



**Public Hearing Testimony
Opposition to SB 360: AAC Lottery Tickets
Public Safety & Security Committee
March 8, 2016**

Good afternoon Chairmen Dargan and Larson, Ranking Members Zupkus and Gugliemo, and other distinguished members of the Public Safety and Security Committee. My name is Anne Noble, and I am the President and CEO of the Connecticut Lottery Corporation. Thank you for the opportunity today to testify against SB 360, AAC Lottery Tickets.

The premise underlying this bill – that there should be exceptions to lottery prize payment expiration periods – is not new, and the Lottery’s position has remained consistent: namely, that creating exceptions to expiration dates, both now and in the future, negatively impacts General Fund transfers and potentially opens up a Pandora’s box.

This bill also goes further than previous proposals on this topic by eliminating all lottery ticket prize claim expiration periods going forward. Such a policy contradicts our current enabling legislation, will reduce General Fund transfers by millions of dollars annually, creates administrative chaos, and may possibly prevent our participation in games like Powerball and Mega Millions, whose multijurisdictional rules require a 180 day prize claim period.

What is also new with this bill, and we believe unnecessary, is the creation of a temporary Lottery Tribunal, within the Claims Commissioner’s purview, with the express mandate to ignore the final decisions of our courts.

We believe this is an extraordinary and unwise proposal for the following reasons:

1. Transfers to the General Fund will be reduced, both immediately and in the future.

Eliminating prize claim periods will reduce General Fund transfers by at least eight to sixteen million dollars annually, which is the approximate annual value of our unclaimed prizes. This unclaimed money could sit in a bank account at the Lottery forever. Prize claim periods provide business certainty so that unclaimed prize money can be transferred to the General Fund. As mentioned earlier, if the Lottery were not able to participate in Powerball and Mega Millions, millions more could be lost from GF transfers.

With regard to paying on past expired claims, under this bill, the Lottery will need to immediately begin withholding cash to potentially offset prizes that could be awarded by the new temporary Tribunal, which will also hurt General Fund transfers. The liability for Lotto claims alone since FY 1997 is approximately \$34 million and approximately \$266 million for all games.

2. A Tribunal will not be able to authenticate many expired claims.

The CT Lottery's gaming system technology does not allow the Lottery to validate or process claims on pre-2008 tickets. Neither the Lottery nor this new Tribunal will be able to properly authenticate many claims brought to it under this proposal. This could lead to fraud, customer dissatisfaction, crime, disputes, and litigation, further eroding the Lottery's resources and transfers to the State.

3. There is already a place for players to go if they believe their expired tickets should be paid by the Lottery: our courts.

The Judicial branch has and should continue to handle disputes about whether lottery prizes should be paid. Creating a new Tribunal is unnecessary. Our courts have the procedural safeguards in place to ensure that a player's and the Lottery's interests are properly considered when evaluating such a claim. Also see Item 4, below.

4. The Claims Commissioner does not have jurisdiction over the CT Lottery.

Since its creation as a quasi-public agency in 1996, the Connecticut Lottery Corporation has *not* been the "state" for purposes of claims presented to the Claims Commissioner. Instead, and in recognition of its unique status, the Lottery has the express powers "[t]o pay lottery prizes as awarded" and, "[i]n its own name, to sue and be sued . . ." CGS § 12-806(b)(12) and (21). In addition, well- and long-established Connecticut law recognizes that: a contract exists between the Lottery and its players; the rules of the lottery game are a part of that contract; the game rules' prize claim period is a material term of that contract; and a player's failure to timely claim a prize is a clear breach of that contract, rendering such claim unenforceable against the Lottery.

Against this backdrop, it is clear that the Lottery – not the State – is the real and proper party in interest in prize payment disputes; it is also clear that our courts have determined, and should continue to determine, those issues. This bill unnecessarily seeks to upend a system that works.

In summary, the CT Lottery believes that prize payment expiration periods are common and prudent, not just in the lottery industry, but in the entire gaming industry. We do not believe that there is any US lottery that operates with an open-ended expiration policy – for very good fiscal and integrity reasons. Additionally, and by way of example only, we note that the Mohegan Sun has a 180 day period for winning slot tickets. As this body has consistently understood when considering this issue many times over the last twenty years, eliminating these expiration periods, and/or creating exceptions, would have negative and far-reaching ramifications for the Lottery's ability to return revenue and could also alter the public's long-term trust in the Lottery.

Thank you for your time today. I'd be happy to answer any questions.