



Senate

General Assembly

File No. 506

January Session, 2015

Senate Bill No. 1090

Senate, April 7, 2015

The Committee on Public Safety and Security reported through SEN. LARSON of the 3rd Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING GAMING.

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

1 Section 1. Section 12-557b of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2015*):

3 As used in this chapter, sections 12-579 and 12-580, [and] chapter
4 226b, and sections 3 and 4 of this act, and section 53-278g, as amended
5 by this act, unless the context otherwise requires:

6 (1) "Commissioner" means the Commissioner of Consumer
7 Protection;

8 (2) "Department" means the Department of Consumer Protection;

9 (3) "Business organization" means a partnership, incorporated or
10 unincorporated association, firm, corporation, trust or other form of
11 business or legal entity, other than a financial institution regulated by a
12 state or federal agency which is not exercising control over an

13 association licensee; [and]

14 (4) "Control" means the power to exercise authority over or direct
15 the management and policies of a person or business organization;

16 (5) "Authorized games" means any game played with cards, dice,
17 equipment or any mechanical, electromechanical or electronic device
18 or machine for money, checks, credit or any representative of value,
19 including, but not limited to, blackjack, poker, dice, money-wheels,
20 roulette, baccarat, chuck-a-luck, pan game, over and under, acey-
21 deuce, beat the dealer, bouncing ball, slot machines and such other
22 games as the Commissioner of Consumer Protection may approve;

23 (6) "Casino gaming facility" means any room or rooms in which
24 authorized games are conducted; and

25 (7) "Gross operating revenue" means the total of the winnings from
26 patrons in a casino gaming facility less the total of the losses paid to
27 patrons as prizes.

28 Sec. 2. Section 12-574 of the general statutes is repealed and the
29 following is substituted in lieu thereof (*Effective October 1, 2015*):

30 (a) (1) No person or business organization may conduct a meeting at
31 which racing or the exhibition of jai alai is permitted for any stake,
32 purse or reward or operate the off-track betting system unless such
33 person or business organization is licensed as an association licensee
34 by the commissioner. Any such licensee authorized to conduct a
35 meeting or operate the off-track betting system shall indemnify and
36 save harmless the state of Connecticut against any and all actions,
37 claims, and demands of whatever kind or nature which the state may
38 sustain or incur by reason or in consequence of issuing such license.

39 (2) The Commissioner of Consumer Protection may issue up to
40 three casino gaming facility licenses to the Mashantucket Pequot Tribe
41 and the Mohegan Tribe of Indians of Connecticut to authorize such
42 tribes to act jointly to establish and operate up to three casino gaming
43 facilities in the state, provided (A) the tribes shall execute a

44 memorandum of understanding with the Attorney General pursuant
45 to section 3 of this act, and (B) the establishment of a casino gaming
46 facility in any municipality shall be subject to the approval of the
47 legislative body of the municipality which shall be given only after a
48 public hearing on the proposal to establish such casino gaming facility.
49 Any such licensee authorized to establish a casino gaming facility shall
50 indemnify and save harmless the state of Connecticut against any and
51 all actions, claims and demands of whatever kind or nature which the
52 state may sustain or incur by reason or in consequence of issuing such
53 license.

54 (b) No person or business organization may operate any concession
55 at any meeting at which racing or the exhibition of jai alai is permitted
56 or any concession which is allied to an off-track betting facility or to a
57 casino gaming facility unless such person or business organization is
58 licensed as a concessionaire licensee by the commissioner.

59 (c) No person or business organization awarded the primary
60 contract by an association licensee or awarded any contract by a casino
61 gaming facility licensee to provide facilities, components, goods or
62 services which are necessary for the operation of the activities
63 authorized by the provisions of section 12-572 or by the provisions of
64 subdivision (2) of subsection (a) of this section may do so unless such
65 person or business organization is licensed as a vendor licensee by the
66 commissioner.

67 (d) No person or business organization may provide totalizator
68 equipment and services to any association licensee for the operation of
69 a pari-mutuel system unless such person or business organization is
70 licensed as a totalizator licensee by the commissioner.

71 (e) No business organization, other than a shareholder in a publicly
72 traded corporation, may exercise control in or over an association, a
73 concessionaire, a vendor or a totalizator licensee unless such business
74 organization is licensed as an affiliate licensee by the commissioner.
75 The commissioner shall issue affiliate licenses to qualified business
76 organizations.

77 (f) No person may participate in this state in any activity permitted
78 under this chapter as an employee of an association, concessionaire,
79 vendor, totalizator, [or] affiliate or casino gaming facility licensee
80 unless such person is licensed as an occupational licensee by the
81 commissioner. Whether located in or out of this state, no officer,
82 director, partner, trustee or owner of a business organization which
83 obtains a license in accordance with this section may continue in such
84 capacity unless such officer, director, partner, trustee or owner is
85 licensed as an occupational licensee by the commissioner. An
86 occupational license shall also be obtained by any shareholder, key
87 executive, agent or other person connected with any association,
88 concessionaire, vendor, totalizator, [or] affiliate or casino gaming
89 facility licensee, who in the judgment of the commissioner will exercise
90 control in or over any such licensee. Such person shall apply for a
91 license not later than thirty days after the commissioner requests him
92 or her, in writing, to do so. The commissioner shall complete [his] an
93 investigation of an applicant for an occupational license and notify
94 such applicant of [his] the commissioner's decision to approve or deny
95 the application within one year after its receipt, or, if the commissioner
96 determines good cause exists for extending such period of
97 investigation and gives the applicant a reasonable opportunity for a
98 hearing, by the date prescribed by the commissioner.

99 (g) In determining whether to grant a license, the commissioner may
100 require the applicant to submit information as to: Financial standing
101 and credit; moral character; criminal record, if any; previous
102 employment; corporate, partnership or association affiliations;
103 ownership of personal assets; and such other information as [it or he]
104 the commissioner deems pertinent to the issuance of such license.

105 (h) The commissioner may reject for good cause an application for a
106 license. Any license granted under the provisions of this chapter is a
107 revocable privilege and no licensee shall be deemed to have acquired
108 any vested rights based on the issuance of such license. The
109 commissioner, the deputy commissioner, the executive assistant, any
110 unit head or any assistant unit head authorized by the commissioner

111 may suspend or revoke for good cause any license issued by the
112 commissioner after a hearing held in accordance with chapter 54. If
113 any affiliate licensee fails to comply with the provisions of this chapter,
114 the commissioner, after a hearing held in accordance with chapter 54,
115 may revoke or suspend the license of any one or more of the following
116 related licensees: Concessionaire, vendor or totalizator, and may fine
117 any one or more of such licensees in an amount not to exceed two
118 thousand five hundred dollars. In addition, if any affiliate licensee fails
119 to comply with the provisions of this chapter, the commissioner, after a
120 hearing held in accordance with chapter 54, may revoke or suspend
121 the license of the related association licensee or casino gaming facility
122 licensee and may fine the related association licensee or casino gaming
123 facility licensee in an amount not to exceed seventy-five thousand
124 dollars or both. If any license is suspended or revoked, the
125 commissioner shall state the reasons for such suspension or revocation
126 and cause an entry of such reasons to be made on the record books of
127 the department. Any licensee whose license is suspended or revoked,
128 or any applicant aggrieved by the action of the commissioner
129 concerning an application for a license, may appeal pursuant to section
130 4-183.

131 (i) (1) The commissioner shall adopt regulations governing the
132 operation of the off-track betting system and facilities, tracks, stables,
133 kennels and frontons, including the regulation of betting in connection
134 therewith, to insure the integrity and security of the conduct of
135 meetings and the broadcast of racing events held pursuant to this
136 chapter. Such regulations shall include provision for the imposition of
137 fines and suspension of licenses for violations thereof. Prior to the
138 adoption of any regulations concerning the treatment of animals at any
139 dog race track, the commissioner shall notify the National Greyhound
140 Association of the contents of such regulations and of its right to
141 request a hearing pursuant to chapter 54. The commissioner shall have
142 the authority to impose a fine of up to ~~[(1)]~~ (A) seventy-five thousand
143 dollars for any violation of such regulations by a licensee authorized to
144 conduct a meeting or operate the off-track betting system under this
145 section; ~~[(2)]~~ (B) five thousand dollars for any violation of such

146 regulations by a business organization licensed as an affiliate licensee
147 authorized to exercise control over an association; and [(3)] (C) two
148 thousand five hundred dollars for any such violation by any other
149 licensee licensed by the commissioner. The stewards or judges of a
150 meeting acting in accordance with such regulations shall have the
151 authority to impose a fine of up to five hundred dollars for any such
152 violation by such licensee, and the players' manager of a jai alai
153 exhibition acting in accordance with such regulations shall have the
154 authority to recommend to the judges that a fine should be considered
155 for a player who may have violated such regulations. The
156 commissioner may delegate to the stewards and judges of a meeting
157 the power to suspend the license of any occupational licensee
158 employed in this state by an association licensee for a period not to
159 exceed sixty days for any violation of such regulations. If any license is
160 suspended, such stewards and judges of a meeting shall state the
161 reasons therefor in writing. All fines imposed pursuant to this section
162 shall be paid over to the General Fund upon receipt by the department.
163 Any person or business organization fined or suspended pursuant to
164 this section shall have a right of appeal to the commissioner for a
165 hearing that shall be conducted pursuant to chapter 54. Any person or
166 business organization aggrieved by a decision of the commissioner
167 following such a hearing shall have a right of appeal pursuant to
168 section 4-183.

169 (2) The Department of Consumer Protection shall adopt regulations,
170 in accordance with the provisions of chapter 54, of the general statutes,
171 to ensure proper, safe and orderly conduct of a casino gaming facility
172 and to protect the public against fraud or overcharge. Such regulations
173 shall include, but not be limited to: (A) Requirements regarding a
174 system of internal procedures and administrative and accounting
175 controls; (B) requirements relating to security, which shall include, but
176 not be limited to, videotaped monitoring of any casino gaming facility
177 and other areas in which cash is handled; (C) establishment of hours of
178 operation; (D) procedures governing the manufacture, sale and
179 distribution of gaming devices and equipment; (E) procedures for the
180 recovery of winning wagers by patrons of the casino gaming facility;

181 (F) the manner in which gross operating revenue must be computed
182 and reported by the casino gaming facility; (G) requirements for audits
183 of the financial statement of the casino gaming facility; (H)
184 requirements for periodic financial reports from the casino gaming
185 facility consistent with standards and intervals prescribed by the
186 department; (I) procedures to be followed by the casino gaming facility
187 for cash transactions; (J) the filing of agreements and descriptions of
188 agreements regarding any business or person doing business with, or
189 on the premises of, a casino gaming facility; and (K) provisions for the
190 imposition of fines and suspension of licenses for violations of law or
191 regulations.

192 (j) The commissioner shall have the power to require that the books
193 and records of any licensee, other than an occupational licensee, shall
194 be maintained in any manner which [he] the commissioner may deem
195 best, and that any financial or other statements based on such books
196 and records shall be prepared in accordance with generally accepted
197 accounting principles in such form as [he] the commissioner shall
198 prescribe. The commissioner or [his] the commissioner's designee shall
199 also be authorized to visit, to investigate and to place expert
200 accountants and such other persons as he or she may deem necessary,
201 in the offices, tracks, frontons, off-track betting facilities, casino gaming
202 facility or places of business of any such licensee, for the purpose of
203 satisfying himself or herself that the department's regulations are
204 strictly complied with.

205 (k) The commissioner may at any time for good cause require the
206 removal of any employee or official employed by any licensee
207 hereunder.

208 (l) The commissioner may, on his or her own motion or upon
209 application, exempt any person or business organization from the
210 licensing requirements of this chapter or some or all of the disclosure
211 requirements of chapter 226b, provided the applicant does not exercise
212 control in or over an integral part of any activity which is authorized
213 under this chapter. The burden of proving that an exemption should

214 be granted rests solely with the applicant. The commissioner may limit
215 or condition the terms of an exemption and such determination shall
216 be final.

217 (m) Any person aiding or abetting in the operation of an off-track
218 betting system or the conduct of any meeting within this state at which
219 racing or the exhibition of the game of jai alai shall be permitted for
220 any stake, purse or reward, except in accordance with a license duly
221 issued and unsuspended or unrevoked by the commissioner, shall be
222 guilty of a class A misdemeanor.

223 (n) The majority of the membership of the board of directors of any
224 corporation licensed to operate the off-track betting system or to hold
225 or conduct any meeting within the state of Connecticut at which racing
226 or the exhibition of the game of jai alai shall be permitted for any stake,
227 purse or reward, shall be residents of the state of Connecticut.

228 (o) Any license granted under this section, other than an association
229 license authorizing the licensee to conduct a meeting or operate the off-
230 track betting system and a casino gaming facility license authorizing
231 the licensee to establish and operate a casino gaming facility, as
232 described in subsection (a) of this section, or an affiliate license
233 authorizing the licensee to exercise control in or over an association
234 licensee, as described in subsection (e) of this section, shall be effective
235 for not more than one year from the date of issuance. Initial application
236 for and renewal of any license shall be in such form and manner as the
237 commissioner shall prescribe by regulation.

238 (p) Any person or business organization issued a license to conduct
239 dog racing shall establish a pet adoption program for the proper
240 housing and care of retired greyhounds and shall provide financial
241 support for such program and any facility operated to implement such
242 program.

243 (q) Any person or business organization issued a license to conduct
244 dog racing pursuant to subsection (c) of section 12-574c shall employ
245 persons who, at the time of employment, are recipients of assistance

246 under the state-administered general assistance program, state
247 supplement program, medical assistance program, temporary family
248 assistance program or supplemental nutrition assistance program to
249 fill not less than twenty per cent of the positions created by the
250 conversion of a jai alai fronton to a dog race track if such persons have
251 been trained for such employment by public or publicly funded
252 agencies in coordination with such licensee.

253 (r) Any person or business organization issued a license to conduct
254 dog racing pursuant to subsection (c) of section 12-574c shall provide
255 an on-site day care facility for use by employees of the dog race track.
256 Such licensee shall employ persons who, at the time of employment,
257 are recipients of aid under chapter 302 or 308 to fill not less than fifty
258 per cent of the positions at such day care facility if such persons have
259 been trained for such employment by public or publicly funded
260 agencies in coordination with such licensee.

261 (s) Notwithstanding any other provisions of this chapter to the
262 contrary, any person or business organization issued a license to
263 conduct dog racing may operate on a year-round basis and may
264 conduct such number of performances as it may elect, provided the
265 total number of such performances does not exceed five hundred
266 eighty performances in any calendar year.

267 Sec. 3. (NEW) (*Effective October 1, 2015*) Notwithstanding the
268 requirements of section 3-6c of the general statutes, the Attorney
269 General, on behalf of the state of Connecticut, shall have the authority
270 to enter into a memorandum of understanding with the Mashantucket
271 Pequot Tribe and the Mohegan Tribe of Indians of Connecticut
272 concerning the possible establishment and operation of a casino
273 gaming facility by the tribes in the state of Connecticut. The
274 memorandum of understanding shall provide that if the tribes receive
275 a license to establish and operate a casino gaming facility, the tribes
276 shall contribute, on an annual basis, a specified amount of money to
277 the Connecticut Council on Problem Gambling, a specified percentage
278 of gross operating revenues to the state and a specified percentage of

279 gross operating revenue to the municipality in which the casino
280 gaming facility is proposed to be located.

281 Sec. 4. (NEW) (*Effective October 1, 2015*) (a) Each casino gaming
282 facility licensee shall submit to the Department of Consumer
283 Protection a description of its system of internal procedures and
284 administrative and accounting controls at least ninety days before
285 gaming operations are to commence. Such information shall contain
286 both narrative and diagrammatic representations of the internal
287 control system to be utilized by the casino gaming facility, including,
288 but not limited to: (1) Accounting controls, including the
289 standardization of forms and definition of terms to be utilized in the
290 gaming operations; (2) job descriptions and the system of personnel
291 and supervisors; (3) procedures for the receipt, storage and disposal of
292 chips, cash and other cash equivalents used in authorized games, the
293 cashing of checks, the redemption of chips and other cash equivalents
294 used for gaming and the recording of transactions pertaining to
295 gaming operations; (4) procedures for the collection and security of
296 moneys at the gaming tables; (5) procedures for the transfer of moneys
297 from the gaming tables to the counting process; (6) procedures and
298 security for the counting and recording of revenue; (7) procedures for
299 the security, storage and recording of chips and other cash equivalents
300 utilized in the gaming operation; (8) procedures for the transfer of
301 moneys or chips from and to the slot machines; (9) procedures for the
302 payment and recording of slot machine jackpots; (10) procedures for
303 the cashing and recording of checks exchanged by casino patrons; (11)
304 procedures and security standards for the handling and storage of
305 gaming apparatus including cards, dice, machines, wheels and all
306 other gaming equipment; and (12) procedures and rules governing the
307 conduct of authorized games and the responsibility of casino
308 employees with respect to such games.

309 (b) The department shall review and approve each submission of
310 information required by subsection (a) of this section. No casino
311 gaming facility licensee shall commence gaming operations, or alter its
312 system of internal procedure, unless such system is approved by the

313 department.

314 Sec. 5. Section 12-561 of the general statutes is repealed and the
315 following is substituted in lieu thereof (*Effective October 1, 2015*):

316 No commissioner or unit head or employee of the department shall
317 directly or indirectly, individually or as a member of a partnership or
318 as a shareholder of a corporation, have any interest whatsoever in
319 dealing in any lottery, racing, fronton, [or] betting enterprise or casino
320 gaming facility or in the ownership or leasing of any property or
321 premises used by or for any lottery, racing, fronton, [or] betting
322 enterprise or casino gaming facility. No commissioner or unit head
323 shall, directly or indirectly, wager at any off-track betting facility, race
324 track, [or] fronton or casino gaming facility authorized under this
325 chapter or purchase lottery tickets issued under this chapter. The
326 commissioner may adopt regulations in accordance with the
327 provisions of chapter 54 to prohibit any employee of the department
328 from engaging, directly or indirectly, in any form of legalized
329 gambling activity in which such employee is involved because of his or
330 her employment with the department. For purposes of this section,
331 "unit head" means a managerial employee with direct oversight of a
332 legalized gambling activity.

333 Sec. 6. Section 12-563a of the general statutes is repealed and the
334 following is substituted in lieu thereof (*Effective October 1, 2015*):

335 The Commissioner of Consumer Protection shall, within available
336 resources, prepare and distribute informational materials designed to
337 inform the public of the programs available for the prevention,
338 treatment and rehabilitation of compulsive gamblers in this state. The
339 commissioner shall require any person or business organization which
340 is licensed to sell lottery tickets, operate an off-track betting system,
341 [or] conduct wagering on racing events or jai alai games or operate a
342 casino gaming facility, to display such informational materials at each
343 licensed premise.

344 Sec. 7. Section 12-576 of the general statutes is repealed and the

345 following is substituted in lieu thereof (*Effective October 1, 2015*):

346 (a) Any person who knowingly permits any minor to wager in any
347 gambling activity authorized under this chapter and any minor who
348 places a wager in any gambling activity authorized under this chapter
349 shall be guilty of a class A misdemeanor.

350 (b) Any person who knowingly permits a minor to be present in any
351 room, office, building or establishment when off-track betting
352 authorized under this chapter takes place, [or] at any racetrack or
353 fronton when any meeting authorized under this chapter takes place
354 or at any casino gaming facility, shall be fined not more than twenty-
355 five dollars. No minor shall be present in any room, office, building or
356 establishment when off-track betting authorized under this chapter
357 takes place, [or] at any racetrack or fronton when any meeting
358 authorized under this chapter takes place or at any casino gaming
359 facility. Any minor sixteen years of age or over present in any room,
360 office, building or establishment when off-track betting authorized
361 under this chapter takes place, or at any racetrack or fronton when any
362 meeting authorized under this chapter takes place, shall be fined not
363 more than twenty-five dollars. Any licensee authorized to conduct a
364 meeting for the purpose of jai alai or racing shall be fined not more
365 than fifty dollars if any minor is found at such facility in violation of
366 this subsection. Any licensee authorized to operate a casino gaming
367 facility shall be fined not more than one hundred dollars if any minor
368 is found at such facility in violation of this subsection.

369 (c) Notwithstanding any provision of subsection (a) or (b) of this
370 section, the commissioner may issue a license to a minor sixteen years
371 of age or older, under the provisions of section 12-578, as amended by
372 this act, and the regulations adopted thereunder, provided written
373 permission from a parent or legal guardian of such minor is filed with
374 the department. The provisions of this subsection shall not apply to
375 minors at a casino gaming facility.

376 (d) The commissioner shall not pay any claim for winnings when
377 such claim is made by, or on behalf of, a minor who has wagered in

378 any gambling activity authorized under this chapter. Nothing in this
379 subsection shall prohibit an adult from making a wager on behalf of a
380 minor, provided the money for such wager is not provided by the
381 minor from funds under such minor's control.

382 (e) Nothing in this section shall be construed to prohibit any minor
383 from entering onto a parking area at any building or establishment
384 described in subsection (b) of this section for the purpose of attending
385 an event at which gambling activities do not occur. The provisions of
386 this subsection shall not apply to minors at a casino gaming facility.

387 Sec. 8. Section 12-577 of the general statutes is repealed and the
388 following is substituted in lieu thereof (*Effective October 1, 2015*):

389 The commissioner shall annually cause to be made by some
390 competent person or persons in the department a thorough audit of
391 the books and records of each association licensee and casino gaming
392 facility licensee under this chapter and the commissioner may, from
393 time to time, cause to be made by some competent person in the
394 department a thorough audit of the books and records of any other
395 person or business organization licensed under this chapter. All such
396 audit records shall be kept on file in the commissioner's office at all
397 times. Each licensee shall permit access to its books and records for the
398 purpose of having such audit made, and shall produce, upon written
399 order of the commissioner, any documents and information required
400 for such purpose.

401 Sec. 9. Section 12-578 of the general statutes is repealed and the
402 following is substituted in lieu thereof (*Effective October 1, 2015*):

403 (a) The commissioner shall adopt regulations, in accordance with
404 the provisions of chapter 54, governing registration and the issuance
405 and annual renewal of licenses and payment of annual nonrefundable
406 application fees for the same in accordance with the following
407 schedule:

408 (1) Registration: (A) Stable name, one hundred dollars; (B)

409 partnership name, one hundred dollars; (C) colors, twenty dollars; (D)
410 kennel name, one hundred dollars.

411 (2) Licenses: (A) Owner, one hundred dollars; (B) trainer, one
412 hundred dollars; (C) assistant trainer, one hundred dollars; (D) jockey,
413 forty dollars; (E) jockey agent, for each jockey, one hundred dollars; (F)
414 stable employees, including exercise boy, groom, stable foreman, hot
415 walker, outrider, twenty dollars; (G) veterinarian, one hundred dollars;
416 (H) jockey apprentice, forty dollars; (I) driver, one hundred dollars; (J)
417 valet, twenty dollars; (K) blacksmith, twenty dollars; (L) plater, twenty
418 dollars; (M) concessionaire, for each concession, two hundred fifty
419 dollars; (N) concessionaire affiliate, for each concession of the
420 concessionaire, two hundred fifty dollars; (O) concession employees,
421 twenty dollars; (P) jai alai players, one hundred dollars; (Q) officials
422 and supervisors, one hundred dollars; (R) pari-mutuel employees,
423 forty dollars; (S) other personnel engaged in activities regulated under
424 this chapter, twenty dollars; (T) vendor, for each contract, two hundred
425 fifty dollars; (U) totalizator, for each contract, two hundred fifty
426 dollars; (V) vendor and totalizator affiliates, for each contract of the
427 vendor or totalizator, two hundred fifty dollars; and (W) casino
428 gaming facility employees, forty dollars. For the purposes of this
429 subdivision, "concessionaire affiliate" means a business organization,
430 other than a shareholder in a publicly traded corporation, that may
431 exercise control in or over a concessionaire; and "concessionaire"
432 means any individual or business organization granted the right to
433 operate an activity at a dog race track, [or] off-track betting facility or
434 casino gaming facility for the purpose of making a profit that receives
435 or, in the exercise of reasonable business judgment, can be expected to
436 receive more than twenty-five thousand dollars or twenty-five per cent
437 of its gross annual receipts from such activity at such track or facility.

438 (b) The commissioner shall require each applicant for a license
439 under subdivision (2) of subsection (a) of this section to submit to state
440 and national criminal history records checks before such license is
441 issued. The criminal history records checks required pursuant to this
442 subsection shall be conducted in accordance with section 29-17a.

443 Sec. 10. Subsection (a) of section 53-278g of the general statutes is
 444 repealed and the following is substituted in lieu thereof (*Effective*
 445 *October 1, 2015*):

446 (a) Nothing in sections 53-278a to [53-278g] 53-278f, inclusive, shall
 447 be construed to prohibit the publication of an advertisement of, or the
 448 operation of, or participation in, a state lottery, pari-mutuel betting at
 449 race tracks licensed by the state, off-track betting conducted by the
 450 state or a licensee authorized to operate the off-track betting system,
 451 authorized games at a casino gaming facility licensed by the state, a
 452 promotional drawing for a prize or prizes, conducted for advertising
 453 purposes by any person, firm or corporation other than a retail grocer
 454 or retail grocery chain, wherein members of the general public may
 455 participate without making any purchase or otherwise paying or
 456 risking credit, money, or any other tangible thing of value or a
 457 sweepstakes conducted pursuant to sections 42-295 to 42-301,
 458 inclusive.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2015</i>	12-557b
Sec. 2	<i>October 1, 2015</i>	12-574
Sec. 3	<i>October 1, 2015</i>	New section
Sec. 4	<i>October 1, 2015</i>	New section
Sec. 5	<i>October 1, 2015</i>	12-561
Sec. 6	<i>October 1, 2015</i>	12-563a
Sec. 7	<i>October 1, 2015</i>	12-576
Sec. 8	<i>October 1, 2015</i>	12-577
Sec. 9	<i>October 1, 2015</i>	12-578
Sec. 10	<i>October 1, 2015</i>	53-278g(a)

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 16 \$	FY 17 \$
Consumer Protection, Dept.; Comptroller Misc. Accounts (Fringe Benefits) ¹	GF - Potential Cost	See Below	See Below
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 16 \$	FY 17 \$
Various Municipalities	Potential Cost, Potential Revenue Gain	See Below	See Below

Explanation

The bill authorizes casino gaming at up to three unspecified locations, and authorizes the Attorney General to execute a memorandum of understanding (MOU) with the Mashantucket Pequot and Mohegan tribes regarding the disposition of any associated gaming revenue between the state, municipalities, and the Connecticut Council on Problem Gambling.

The bill results in a potential cost of between \$5.8 million and \$6.4 million to the state as it authorizes off-reservation casino gaming at up

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 38.65% of payroll in FY 16 and FY 17.

to three unspecified locations in Connecticut, subject to regulation by the Department of Consumer Protection (DCP).

The cost (wages and fringe benefits) is due to the need for overseeing casino operations at up to three casinos which would each require a Gaming Regulation Supervisor and as many as fifteen Gaming Regulation Officers. The DCP would be required to perform background investigations for every prospective casino employee, as well as for the members of the casino gaming facility license. It is estimated that there would initially be 1,000 to 2,000 employee applications and over 100 ongoing applications per year. This would require two Gaming Investigators, two Office Assistants, two Paralegals and two Staff Attorneys. Additionally the DCP would be required to audit payment functions to ensure the state received the correct revenue. This would require a Supervising Account Examiner and five Account Examiners. Finally, it is assumed that each casino would seek a liquor license therefore resulting in the need for three Supervising Liquor Casino Agents and as many as fifteen liquor casino agents.

To the extent any such facilities are built and an associated MOU is executed, this results in a potential revenue gain to the state and municipalities. The timing and magnitude of the revenue gain is dependent on the operation date, location, and specific gaming devices offered at any casinos established pursuant to the bill, as well as the provisions of the MOU which detail the percentages of revenue to be dedicated to the state and municipalities.

The bill also requires that towns considering to host a casino hold a public hearing. This will result in a cost, estimated to be minimal. Municipalities must post notices of public meetings in newspapers, which has a cost that varies based on the length of the notice and the rate charged by the newspaper. Additional potential costs could include overtime for a police officer to provide security at a public hearing.

BACKGROUND

The January 15, 2015 Consensus Revenue estimates include assumptions regarding the revenue impact of the planned opening of casinos in Massachusetts as early as FY 18. Specifically, the Office of Fiscal Analysis assumes the opening of Massachusetts casinos will result in a \$63.5 million revenue loss to the state in FY 18. This assumes a casino will begin operation in Springfield in the summer of 2017, and is an annualized amount.

The Out Years

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

OLR Bill Analysis**SB 1090*****AN ACT CONCERNING GAMING.*****SUMMARY:**

This bill authorizes off-reservation casino gaming at up to three unspecified locations in Connecticut, subject to regulation by the Department of Consumer Protection (DCP), which regulates all gambling in the state, except gambling at the state's two casinos. Under the federal Indian Gaming Regulatory Act (IGRA), the Mashantucket Pequot and Mohegans currently operate the Foxwoods and Mohegan Sun casinos, respectively, on their reservations (see BACKGROUND).

The bill authorizes DCP to issue up to three licenses to the two tribes to jointly operate up to three off-reservation casinos, under a memorandum of understanding (MOU) executed between the attorney general and the tribes (§ 2) (see BACKGROUND – Tribal-State Gaming Compacts).

The MOU must provide that the tribes, as a condition of licensure, will contribute annually a “specified” (1) amount of money to the Connecticut Council on Problem Gambling, (2) percentage of gross operating revenue to the host town, and (3) percentage of gross operating revenue to the state. Except for these provisions, the bill does not stipulate what the MOU must contain (§ 3).

The location of any of the facilities is subject to approval by the legislative body of the host town, and only after the town holds a public hearing on the proposal (§ 2).

The bill requires the casinos to indemnify and hold the state harmless against any actions, claims, or demands the state sustains or

incurs as a consequence of issuing the casino licenses (§ 2).

The bill subjects the licensee to many of the laws that apply to the off-track betting (OTB) licensee under existing law.

The bill requires DCP to adopt implementing regulations to (1) ensure proper, safe, and orderly conduct of casino gaming and (2) protect the public against fraud or overcharge. The regulations must address other issues, including security at the facilities, audits and record keeping, and licensing of personnel.

EFFECTIVE DATE: October 1, 2015

§ 1 — DEFINITIONS

The bill defines "authorized games" as any game played with cards, dice, equipment or any mechanical, electromechanical or electronic device or machine for money, checks, credit or any representative of value, including blackjack, poker, dice, money-wheels, roulette, baccarat, chuck-a-luck, pan game, over and under, acey-deucey, beat the dealer, bouncing ball, slot machines, and such other games the DCP commissioner approves.

§ 2 — LICENSING

People who Must be Licensed

Under the bill, any person or business organization doing any of the following at the casinos must be licensed by DCP as follows:

1. concessionaire — to operate a concession;
2. vendor — to provide facilities, components, goods, or services necessary to operate the casino; and
3. affiliate — to exercise control over a concessionaire or vendor licensee, other than a shareholder in a publicly traded company.
The commissioner must issue affiliate licenses to qualified business organizations.

The following must be licensed as occupational licensees:

1. employees of a concessionaire, vendor, affiliate, or casino licensee;
2. officers, directors, partners, trustees, or owners of a business organization licensed above, whether located in-state or out of state; and
3. shareholders, key executives, agents, or other people connected with a concessionaire, vendor, affiliate, or casino licensee, who, in the commissioner's judgment, will exercise control in or over the licensee.

People seeking an occupational license must apply to the commissioner no later than 30 days after she asks them, in writing, to do so. She must complete her licensing investigation and inform the applicant of her decision within one year after she receives the application. If she determines good cause exists for extending an investigation, she must give the applicant a reasonable opportunity for a hearing, by a date she prescribes.

In determining whether to issue a license, the commissioner may require applicants to submit information on their financial standing and credit; moral character; criminal record, if any; previous employment; corporate, partnership, or association affiliations; ownership of personal assets; and other information she deems pertinent to licensing. She may reject a license application for good cause. The license is a revocable privilege and gives the licensee no vested rights.

Penalties for Noncompliant Licensees

The DCP commissioner, deputy commissioner, executive assistant, or any unit or assistant unit head authorized by her may suspend or revoke a license for good cause after a hearing held in accordance with the Uniform Administrative Procedure Act (UAPA).

If an affiliate licensee fails to comply with the bill, the commissioner may (1) revoke or suspend the concessionaire or vendor license, fine

any one or more of the licensees up to \$2,500, or both and (2) revoke or suspend the casino gaming license, fine the licensee up to \$75,000, or both.

The commissioner must state the reasons for license suspensions or revocations and record the reasons in DCP records.

The above penalties apply under existing law to licensees.

Appeals

A licensee whose license is suspended or revoked, or an applicant aggrieved by the commissioner's action on a license application, may appeal in accordance with the UAPA.

§ 2 — DCP REGULATIONS

The bill requires DCP to adopt regulations to (1) ensure that casino gaming is conducted in a proper, safe, and orderly manner and (2) protect the public against fraud and overcharge. The regulations must cover:

1. requirements for a system of internal procedures and administrative and accounting controls;
2. security requirements, which must include videotaped monitoring of the casino facility and other areas in which cash is handled;
3. operating hours;
4. procedures governing the manufacture, sale, and distribution of gaming devices and equipment;
5. procedures to recover winning bets;
6. computing and reporting of gross operating revenue;
7. requirements for financial audits;
8. requirements for periodic financial reports consistent with

standards and intervals prescribed by DCP;

9. procedures to be followed for cash transactions;
10. the filing of agreements and descriptions of agreements regarding any business or person doing business with, or on the premises of, a casino gaming facility; and
11. provisions for imposing fines and suspending licenses for violations.

Records and Bookkeeping

The commissioner may require that licensees, other than occupational licensees, (1) maintain their books and records as she deems best and (2) prepare related financial or other statements in accordance with generally accepted accounting principles in a form she prescribes. She or her designee must be authorized to visit, investigate, and place expert accountants and others she deems necessary at the casino or other of the licensee's business places to ensure that licensees strictly comply with DCP's regulations.

Commissioner's Authority to Remove Licensees' Employees

The commissioner may, for good cause, require the removal of any employee or official employed by a licensee.

License Exemptions

As under existing law for licensees, the commissioner may, on her own motion or upon an application, exempt a person or business organization from licensing or some or all of the disclosure requirements. She may limit or condition the terms of the exemptions; her determination is final. She may not exempt anyone who exercises control in or over an integral part of any authorized activity. The burden of proving that an exemption should be granted rests solely with the applicant.

License Duration

All the licenses are valid for one year, except the casino license. The

bill does not say for how long the casino license is valid or stipulate its terms.

The commissioner's regulations must prescribe the form and manner of the applications and renewals.

§ 3 — STATE-TRIBAL MOU

Current state law requires both houses of the legislature to approve tribal-state compacts (CGS § 3-6c).

The bill authorizes the attorney general, on the state's behalf and notwithstanding current law, to execute an MOU with the Mohegans and Mashantucket Pequots to possibly establish and operate "a casino gaming facility" in the state. (Section 3 of the bill authorizes up to three licenses and up to three gaming facilities.) If the tribes receive a casino gaming license, the MOU must require them to contribute a "specified" (1) amount of money to the Connecticut Council on Problem Gambling, (2) percentage of gross operating revenue to the host town, and (3) percentage of gross operating revenue to the state.

§ 4 — INTERNAL PROCEDURES

Each casino licensee must submit to DCP a narrative and diagrammatic description of its system of internal procedures and administrative and accounting controls at least 90 days before gaming begins. These must contain (1) accounting controls, including the standardization of forms and definition of terms to be used in the gaming operations and (2) job descriptions and the system of personnel and supervisors. They must also include procedures for:

1. receiving, storing, and disposing of chips, cash, and other cash equivalents used in games; cashing checks; redeeming chips and other cash equivalents used for gaming; and recording gaming transactions;
2. collecting and securing money at gaming tables;
3. transferring money from gaming tables to the counting process;

4. securing, counting, and recording revenue;
5. securing, storing, and recording chips and other cash equivalents used in the gaming operation;
6. transferring money or chips from and to slot machines;
7. paying and recording slot machine jackpots;
8. procedures for cashing and recording checks;
9. securing, handling, and storing gaming apparatus, including cards, dice, machines, wheels, and all other gaming equipment; and
10. the conduct of authorized games and the responsibility of employees with respect to such games.

DCP must review and approve the information, and licensees may not begin gaming operations, or alter their system of internal procedure, until after DCP approves.

§ 5 — CASINO GAMBLING INVOLVEMENT BY DCP PERSONNEL PROHIBITED

As is currently the case for other authorized gambling, such as the state lottery and OTB, the bill prohibits the commissioner and DCP unit heads and employees, directly or indirectly, individually or as members of a partnership or shareholders of a corporation, from having any interest in (1) dealing in the casino or (2) owning or leasing any property or premises used by or for the casino. It also prohibits the commissioner or unit heads from directly or indirectly betting at the casino. And it allows the commissioner to adopt regulations prohibiting DCP employees from engaging, directly or indirectly, in any casino gambling activity in which such employees are involved because of their employment.

A “unit head” is any managerial employee with direct oversight of a legalized gambling activity.

§ 6 — DISPLAY OF COMPULSIVE GAMBLING MATERIAL

By law, the DCP commissioner must prepare and distribute informational material designed to inform the public of compulsive gambling prevention, treatment, and rehabilitation programs.

Under the bill, the commissioner must require the casino licensee to display the information at the casino, just as other licensees must do under existing law.

§ 7 — MINORS PROHIBITED AT CASINOS

Under the bill, it is a class A misdemeanor, punishable by imprisonment for up to one year, or fine of up to \$2,000, or both, for minors to bet at the casinos or for anyone to knowingly permit them to do so.

The bill imposes a fine of up to \$25 on anyone who knowingly permits a minor in the casinos. These same penalties apply under existing law in regard to the OTB licensee.

It imposes a \$100 fine on the casino licensee if any minor is found at the casino, including the parking areas, in violation of the bill.

The commissioner must not pay any claims for or on behalf minors who bet in violation of the bill.

§ 8 — CASINO AUDITS

The bill requires the commissioner to annually require a DCP audit of the casino licensees. She may, from time to time, cause an audit of other licensees. Licensees must permit access to their books and records for the audits. They must produce, at the commissioner's request, any documents and information required for such audits. The commissioner must keep the audit records on file at DCP. These same requirements apply under existing law to the OTB licensee.

LICENSE FEES

The bill imposes license fees as follows:

1. concessionaire, for each concession, \$250;
2. concessionaire affiliate, for each concession of the concessionaire, \$250;
3. concession employees, \$20;
4. vendor, for each contract, \$250;
5. vendor affiliate, for each vendor contract, \$250; and
6. casino gaming employees, \$40.

These same fees apply under existing law to the OTB system. The bill does not contain a fee for the casino license.

A “concessionaire affiliate” is a business organization, other than a shareholder in a publicly traded corporation, that exercises control in or over a concessionaire. A “concessionaire” is any individual or business organization granted the right to operate an activity at a casino to make a profit that receives or, in the exercise of reasonable business judgment, can be expected to receive more than \$25,000 or 15% of its gross annual receipts from such activity.

The commissioner must require license applicants to submit to state and national criminal history record checks, which must be conducted in accordance with the law governing criminal history record checks mandated by state law.

§ 10 — CASINO GAMBLING EXEMPT FROM GAMBLING BAN

By law, it is illegal to gamble in Connecticut unless the gambling (1) is specifically authorized by state law or other legally binding state agreements (charitable gaming and Indian casino gaming) or (2) fits an exemption in the criminal laws (e.g., state lottery and OTB). It is also illegal to solicit or induce others to gamble, or be present when others are gambling. A violation of the gambling laws is a class B misdemeanor, punishable by imprisonment of up to six months, a fine of up to \$1,000, or both (CGS § 53-278b).

The bill exempts gambling at the casinos from the state's general prohibition on unauthorized gambling (§ 10).

BACKGROUND

Casino Gaming at the Foxwoods and Mohegan Sun Casinos

IGRA attempts to address the sovereign rights of tribes and states by creating a framework for resolving jurisdictional and legal issues surrounding gaming on Indian reservations (25 USC § 2710 *et seq.*). Gambling at the Mohegan Sun Casino is conducted under a legally negotiated IGRA tribal-state compact. At the Foxwoods Casino, it is conducted under federal procedures, which are a legal substitute for an IGRA-negotiated compact. Both the compact and procedures are like federal regulations. As such, they supersede state law.

Tribal-State Gaming Compacts

Current state law requires both houses of the legislature to approve a tribal-state compact (CGS § 3-6c).

By law, the governor must file a tribal-state compact or amendment with the Senate and House clerks within 10 days after it is executed. If filed during a regular session, the legislature has until its adjournment to approve or reject it. If not filed during a regular session, the legislature has until adjournment of (1) the next regular session or (2) a special session convened to take action on the measure. If the legislature does not act by adjournment, the compact or amendment is rejected and is not implemented.

If the governor files a compact or amendment within 30 days of the end of a regular session, the legislature can either (1) convene in a special session and vote within 30 days or (2) vote on it within the first 30 days of its next regular session. The legislature has until the end of either 30 day-period to vote before the measure is considered rejected.

Tribal-State Agreements (MOUs)

The Mashantucket Pequots and Mohegans have separate binding agreements (called MOUs) with the state that give the tribes the

exclusive right to operate slot machines and other casino games in exchange for a monthly contribution of 25% of their gross slot machine revenue to the state.

Part of each agreement reads as follows:

The Tribe agrees that, so long as no change in state law is enacted to permit the operation of video facsimiles or other commercial casino games by any other person and no other person within the State lawfully operates video facsimiles or other commercial casino games, the Tribe will contribute to the state a sum (the "contribution") equal to twenty-five percent (25%) of gross operating revenues of video facsimile games operated by the Tribe.

[If] any change in State law is enacted to permit the operation of video facsimiles or other commercial casino games by any other person or any other person within the State lawfully operates video facsimile games or other commercial casino games, the Tribe shall not be bound by the provisions of the Memorandum of Understanding so long as it does not claim any right to operate video facsimile games by virtue of this Memorandum of Understanding, but the Tribe may thereupon assert any rights which it may otherwise have under the Procedures; provided, however, that in such event neither party shall be bound by any of the provisions hereof nor shall either party be barred from taking any position inconsistent with the Memorandum of Understanding (p. 3).

COMMENT

Public Emolument

The bill could conceivably raise constitutional questions in that it appears to provide what may amount to an exclusive public emolument to the Mashantucket Pequots and the Mohegans. Article First, Section 1 of the Connecticut Constitution provides to operate off-reservation casinos in the state: "All men when they form a social

compact, are equal in rights; and no man or set of men are entitled to exclusive public emoluments or privileges from the community.” The Connecticut Supreme Court has held that this constitutional provision invalidates state laws that grant emoluments or privileges to individuals unless there is a valid public purpose (*Commission of Public Works v. City of Middletown*, 53 Conn. App. 438, cert. denied 250 Conn. 923 (1999); *Chotkowski v. State*, 240 Conn. 246 (1997); *City of Shelton v. Commissioner of Department of Environmental Protection*, 193 Conn. 506 (1984)).

The Antitrust Act

The Connecticut Antitrust Act prohibits any contract or conspiracy to monopolize, or attempt to monopolize, a part of trade (CGS § 35-27). The bill could conceivably be construed to have anticompetitive effects in violation of this law.

COMMITTEE ACTION

Public Safety and Security Committee

Joint Favorable

Yea 15 Nay 8 (03/19/2015)