

## **An Act Concerning a Request for Proposals for a Casino Gaming Facility in the State**

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### **Issue**

Analyze Raised Bill [7319](#): “An Act Concerning a Request for Proposals for a Casino Gaming Facility in the State,” which was raised in the Finance, Revenue and Bonding Committee. (The committee heard the bill on April 17 and took no further action on it.)

### **Summary**

The bill creates a competitive process that would allow tribal and nontribal groups to vie to possibly establish an off-reservation (commercial) casino gaming facility in an unnamed municipality (see summary [SSB 957](#), which gives the Mashantucket Pequot and Mohegan tribes the exclusive right to jointly build and operate a commercial casino in East Windsor).

The state must put the project out to bid by January 1, 2018 and, as part of the process, the bidder must put the casino development question to a referendum in the potential host municipality. But the facility cannot be established until (1) state law legalizes casinos and casino gaming and (2) the casino facility has paid a nonrefundable \$50 million licensing fee.

Potential developers must include in their bids (1) a market analysis that outlines the benefits of the proposed facility and its potential impact on the host municipality, the surrounding region, and the state and (2) except for the Mashantucket Pequot or Mohegan tribes, a \$15 million application fee, which is refundable if the bidder is not chosen or the state does not legalize casino gaming.

Bidders must also submit, among other things, (1) an agreement with the potential host municipality, approved in a townwide referendum, to build the casino facility and agree to pay the municipality at least \$8 million annually when the facility is operational, (2) a plan to share revenue with municipalities adjoining the host municipality, and (3) a plan to attract residents and tourists to the facility. They must agree to (1) make a capital investment of at least \$500 million in the proposed facility and (2) pay the state at least 35% of the facility's gross gaming revenue.

Bidders must demonstrate that they have, among other things, (1) the business ability, experience, and financial stability to develop, manage, operate, and maintain a high-quality facility; (2) a record of working with minority and small businesses; and (3) the capacity to generate substantial revenue under varying economic circumstances.

The bill takes effect upon passage.

## **Requests for Proposals (RFP)**

By January 1, 2018, the bill requires the consumer protection and economic and community development commissioners to jointly develop and issue an RFP to select an individual, a business organization, or an Indian tribe to develop, manage, operate, and maintain a possible commercial casino facility in Connecticut. The RFP must require responders (bidders) to meet certain criteria and provide certain information to the commissioners.

### ***Application Fee***

Bidders must submit a \$15 million fee with their bids, except that the commissioners must waive the fee for any response from the Mashantucket Pequot or Mohegan tribe. The fee is refundable if the bidder is not chosen or the state does not legalize casino gaming.

### ***Market Analysis***

Each bidder must provide in its RFP a market analysis detailing the benefits of the proposed facility and its potential impact on the host municipality, the surrounding region, and the state. The market analysis must document the following:

1. the potential economic impact of the facility on the municipality and the surrounding region;
2. the potential costs to, and social, environmental, traffic, and infrastructural impact on, the municipality and the surrounding region;

3. the potential impact of the facility on the state's two tribal casinos;
4. an estimate of the number of employees the facility will employ, including information on the pay rates and benefits, and a statement indicating whether the bidder has a contract with organized labor and has its support for the proposal; and
5. a plan to attract residents and tourists to the facility.

### ***Referendum and Municipal Revenue***

The RFP response must also include a development agreement entered into between the bidder and potential host municipality to establish the casino facility. The agreement must (1) be approved in a referendum, paid for by the bidder, in the municipality, and (2) require the bidder to make an annual payment of at least \$8 million to the municipality when the facility becomes operational. The response must also include a plan for sharing revenue with municipalities adjoining the host municipality.

### ***Revenue-Related Requirements***

The RFP must require bidders to:

1. provide information and documentation to demonstrate that they have the business ability, experience, and financial stability to develop, manage, operate, and maintain the proposed facility;
2. show that they are able to pay a nonrefundable \$50 million licensing fee and agree to pay the fee, if selected, before the start of construction;
3. agree to make a total capital investment of at least \$500 million in the facility; and
4. agree to pay to the state 35% of the facility's gross gaming revenue.

### ***Other Requirements***

The RFP must also require the bidder to:

1. submit the designs for, and a timeline for constructing, the proposed casino facility;
2. describe the type and number of games to be conducted at the facility;

3. describe a process to maximize the use of small contractors, minority businesses, and veteran-owned micro businesses and agree to award to them at least 25% of the total value of all the contracts it awards to build the facility;
4. submit a plan to mitigate the potential negative public health consequences associated with gambling and the operation of the facility;
5. provide a plan to protect the state's off-track betting facilities from any adverse impact from the operation of the facility;
6. certify that its principal stockholders or members will submit to the jurisdiction of Connecticut courts and that it has designated an agent for service of process in Connecticut; and
7. provide any other information the commissioners deem necessary to evaluate the bidder's qualifications.

### ***Selection Criteria***

When evaluating responses to the RFP, the commissioners must consider and select the bidder that best meets the requirements described above, as well as the following criteria:

1. demonstrates that it is adequately capitalized to develop, manage, operate, and maintain a high-quality casino gaming facility;
2. submits designs and plans that meet the minimum investment level specified above;
3. has an excellent record of producing resort design and architecture, including projects that meet or exceed gold certification under the applicable LEED Green Building Rating System;
4. has an excellent record of developing gaming facilities with high-quality gaming and nongaming amenities;
5. has a history of developing, managing, operating, and maintaining casino gaming facilities that match the existing infrastructure capabilities of the areas surrounding such facilities;
6. has a history of maximizing revenue generated from out-of-state tourism through the development, management, and operation of casino gaming facilities and of securing larger shares of the gaming market;
7. demonstrates the ability to generate substantial revenue from casino gaming facilities in a competitive environment and under varying economic conditions;

8. owns or has secured the rights to use established or widely recognized casino brand names (see below);
9. has a record of doing business with small contractors, minority business enterprises and veteran-owned micro businesses;
10. has a history of working with local and state law enforcement on public safety and security matters; and
11. has a record of creating a diverse range of skilled and unskilled permanent jobs, maximizing the creation of new jobs and implementing initial and ongoing workforce development training programs in developing, managing, and operating casino gaming facilities. The potential for new job creation must be evaluated with consideration given to the forecasted increase in net available jobs in the state after accounting for the potential positive or negative impact of the proposed casino gaming facility on the existing casino gaming facilities in the state.

The bidder or its affiliates, or both, must also have a record of entering into (1) collective bargaining agreements to manage and operate its casino gaming facilities and (2) project labor agreements to develop and construct casino gaming facilities.

In the case of 3, 4, 5, 6, 7, and 10 above, the designs and plans submitted by the bidder must reflect the criteria specified. Also, for purposes of the brand name requirement above, brand names associated with the casino gaming facilities owned by the Mashantucket Pequots or the Mohegans are considered to be widely recognized casino brand names.

### ***Legislative Report***

The bill requires the commissioners to jointly submit a report to the Commerce; Finance, Revenue and Bonding; and Public Safety and Security committees (at an unspecified date) that:

1. describes and summarizes the RFPs and the responses received;
2. identifies the individual, business organization, or Indian tribe selected to develop, operate, maintain, and manage the proposed facility; and
3. shows that the bidder selected satisfies the RFP requirements and meets the selection criteria.

## **Additional Information:**

Issue Brief: Frequently Asked Questions on Indian Casinos and Gaming Compacts ([2017-R-0064](#))

Attorney General Formal Opinion ([2017-02](#))

sHB 7239: An Act Concerning a Request for Proposals to Qualify and Entity to Develop a Casino Gaming Facility in the State (OLR Report [2017-R-0083](#)).

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