted, the office shall assess the Connecticut Lottery Corporation.  
156 The corporation shall pay the total assessment in quarterly payments  
157 to the Office of Policy and Management, with the first payment  
158 commencing on July first of each year, and with the remaining  
159 payments to be made on October first, January first, and April first  
160 annually. The office shall deposit any such payment in the General  
161 Fund and the total amount of such assessment shall be appropriated to  
162 the Division of Special Revenue for each fiscal year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	12-806(b)

Sec. 2	<i>from passage</i>	New section
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**Statement of Purpose:**

To give the Office of Policy and Management the ability to assess the total cost incurred by the Division of Special Revenue for its regulatory oversight of the Connecticut Lottery Corporation, and to require the corporation to pay such assessment in quarterly payments.

*[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.]*