



House Bill No. 5159

Public Act No. 10-154

**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:

Section 1. Subsection (b) of section 12-806 of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) The corporation shall have the following powers:

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

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

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

(4) To introduce new lottery games, modify existing lottery games, utilize existing and new technologies, determine distribution channels for the sale of lottery tickets and, to the extent specifically authorized by regulations adopted by the Division of Special Revenue pursuant to chapter 54, introduce instant ticket vending machines, kiosks and automated wagering systems or machines, with all such rights being subject to regulatory oversight by the Division of Special Revenue, except that the corporation shall not offer any interactive on-line lottery games, including on-line video lottery games for promotional purposes;

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

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

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

(8) Subject to the provisions of section 12-815, to enter into agreements with vendors with respect to the operation and management of the lottery, including operation of lottery terminals,

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management services, printing of lottery tickets, management expertise, marketing expertise, advertising or such other goods or services as the board of directors deems necessary and appropriate;

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

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

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

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

(13) To pay [or] the Office of Policy and Management to reimburse the Division of Special Revenue [, the Office of Policy and Management and other affected state agencies,] for the reasonable [direct and indirect] and necessary costs [of the planning for and implementation of the transactions contemplated by sections 12-563a and 12-800 to 12-818, inclusive, including, without limitation, expenses related to such transactions arising prior to June 14, 1996, and the operation and management of the lottery, including, without

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

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

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

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

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

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

(19) To employ such assistants, agents and other employees as may

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be necessary or desirable to carry out its purposes in accordance with sections 12-563a and 12-800 to 12-818, inclusive, to fix their compensation and, subject to the provisions of subsections (e) and (f) of section 12-802, establish all necessary and appropriate personnel practices and policies; to engage consultants, accountants, attorneys and financial and other independent professionals as may be necessary or desirable to assist the corporation in performing its purposes in accordance with sections 12-563a and 12-800 to 12-818, inclusive;

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

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

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

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

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

(25) To acquire, lease, purchase, own, manage, hold and dispose of personal property, and lease, convey or deal in or enter into agreements with respect to such property on any terms necessary or

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incidental to the carrying out of these purposes;

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

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

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

Sec. 2. (NEW) (*Effective from passage*) (a) Commencing July 1, 2010, and annually thereafter, the Office of Policy and Management shall assess the Connecticut Lottery Corporation in an amount sufficient to compensate the Division of Special Revenue for the reasonable and necessary costs incurred by the division for the regulatory activities specified in subdivision (13) of subsection (b) of section 12-806 of the general statutes, as amended by this act, for the preceding fiscal year ending June thirtieth.

(b) On or before August first of each year, the Office of Policy and Management shall submit the total of the assessment made in accordance with subsection (a) of this section, together with a proposed assessment for the succeeding fiscal year based on the preceding fiscal year cost, to the Connecticut Lottery Corporation. The assessment for the preceding fiscal year shall be determined not later than September fifteenth of each year, after receiving any objections to the proposed assessments and making such changes or adjustments as the Secretary of the Office of Policy and Management determines to be warranted. The corporation shall pay the total assessment in quarterly payments to the Office of Policy and Management, with the first payment commencing on October first of each year, and with the remaining payments to be made on January first, April first, and July

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first annually. The office shall deposit any such payment in the lottery assessment account established under subsection (c) of this section.

(c) There is established an account to be known as the "lottery assessment account" which shall be a separate, nonlapsing account within the General Fund. The account shall contain any moneys required by law to be deposited in the account. Moneys in the account shall be expended by the Division of Special Revenue.

Approved June 7, 2010