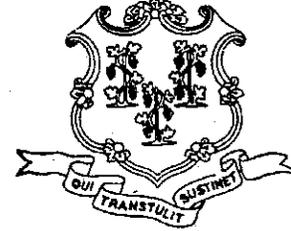


Department of Consumer Protection



Testimony of William M. Rubenstein
Commissioner of Consumer Protection

Public Safety & Security Committee Public Hearing
March 18, 2013

SB 1072, "An Act Concerning Charitable Games and
the Gaming Policy Board"

Sen. Hartley, Rep. Dargan, Sen. Guglielmo, Rep. Giegler and honorable members of the Public Safety & Security Committee, I am William Rubenstein, Commissioner of Consumer Protection. Thank you for providing me with this opportunity to offer testimony in support of Senate Bill 1072, "An Act Concerning Charitable Games and the Gaming Policy Board."

This proposal was submitted by the Department of Consumer Protection, so let me begin my testimony by thanking you for raising the bill and having it placed on your public hearing agenda this evening.

Broadly speaking, this bill makes two distinct overarching changes in the Gaming oversight responsibilities charged to the Department----streamlining the charitable games permitting process, and eliminating the Gaming Policy Board. Let's begin with the proposed changes to the charitable games statutes:

As you'll recall, a major policy initiative of Gov. Malloy was to simplify and improve the delivery and oversight of games and raffles conducted by Connecticut's charitable organizations.

His proposal to transfer many of the functions of the former Division of Special Revenue into the Department of Consumer Protection has been successfully implemented.

This proposal builds on this success by further streamlining and simplifying the raffle permit process to better serve the charitable organization community, while maintaining appropriate oversight of these activities. Specifically, we propose to reduce the number of classes of raffle permits available from seven to five while maintaining the option for organizations to choose among three difference classes that offer, low, mid and high-stakes prizes limits. We propose to achieve this by combining the two current low-stakes classes of raffle permits into a new "Class No. 1" permit which raises the aggregate prize limit from the current amount. Additionally, we propose a further improvement intended to extend the use of "fifty-fifty" fundraising games to permitted organizations and athletic events under a special event bazaar permit which would be valid for up to one year. Under this Class 5 permit, an organization would be allowed to conduct an unlimited number of single-day "fifty-fifty" raffles. We believe this change will assist many organizations in their ability to raise funds while improving compliance with the law.

Another type of fundraising utilized by charitable organizations is the sale of sealed-tickets. As you'll recall, until passage of Gov. Malloy's 2011 proposal, the sale of sealed-tickets to permitted organizations was conducted by the State. However, that function is now conducted by distributors that have been granted a permit from the Department. With this new system up and running, we propose a change that we anticipate will benefit charitable organizations by allowing them to keep a higher percentage of dollars made in the sale of sealed-tickets. Under current law, organizations purchase sealed tickets for 10% of their resale value. With the potential for competition among distributors now in place, we propose to make it permissible for

distributors to sell sealed-tickets for an amount lower than 10% of resale value. The lower cost means more dollars kept by these organizations for their charitable work.

Finally, the Department is proposing a number of minor, technical and conforming changes in these statutes to improve and simplify the process of applying for and complying with the law. The bottom line is that we strive to make it easier for an organization to select the best permit for their needs; the opportunity to run more events and have more flexibility in their prize limits, so as to raise more funds to carry out their charitable work.

The second major policy change contained in this proposal is the elimination of the Gaming Policy Board. Again, this proposal flows from the same desire to eliminate unnecessary and redundant functions that has been achieved since adoption of Gov. Malloy's agency merger initiative.

Under current law, the Gaming Policy Board is independent of the Commission of Consumer Protection with administrative support provided by the Department. The Board has statutory authority to hear appeals from decisions made by the Department; and to approve or veto administrative and policy decisions of the Department contained in proposed regulations. However, the reality is that the need for this Board no longer exists. The Gaming Policy Board was created in a time when the function of state gambling operations was in its infancy and was entirely different from the model we have in place today. In an era when the State itself ran gaming operations ranging from the Lottery, to off-track betting, to the sale of sealed tickets, an independent Board had an appropriate role in the oversight of gaming. Today, private business, Indian Tribes, quasi-governments like the Connecticut Lottery Corp, and other organizations conduct gaming operations in Connecticut. The state is completely out of the business of operating gaming enterprises and now has a purely regulatory and enforcement function; and

with the merger of the Division of Special Revenue into the Department of Consumer Protection now complete, the regulatory oversight of gaming is done by the Department.

Additionally, over the 25 years since the Gaming Policy Board was created, the old Division of Special Revenue, and now the Department of Consumer Protection as its successor, has developed subject matter and regulatory policy expertise that was lacking in the infancy of state gaming operations. Today, the Department has a professional staff that has deep and broad knowledge of gaming policy, finances, accounting and enforcement matters. Moreover, in the past 25 years, the role of the Office of Policy and Management, in consultation with the Department's professional staff has taken on much of the advisory role to the Governor on gaming policy issues. Likewise, the legislature's Public Safety & Security committee has, over the years, developed a sophisticated understanding of gaming policy issues. As such, the reliance on the Gaming Policy Board for such expertise has not been sought nor relied upon in many years by either the General Assembly or the executive.

Even the Board's role of hearing appeals from gaming license denials has atrophied. It has been over three years since the Board heard a license appeal and well more than a decade since the Board overturned a decision of the agency. Elimination of the Board will mean that the appeal process for a license denial will be identical to the appeal process for all other occupational licenses issued by the Department. The extra layer occasioned by the Board's role is unnecessary.

At bottom, the need for an independent board to provide expertise or oversight of gaming has become outmoded and obviated. The reality is that today, the Gaming Policy Board does little more than hear presentations of the work done by the Gaming Division of the Department.

This is not a view that I hold alone. As Commissioner, I have attended meetings of the Board and prior to submitting this bill for consideration I shared my view on this matter with the

members. It is without much surprise that I can report that the current members agree with this recommendation -- a board whose mission has passed, need not continue to operate--- particularly in a time when we all seek ways to find bureaucratic efficiency. Gov. Malloy too proposed to eliminate the Board. His budget proposal requests approval of the elimination of the Board along with the modest \$2,200 annual budget line-item.

In closing, I ask you to favorably consider the changes proposed in this bill. We believe these changes will not only reduce redundant and obsolete functions but will bring helpful and needed changes to benefit the many charitable organizations working to raise funds for Connecticut's citizens.

