

# OFFICE OF FISCAL ANALYSIS

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sHB-5306

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

### **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 <sup>1</sup>	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

<sup>1</sup>The 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.

in a revenue loss to the General Fund. Since 2013, the annual unclaimed prize funds ranged between \$8.4 million and \$14.7 million.<sup>2</sup>

**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.

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<sup>2</sup> 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).