



# Senate

General Assembly

**File No. 575**

February Session, 2010

Substitute Senate Bill No. 231

*Senate, April 15, 2010*

The Committee on Finance, Revenue and Bonding reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

**AN ACT CREATING AN AMNESTY PROGRAM FOR DELINQUENT LOTTERY SALES AGENTS.**

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

1 Section 1. Section 12-569 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2010*):

3 (a) If the president of the Connecticut Lottery Corporation  
4 determines that any lottery sales agent has breached [his] such agent's  
5 fiduciary responsibility to the corporation in that the account of such  
6 lottery sales agent with respect to moneys received from the sale of  
7 lottery tickets has become delinquent in accordance with regulations  
8 adopted as provided in section 12-568a, the president shall notify the  
9 executive director of the breach of fiduciary duty and the executive  
10 director shall impose a delinquency assessment upon such account  
11 equal to ten per cent of the amount due or ten dollars, whichever  
12 amount is greater, plus interest at the rate of one and one-half per cent  
13 of such amount for each month or fraction of a month from the date

14 such amount is due to the date of payment. [Subject] Except as  
15 provided in section 2 of this act, and subject to the provisions of section  
16 12-3a, the executive director may waive all or part of the penalties  
17 provided under this subsection when it is proven to [his] the executive  
18 director's satisfaction that the failure to pay such moneys to the state  
19 within the time allowed was due to reasonable cause and was not  
20 intentional or due to neglect. Any such delinquent lottery sales agent  
21 shall be notified of such delinquency assessment and shall be afforded  
22 an opportunity to contest the validity and amount of such assessment  
23 before the executive director who [is hereby authorized to] may  
24 conduct such hearing. Upon request of the president of the  
25 Connecticut Lottery Corporation, the executive director may prepare  
26 and sign a warrant directed to any state marshal, constable or any  
27 collection agent employed by the Connecticut Lottery Corporation for  
28 distraint upon any property of such delinquent lottery sales agent  
29 within the state, whether personal or real property. An itemized bill  
30 shall be attached [thereto] to the warrant certified by the executive  
31 director as a true statement of the amount due from such lottery sales  
32 agent. Such warrant shall have the same force and effect as an  
33 execution issued in accordance with chapter 906. Such warrant shall be  
34 levied on any real, personal, tangible or intangible property of such  
35 agent and sale made pursuant to such warrant in the same manner and  
36 with the same force and effect as a levy and sale pursuant to an  
37 execution.

38 (b) The executive director, with the advice and consent of the board,  
39 shall adopt regulations in accordance with chapter 54 to carry out the  
40 purposes of this section.

41 Sec. 2. (NEW) (*Effective October 1, 2010*) (a) Notwithstanding the  
42 provisions of section 12-3a of the general statutes, the executive  
43 director of the Division of Special Revenue shall establish a settlement  
44 initiative program for any lottery sales agent who owes moneys  
45 received from the sale of lottery tickets, provided a delinquency  
46 assessment has been imposed prior to October 1, 2010, against such  
47 agent by the executive director in accordance with section 12-569 of the

48 general statutes. The executive director shall send written notification  
49 not later than November 1, 2010, to all eligible lottery sales agents of  
50 their eligibility to participate in the program. The settlement initiative  
51 program shall be conducted during the period of October 1, 2010, to  
52 December 31, 2010, inclusive.

53 (b) An eligible lottery sales agent shall have sixty days from the date  
54 of such agent's receipt of written notification in accordance with  
55 subsection (a) of this section to pay in full the amount owed, minus  
56 fifty per cent of the interest owed. In making such payment, the lottery  
57 sales agent shall waive all of such agent's administrative and judicial  
58 rights of appeal that have not run or otherwise expired as of the date  
59 payment is made. No payment made by an eligible lottery sales agent  
60 under the program shall be refunded or credited to such eligible  
61 lottery sales agent.

62 (c) If an eligible lottery sales agent, who has received written  
63 notification in accordance with subsection (a) of this section, fails to  
64 make a payment in accordance with subsection (b) of this section  
65 within sixty days, such eligible lottery sales agent shall no longer be  
66 eligible to participate in the settlement initiative program. The  
67 executive director shall retain any payments made and apply such  
68 payments against any moneys owed by such eligible lottery sales  
69 agent.

70 (d) The executive director shall deposit all moneys collected from  
71 the settlement initiative program into the General Fund.

72 (e) Nothing in this section shall entitle any eligible lottery sales  
73 agent to a refund or credit of any amount paid to the Division of  
74 Special Revenue prior to the executive director's written notification in  
75 accordance with subsection (a) of this section.

76 (f) Notwithstanding any provision of the general statutes, the  
77 executive director may do all things necessary in order to provide for  
78 the timely implementation of this section.



The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 11 \$	FY 12 \$
Department of Revenue Services	GF - Revenue Gain	See Below	See Below

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

There will be a General Fund revenue gain to the extent that the Division of Special Revenue negotiates settlements with delinquent lottery agents.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****sSB 231*****AN ACT CREATING AN AMNESTY PROGRAM FOR DELINQUENT LOTTERY SALES AGENTS.*****SUMMARY:**

This bill allows the Division of Special Revenue (DSR) executive director to establish a settlement initiative program, from October 1, 2010 through December 31, 2010, to collect money owed by delinquent lottery sales agents on whom he imposed a delinquency assessment before October 1, 2010. An agent who wishes to participate in the program (1) must pay all the money he or she owes minus 50% of the interest and (2) waives all administrative and judicial appeal rights that have not expired on the date payment is made.

The executive director must deposit all the money collected under the program into the General Fund. He may do all that is necessary to implement the program, notwithstanding any other law.

EFFECTIVE DATE: October 1, 2010

**SETTLEMENT INITIATIVE PROGRAM**

The bill allows the DSR executive director to establish a settlement initiative program for any lottery sales agent who owes money from lottery ticket sales, provided the executive director had imposed a delinquency assessment against the agent before October 1, 2010. The executive director must send a written notice by November 1, 2010 to agents eligible to participate in the program.

An agent has 60 days from the date of receiving the notice to pay the total amount owed, minus 50% of the interest. In making such payment, the agent waives any administrative and judicial rights of appeal that have not expired on the date the payment is made.

Payments made under the program are nonrefundable.

Any duly notified agent who fails to make a payment within 60 days after receiving the notice can no longer participate in the program. The executive director must retain any payments made and apply them against any money the agent owes.

Agents are not eligible for any refund or credit for any amount paid to DSR before they received the program notice.

## **BACKGROUND**

### ***Delinquency Assessments***

Under DSR regulations, when the Connecticut Lottery Corporation (CLC) determines that an agent has not submitted all the proceeds from lottery sales, it must notify the agent and give him or her a reasonable time to make the payments. If the agent does not comply, CLC makes a delinquency finding and notifies DSR. The executive director must charge the agent (1) the amount due and not remitted; (2) a delinquency assessment equal to 10% of the amount or \$10, whichever is more; and (3) interest at the rate of one and one-half percent of the amount due for each month or fraction of a month computed from the date the settlement was due to the date of the payment (Conn. Agencies Reg. § 12-568a-13).

Agents may contest the delinquency findings at a delinquency assessment hearing before the executive director.

## **COMMITTEE ACTION**

Public Safety and Security Committee

Joint Favorable Substitute Change of Reference  
Yea 20 Nay 0 (03/11/2010)

Finance, Revenue and Bonding Committee

Joint Favorable  
Yea 55 Nay 0 (04/05/2010)