



General Assembly

January Session, 2009

Raised Bill No. 938

LCO No. 3649

* SB00938PS 031009 *

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2 repealed and the following is substituted in lieu thereof (*Effective from*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

PS *Joint Favorable*