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Testimony for the Finance, Revenue and Bonding Committee

April 15, 2015

Room 2E, LOB

Please support HB 7054, AAC Keno

Good afternoon Chairmen Fonfara and Berger, Ranking Members Frantz and Davis, and other distinguished members of the Finance, Revenue and Bonding Committee. My name is Paul Sternberg. I'm the Principal of PRS Strategies, LLC, a lottery consulting company. I was the Executive Director of the Massachusetts Lottery from February 2011 to February 2014. Prior to that, I was Vice President of Sales and Marketing at the Connecticut Lottery Corporation, and also served as Director of Sales, and Assistant Director of Regional Operations, at the Massachusetts Lottery. I have a combined 18 years of experience in the lottery industry. I'm here today to testify in support of HB 7054, An Act Concerning Keno.

Keno is a traditional lottery game offered by many lotteries throughout the country. It's not a slot machine, it's not interactive, and it's not even new technology. Notably, Keno is offered by the lotteries in all three Connecticut border states, Massachusetts, New York and Rhode Island, and they have experienced long-term success with this lottery game. Keno is an integral part of these lotteries' portfolios.

The Connecticut Lottery Corporation is an industry leader in developing new games, but the current regulatory environment in this state drastically limits the Lottery's ability to stay relevant. I would go so far as to say that, for a lottery looking to remain competitive and have a robust portfolio of games, Keno should have been implemented in

Connecticut years ago. Massachusetts launched Keno in 1993, New York in 1995, and Rhode Island in 1992. Connecticut residents have played and enjoyed Keno for decades -- over the border, benefitting the good causes of *those* states.

In 2011, when the Massachusetts Gaming Expansion Act was signed into law, allowing three casinos in the Commonwealth, the Massachusetts State Lottery Commission was part of the discussion. Importantly, that Act requires the casinos to be state lottery retailers, and it prevents the casinos from offering products that would compete with the lottery's games. Similarly, as expanded casino gambling is being discussed and debated in Connecticut, it is important for the Connecticut Lottery Corporation to be a part of the gambling discussion.

I have recently been consulting with the Michigan Lottery. Michigan has offered a successful Keno game since 1990. But that lottery has also implemented a player rewards program, and recently launched a comprehensive i-lottery program. These are initiatives that should at least be explored in Connecticut so the Lottery can stay relevant and so the Lottery's General Fund returns are stable and reliable for years to come. Under the current regulatory environment, however, the CT Lottery simply is unable to move forward.

In closing, HB 7054 will allow the CT Lottery to take commercially reasonable steps to grow and remain in line with other lotteries.

Thank you for your time, and I am happy to answer any questions you may have.

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