



CONNECTICUT DEPARTMENT OF CONSUMER PROTECTION

JONATHAN A. HARRIS | COMMISSIONER

Testimony of Jonathan A. Harris Commissioner of Consumer Protection

Public Safety Committee Public Hearing, March 9, 2017

H.B. 7137 “AN ACT CONCERNING CHARITABLE BINGO GAMES, BAZAARS AND RAFFLES”

**H.B. 7239 “AN ACT PROVIDING FOR THE REGULATION OF GAMING TO PROTECT THE
PUBLIC SAFETY AND A COMPETITIVE PROCESS TO ISSUE A GAMING LICENSE”**

**S.B. 957 “AN ACT CONCERNING THE REGULATION OF GAMING AND THE AUTHORIZATION
OF A CASINO GAMING FACILITY IN THE STATE”**

S.B. 967 “AN ACT CONCERNING ONLINE MULTIJURISDICTIONAL LOTTERY GAMES”

Senator Guglielmo, Senator Larson, Representative Verrengia, Representative Sredzinski and Honorable Members of the Public Safety Committee, thank you for the opportunity to offer testimony in regarding HB 7137 An Act Concerning Charitable Bingo Games, Bazaars and Raffles, HB 7239 An Act Providing for the Regulation of Gaming to Protect the Public Safety and a Competitive Process to issue a Gaming License, SB 957, An Act Concerning The Regulation of Gaming and the Authorization of a Casino Gaming Facility in the State, and SB 967, An Act Concerning Online Multijurisdictional Lottery Games. Joining me today is our Deputy Commissioner, Michelle Seagull.

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***H.B. 7137 "AN ACT CONCERNING
CHARITABLE BINGO GAMES, BAZAARS AND RAFFLES"***

I would like to thank the Committee for raising this bill. The Department of Consumer Protection (DCP) enthusiastically supports this proposal.

DCP currently issues over 220,000 licenses, registrations and permits annually. Since Fiscal Year Ending 2011, when the Division of Special Revenue was merged into DCP, new applications for credentials increased from 40,357 to 49,075 and renewals increased from 165,855 to 176,197. During the same approximate period, our staffing levels have decreased from 252 full time equivalents to just under 220 full time equivalents in FYE 2016.

Throughout the last six years, DCP has worked hard to provide essential, core services in the most efficient, cost-effective way by focusing our resources on work that protects public health and safety and prevents significant economic harm to consumers and businesses. We're doing this through improved education, compliance and enforcement, by replacing inefficient and obsolete ways of doing business with improved processes, and by reviewing and recommending updates to our regulations and statutes.

Currently, C.G.S. § 7-169 et seq. requires DCP to regulate all bingo games, bazaars and raffles. In some instances, we share this oversight with the municipalities in which these activities occur. In all instances, we share the revenue that is generated from the fees with those municipalities. This bill would remove DCP from regulating charitable gaming and would transfer that authority, along with all of the revenue generated from the fees, to the municipalities in which the activities are held.

In reviewing the allocation of staff time and other resources devoted to enforce this section of the statutes, this no longer appears to be an area that requires DCP's oversight; especially when considering that there are other criminal and consumer statutes that allow for enforcement should fraudulent or criminal behavior occur in the operation of any charitable games.

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.

***H.B. 7239 "AN ACT PROVIDING FOR
THE REGULATION OF GAMING TO PROTECT THE PUBLIC SAFETY
AND A COMPETITIVE PROCESS TO ISSUE A GAMING LICENSE"***

This bill would allow for the operation of a third casino in Connecticut and require the Commissioner of DCP to issue a request for proposals (RFP) for such an entity. DCP has concerns about how this proposal would impact the State's current compacts and memorandums of understanding with the Mashantucket Pequot and Mohegan tribes.

Additionally, this proposal does not give the Commissioner any guidelines for developing an RFP, which would be necessary in order to ensure that DCP is fulfilling the intent of the policymakers. Finally, should this become law, DCP is concerned about Section 3 of this bill, which would allow for a casino to operate under standards of operation and management (SOMs) until the Commissioner of DCP adopts regulations for the administration of a casino. Operating under SOMs would leave DCP with very little enforcement authority. DCP respectfully requests that with any proposed legislation for additional casinos in Connecticut, the Commissioner is given the authority to adopt emergency regulations until the full regulations are adopted so that DCP has sufficient enforcement authority.

***S.B. 957 "AN ACT CONCERNING
THE REGULATION OF GAMING AND THE
AUTHORIZATION OF A CASINO GAMING FACILITY IN THE STATE"***

This bill would allow for MMCT Venture, LLC (MMCT), an entity formed by Connecticut's two federally recognized tribes - the Mashantucket Pequot and Mohegan tribes, to operate a casino that is not on tribal land.

Governor Malloy recently requested a formal opinion from Attorney General Jepsen about the impact of allowing MMCT to operate casino gaming on non-tribal land, and whether or not there would be ramifications on the State's compact and memorandum of understanding (MOU) with each tribe. While DCP shares those concerns, we will defer to the Attorney General's forthcoming opinion.

Aside from questions about the impact this bill might have on the compacts and MOUs, DCP is concerned about Section 2 of this bill, which would allow for a casino to operate under standards of operation and management (SOMs) until the Commissioner of DCP adopts regulations for the administration of a casino. Operating under SOMs would leave DCP with very little enforcement authority. DCP respectfully requests that with any proposed legislation for additional casinos in Connecticut, the Commissioner is given the authority to adopt emergency regulations until full regulations are adopted so that DCP has sufficient enforcement authority.

***S.B. 967 "AN ACT CONCERNING
ONLINE MULTIJURISDICTIONAL LOTTERY GAMES"***

The Department of Consumer Protection (DCP) is charged with ensuring that all games offered by the Connecticut Lottery Corporation (CLC) meet the highest degree of integrity. We do this by licensing all individuals who are involved with the CLC and by approving and monitoring all of their games to ensure compliance with the gaming laws. We work to assure public confidence in the honesty and fairness of all facets of CLC gaming for the maximum benefit to the State.

SB 967, which would allow for the CLC to offer online games, is very broadly drafted so that the CLC could offer any multijurisdictional game, at its discretion, through their Internet website, an online service or a mobile application. DCP is concerned that this language is overbroad. Currently, CLC, through licensed retailers, offers three multijurisdictional games: Powerball, Mega Millions and Lucky for Life. These are draw games, where the results are determined upon a single random draw of numbers scheduled at a set time. There is nothing in this proposal that would prohibit the CLC from entering into a contract with another jurisdiction

to offer other types of games which could violate, regardless of the language in Section 1 of this bill, the compact or the memorandum of understanding with each of Connecticut's two federally recognized tribes - the Mashantucket Pequot and Mohegan tribes. This could jeopardize hundreds of millions of dollars in revenue to the State of Connecticut. Therefore, DCP recommends tightening this language to specify what type of games CLC is authorized to offer on their website, through an online service or a mobile application.

Additionally, Section 2(B) of this bill appears to allow CLC to interactively promote all of their games. The current statute very clearly prohibits such promotion to ensure that these games aren't marketed to minors. DCP has concerns about the way this section is currently drafted and recommends it be clarified.

We have expressed our concerns with CLC and are happy to offer alternative language to address these issues.

Thank you again for the opportunity to provide input about these important issues. Please contact either one of us, or our Legislative Director, Leslie O'Brien, if you have any questions or require additional information.