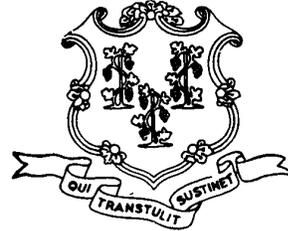


Department of Consumer Protection



Testimony of Jonathan A. Harris
Commissioner of Consumer Protection

Public Safety Committee
Public Hearing, March 8, 2016

H.B. 5546 “AN ACT CONCERNING CHARITABLE GAMES”
S.B. 358 “AN ACT CONCERNING THE PURCHASE OF LOTTERY TICKETS”

Senator Larson, Representative Dargan, Senator Guglielmo, Representative Zupkus and Honorable Members of the General Law Committee, thank you for the opportunity to offer testimony regarding House Bill 5546, “An Act Concerning Charitable Games” and Senate Bill 358, “An Act Concerning the Purchase of Lottery Tickets.”

H.B. 5546 “AN ACT CONCERNING CHARITABLE GAMES”

I would like to thank the Committee for raising House Bill 5546. The Department of Consumer Protection enthusiastically supports this bill.

As we continue to focus on the core functions of the Department, we are working on areas within our statutes and regulations that can be streamlined to ensure efficiency as well a more user-friendly process for constituents. This bill is another step in that direction.

Currently, the Department is required to examine each report for each bazaar or raffle that is submitted to the agency regardless of if a complaint is filed or other issues are raised. Section 1 of this bill removes that requirement and instead gives DCP the option to examine each report that is submitted for bazaars or raffles.

Section 2 of this bill addresses another issue that the Department frequently encounters, which is the requirement that organizations such as athletic groups, that want to sell fifty-fifty tickets at their games or other sporting events have to apply for a permit for each event. This bill would create an annual permit for fifty-fifty coupon games. This will make it easier for entities that hold these games to comply with the law.

This bill will reduce the allocation of DCP staff time on unnecessary duties and allow staff to spend more time performing other core functions within the agency. We respectfully ask for the Committee's support to move this bill forward.

S.B. 358 “AN ACT CONCERNING THE PURCHASE OF LOTTERY TICKETS”

Senate Bill 358 allows for the establishment of lottery management service companies to enter into agreements with Licensed Lottery Sales Agents (LSAs) for the purpose of reselling and redeeming Connecticut Lottery Tickets by means of an internet website or software application service.

The Department of Consumer Protection opposes this bill for a number of reasons. First, the bill authorizes lottery management service companies to enter into third party agreements with LSAs to facilitate a method of sales that the Connecticut Lottery Corporation (CLC) already has the ability to institute without third party involvement.

Under the proposal, LSAs would be financially responsible for the sale and redemption of tickets to the CLC and no such financial obligations would be assumed by the lottery management service companies.

Currently, the purchasing of a ticket is a contract between the LSA and the customer. The contract is established as follows: the customer requests a ticket from the LSA; the LSA enters the bet and gives the ticket to the customer; the customer reviews the produced ticket to ensure it contains the requested bet; and the customer enters into the contract when accepting the ticket through payment to the LSA. If the customer’s

requested bet is not adhered to, the customer doesn't have to pay for the ticket. The customer has recourse through nonpayment. Under this bill, the customer has no recourse if a bet is incorrectly issued.

Security issues also emerge when allowing lottery tickets to be purchased and redeemed anonymously through third parties. Usually, ownership of a ticket can be determined at the time of purchase or redemption. If a third party is part of the transaction, this benefit is removed.

Additionally, while this bill requires age verification as well as in-state purchasing, there are no provisions in this draft to ensure that the purchaser isn't a minor, or located in another state.

Finally, the licensing and enforcement of lottery management service companies will require substantial resources from DCP. The Department will have to develop monitoring procedures to ensure the lawful operations of any and all lottery management service companies.

Thank you again for the opportunity to provide testimony. Please contact me, or our Legislative Director, Leslie O'Brien, if you have any questions or require additional information.