



House of Representatives

General Assembly

File No. 96

February Session, 2014

House Bill No. 5387

House of Representatives, March 25, 2014

The Committee on Public Safety and Security reported through REP. DARGAN of the 115th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING KENO.

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

1 Section 1. Section 12-801 of the 2014 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective from passage*):

4 As used in sections 12-563a and 12-800 to 12-818, inclusive, the
5 following terms shall have the following meanings unless the context
6 clearly indicates another meaning:

7 (1) "Board" or "board of directors" means the board of directors of
8 the corporation;

9 (2) "Corporation" means the Connecticut Lottery Corporation as
10 created under section 12-802;

11 (3) "Division" means the former Division of Special Revenue in the
12 Department of Revenue Services;

13 (4) "Lottery" means (A) the Connecticut state lottery conducted prior
14 to the transfer authorized under section 12-808 by the Division of
15 Special Revenue, (B) after such transfer, the Connecticut state lottery
16 conducted by the corporation pursuant to sections 12-563a and 12-800
17 to 12-818, inclusive, and (C) the state lottery referred to in subsection
18 (a) of section 53-278g; [, and (D) keno;]

19 [(5) "Keno" means a lottery game in which twenty numbers are
20 drawn from a field of eighty numbers by a central computer system
21 using an approved random number generator, a rabbit ear or wheel
22 system device employing eighty numbered balls and the player
23 holding a playslip matching the number of balls required for a
24 particular spot game is awarded a prize as indicated on the approved
25 rate card;]

26 [(6)] (5) "Lottery fund" means a fund or funds established by, and
27 under the management and control of, the corporation, into which all
28 lottery revenues of the corporation are deposited, from which all
29 payments and expenses of the corporation are paid and from which
30 transfers to the General Fund are made pursuant to section 12-812; and

31 [(7)] (6) "Operating revenue" means total revenue received from
32 lottery sales less all cancelled sales and amounts paid as prizes but
33 before payment or provision for payment of any other expenses. [;
34 and]

35 [(8) "Playslip" means a lottery ticket issued for purposes of playing
36 keno.]

37 Sec. 2. Subdivision (4) of subsection (b) of section 12-806 of the 2014
38 supplement to the general statutes is repealed and the following is
39 substituted in lieu thereof (*Effective from passage*):

40 (4) To introduce new lottery games, modify existing lottery games,
41 utilize existing and new technologies, determine distribution channels
42 for the sale of lottery tickets, [introduce keno pursuant to signed
43 agreements with the Mashantucket Pequot Tribe and the Mohegan

44 Tribe of Indians of Connecticut, in accordance with section 12-806c]
 45 and, to the extent specifically authorized by regulations adopted by the
 46 Department of Consumer Protection pursuant to chapter 54, introduce
 47 instant ticket vending machines, kiosks and automated wagering
 48 systems or machines, with all such rights being subject to regulatory
 49 oversight by the Department of Consumer Protection, except that the
 50 corporation shall not offer any interactive on-line lottery games,
 51 including on-line video lottery games for promotional purposes;

52 Sec. 3. Section 12-806c of the 2014 supplement to the general statutes
 53 is repealed. (*Effective from passage*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	12-801
Sec. 2	<i>from passage</i>	12-806(b)(4)
Sec. 3	<i>from passage</i>	Repealer section

PS *Joint Favorable*

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.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 15 \$	FY 16 \$
Connecticut Lottery Corporation (Quasi-Public Agency)	GF - Revenue Loss	13.5 million	27.0 million
Connecticut Lottery Corporation (Quasi-Public Agency)	Lottery Enterprise Fund - Savings	6.7 million	2.5 million

Municipal Impact: None

Explanation

The bill repeals the authorization for the Connecticut Lottery Corporation (CLC) to operate keno. This results in an estimated revenue loss of approximately \$13.5 million in FY 15 and \$27.0 million annually thereafter. This also results in a savings of \$6.7 million to CLC in FY 15 and approximately \$2.5 million annually thereafter attributable to avoiding costs for the necessary equipment, materials, and ongoing operating expenses necessary to implement keno in the state.

Background

The biennial budget included revenue of approximately \$3.8 million in FY 14 and \$27.0 million in FY 15 and annually thereafter from Keno. Following adoption of the budget, projected revenues from keno have been reduced to zero in FY 14, \$13.5 million in FY 15, and \$27.0 million in FY 16 and annually thereafter. These adjustments, which were included in the January 15, 2014 Consensus Revenue report, are based on the assumption that keno would not be fully implemented until the second half of FY 15.

The Out Years

The annualized ongoing revenue impact identified above would continue into the future.

Sources: Connecticut Lottery Corporation

OLR Bill Analysis**HB 5387*****AN ACT CONCERNING KENO.*****SUMMARY:**

This bill repeals the authorization for the state to operate keno as a lottery game. It does so by eliminating the authority of the (1) Connecticut Lottery Corporation (CLC) to introduce keno as a lottery game and (2) Office of Policy and Management secretary, on the state's behalf, to enter into separate profit-sharing agreements with the Mashantucket Pequot and Mohegan Tribes concerning CLC's operation of keno. The agreements must require the state to share with each tribe up to 12.5% of its keno profits.

Current law defines "keno" as a lottery game in which 20 numbers are drawn from a field of 80 numbers by a central computer system using a random number generator, a rabbit ear, or wheel system device using numbered balls. Players win prizes by matching numbers on a playslip to the drawn numbers.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Public Safety and Security Committee

Joint Favorable

Yea 24 Nay 0 (03/11/2014)