



House of Representatives

General Assembly

File No. 239

February Session, 2018

Substitute House Bill No. 5306

House of Representatives, April 5, 2018

The Committee on Public Safety and Security reported through REP. VERRENGIA of the 20th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING A STRATEGIC PLAN TO EXPAND GAMBLING IN CONNECTICUT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (*Effective from passage*) (a) Not later than ninety days after
2 the effective date of this section, the Commissioner of Consumer
3 Protection shall develop and issue a request for proposals for
4 professional services to recommend a strategic plan to expand
5 gambling in the state. The professional service provider shall have
6 expertise in advising state legislatures on issues related to gambling
7 and the expansion of gambling.

8 (b) At a minimum, the strategic plan shall:

9 (1) Analyze the economic impacts of all legal and current forms of
10 gambling in the state, including, but not limited to, gambling at casino
11 gaming facilities, and gambling facilitated by the Connecticut Lottery
12 Corporation and off-track betting facilities;

13 (2) Contain a fiscal analysis to determine the impact of expanding
14 gambling in the state (A) by amending the procedures, compact and
15 agreements entered into by and between the state and the
16 Mashantucket Pequot Tribe and the state and the Mohegan Tribe of
17 Indians of Connecticut, and (B) without amending such procedures,
18 compact and agreements;

19 (3) Identify the various approaches to expanding gambling in the
20 state and analyze the economic impact and the fiscal and legal
21 consequences if the state authorizes (A) any person, business entity or
22 Indian tribe to operate one or more commercial casino gaming facilities
23 within the state, (B) the Connecticut Lottery Corporation to sell tickets
24 for lottery draw games online and accept payment through the use of a
25 credit card, (C) the Connecticut Lottery Corporation, off-track betting
26 facilities, the Mashantucket Pequot Tribe or the Mohegan Tribe of
27 Indians of Connecticut, or any combination thereof, to conduct
28 wagering on sporting events to the extent permitted by federal law,
29 and (D) the operation of fantasy contests in the state without amending
30 such procedures, compact and agreements; and

31 (4) Recommend a strategic plan that (A) implements the expansion
32 of gambling in the state, (B) establishes a quasi-public agency to
33 regulate and oversee such expansion, (C) provides for the taxation of
34 such expansion, and (D) includes best practices to protect the public
35 interest in the integrity of gambling operations and reduce the dangers
36 of unsuitable, unfair or illegal practices, methods and activities in such
37 operations.

38 (c) Not later than January 1, 2019, the commissioner shall submit the
39 strategic plan, in accordance with the provisions of section 11-4a of the
40 general statutes, to the joint standing committee of the General
41 Assembly having cognizance of matters relating to public safety and
42 security.

43 (d) The Commissioner of Consumer Protection and the Connecticut
44 Lottery Corporation shall provide any information and data needed by
45 the professional service provider to complete the strategic plan,

46 provided the information and data does not disclose the identity of
47 any individual.

48 (e) The Connecticut Lottery Corporation shall expend unclaimed
49 prize funds to pay the cost of the strategic plan.

50 Sec. 2. (*Effective from passage*) The Commissioner of Consumer
51 Protection shall engage an independent third party to study the social
52 effects of legalized gambling on the citizens of this state and to make
53 recommendations regarding ways to mitigate the potential negative
54 public health consequences associated with gambling if (1) the state
55 authorizes any person, business entity or Indian tribe to operate one or
56 more commercial casino gaming facilities within the state and such
57 facilities become operational, (2) the state authorizes the Connecticut
58 Lottery Corporation to sell tickets for lottery draw games online and
59 accept payment through the use of a credit card, (3) the state
60 authorizes the Connecticut Lottery Corporation, off-track betting
61 facilities, the Mashantucket Pequot Tribe or the Mohegan Tribe of
62 Indians of Connecticut, or any combination thereof, to conduct
63 wagering on sporting events to the extent permitted by federal law, or
64 (4) fantasy contest operators offer fantasy contests in the state. Not
65 later than January 1, 2019, the commissioner shall submit the findings
66 of the study and the recommendations, in accordance with the
67 provisions of section 11-4a of the general statutes, to the joint standing
68 committee of the General Assembly having cognizance of matters
69 relating to public safety and security.

70 Sec. 3. Subsection (b) of section 12-564 of the general statutes is
71 repealed and the following is substituted in lieu thereof (*Effective from*
72 *passage*):

73 (b) The commissioner shall conduct studies concerning the effect of
74 legalized gambling on the citizens of this state including, but not
75 limited to, studies to determine the types of gambling activity engaged
76 in by the public and the desirability of expanding, maintaining or
77 reducing the amount of legalized gambling permitted in this state.
78 Such studies shall be conducted as often as the commissioner deems

79 necessary, except that no studies shall be conducted before the fiscal
 80 year ending June 30, [2009] 2028, and thereafter studies shall be
 81 conducted at least once every ten years. The commissioner shall
 82 submit the findings of such studies and the costs of conducting such
 83 studies to the joint standing committees of the General Assembly
 84 having cognizance of matters relating to [legalized gambling shall each
 85 receive a report concerning each study carried out, stating the findings
 86 of the study and the costs of conducting the study] public safety and
 87 security, in accordance with the provisions of section 11-4a.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	12-564(b)

Statement of Legislative Commissioners:

In Section 1(b)(1), "gambling" was inserted before "at" and "and gambling facilitated by" was inserted before "the Connecticut" for clarity and in Section 1(b)(2), "Perform" was changed to "Contain" for accuracy.

PS *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$
Consumer Protection, Dept.	GF - Cost	575,425- 825,425	None
State Comptroller - Fringe Benefits ¹	GF - Cost	27,247	None
Resources of the General Fund	GF - Revenue Loss	602,673- 852,673	None
Consumer Protection, Dept.	GF - Savings	500,000- 750,000	None

Note: GF=General Fund

Municipal Impact: None

Explanation

This bill requires the Department of Consumer Protection to conduct two studies and results in a cost to state and a revenue loss to the General Fund.

Section 1 requires DCP to issue a Request For Proposals (RFP) for a professional service provider to recommend a strategic plan to expand gambling in the state. The professional service provider is expected to cost \$500,000-\$750,000 and will be paid from the unclaimed prize funds from the Connecticut Lottery Corporation (CLC), which results in a revenue loss to the General Fund. Since 2013, the annual

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 36.33% of payroll in FY 19 and FY 20.

unclaimed prize funds ranged between \$8.4 million and \$14.7 million.²

Section 2 requires the Commissioner of DCP to engage an independent third party to study the social effects of legalized gambling on the citizens of the state and results in a cost to DCP of \$500,000 to \$750,000 to contract with a third party.

DCP is anticipated to incur costs of \$205,345 associated with hiring a durational project manager to develop the RFPs and oversee the two studies. The costs include \$150,000 for salary, \$54,495 for fringe benefits, and \$850 for other expenses. It is assumed that these costs will be even split between the General Fund and CLC resources.

Section 3 extends the deadline, from 2019 to 2028, for the next mandated legalized gambling study conducted by DCP. This precludes contract costs of \$500,000 to \$750,000 in FY 19 to conduct the study.

The Out Years

DCP will incur costs in FY 28 to conduct the next mandated gambling study. The costs to conduct the strategic plan and the social and public health studies are assumed to be one-time costs.

² These amounts are swept monthly to offset the CLC's prize expense (i.e., unclaimed winnings are utilized as operating revenue and the net is transferred to the General Fund).

OLR Bill Analysis

sHB 5306

AN ACT CONCERNING A STRATEGIC PLAN TO EXPAND GAMBLING IN CONNECTICUT.

SUMMARY

This bill requires the Department of Consumer Protection (DCP) commissioner to contract for a strategic plan and a study on expanding gambling in Connecticut. The strategic plan must include, among other things, an analysis of current forms of gambling, the legal and policy ramifications of expanding gambling under different scenarios, and recommendations for expanding gambling. The Connecticut Lottery Corporation (CLC) must provide unclaimed prize funds to pay the cost of the strategic plan.

The bill requires the study to evaluate gambling's potential social and public health effects on Connecticut citizens under certain gambling expansion scenarios.

By January 1, 2019, the bill requires the DCP commissioner to submit the strategic plan and study with its recommendations to the Public Safety and Security Committee.

Existing law requires the DCP commissioner to conduct studies concerning the effect of legalized gambling on Connecticut citizens as often as she deems necessary but at least every 10 years. The last study was conducted in 2009. The bill extends the deadline for the next mandated study from 2019 to 2028. As under current law, the commissioner must submit the study to the Public Safety and Security Committee.

EFFECTIVE DATE: Upon passage

STRATEGIC PLAN

Under the bill, the DCP commissioner must develop and issue, within 90 days of the bill's passage, a request for proposals for professional services to recommend a strategic plan for expanding gambling in Connecticut. The professional service provider must have expertise in advising state legislatures on gambling issues and its expansion.

The strategic plan must:

1. analyze the economic impacts of all legal and current forms gambling in Connecticut, including casino gambling, lottery games, and off-track betting (OTB);
2. contain a fiscal analysis for determining the impact of expanding gambling in the state (a) by amending the procedures, compact, and agreements ("gaming agreements") the state entered into with the Mashantucket Pequot and Mohegan tribes and (b) without amending such agreements;
3. identify the various approaches to expanding gambling, including an analysis of the economic impact and fiscal and legal consequences if Connecticut authorizes (a) any person, business entity, or Indian tribe to operate one or more commercial casino gaming facilities; (b) CLC to sell lottery draw games online and allow credit card payments for such games; (c) CLC, OTB facilities, or the Mashantucket Pequot or Mohegan tribes, or any of the entities together, to conduct sports wagering as permitted under federal law; and (d) daily fantasy contests without amending the gaming agreements;
4. make recommendations that (a) implement the expansion of gambling, (b) establish a quasi-public agency to regulate and oversee such expansion, (c) provide for the taxation of such expansion; and (d) include best practices for protecting the public interest in the integrity of gambling operations and reducing the dangers of unsuitable, unfair, or illegal practices, methods, and activities in such operations.

The bill requires the DCP commissioner and CLC to provide any information and data the professional service provider needs to complete the strategic plan, provided the information and data does not disclose any individual's identity.

SOCIAL AND PUBLIC HEALTH STUDY

The bill requires the DCP commissioner to engage an independent third party to study the social effects of legalized gambling on Connecticut's citizens and make recommendations on ways to mitigate the potential negative public health consequences associated with certain gambling expansion scenarios. These scenarios are allowing (1) one or more commercial casinos, which become operational; (2) online lottery draw games and credit card payments for such games; (3) sports betting; and (4) fantasy sports contests.

COMMITTEE ACTION

Public Safety and Security Committee

Joint Favorable Substitute

Yea 19 Nay 6 (03/16/2018)