

Finance, Revenue and Bonding Committee JOINT FAVORABLE REPORT

Bill No.: SB-540

AN ACT AUTHORIZING SPORTS WAGERING AND ONLINE LOTTERY DRAW

Title: GAMES IN THE STATE.

Vote Date: 4/5/2018

Vote Action: Joint Favorable

PH Date: 4/2/2018

File No.:

***Disclaimer:** The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

SPONSORS OF BILL:

Finance, Revenue and Bonding Committee

REASONS FOR BILL:

The proposal seeks to establish a regulatory framework for sports wagering and online lottery draw games in order to generate additional tax revenue for the state.

RESPONSE FROM ADMINISTRATION/AGENCY:

Tom Trella, Director of Portfolio Strategy and Analysis at Connecticut Lottery

Corporation testified in support of S.B. 540, emphasizing the need to attract more millennials to the lottery. “The CT Lottery needs to provide products on platforms that appeal to Millennials so that the revenue generated for the General Fund continues to grow.”

Chelsea Turner, Interim President & CEO at Connecticut Lottery Corporation testified in favor of S.B. 540, stating that the sale of lottery tickets online, “allows us to market our product in a modern way alongside nearly all consumer goods; it enables us to implement important responsible gambling safeguards in a way that we are unable to do as effectively in the current retail environment.”

Steve Wagner, Director of Information Technology at Connecticut Lottery Corporation

testified in support of S.B. 540, arguing that the federal prohibition of sports betting has not stopped it from taking place and the Connecticut Lottery is ready to operate sports betting in a way that is, “regulated in a safe and secure environment utilizing responsible gambling best practices, and would provide a convenient option that all players across Connecticut can enjoy.”

NATURE AND SOURCES OF SUPPORT:

Avi Alroy, Vice President of Interactive gaming for Mohegan Gaming and Entertainment testified in support of S.B. 540 noting its forward thinking on sports betting and online lottery. This was offered with a caveat that, “this bill lacks key understanding on how to make sport wagering and online gaming a significant revenue generator for the state.”

Adam Barry, Vice President of Operations, Camelot Global testified in support of S.B. 540, placing emphasizing the benefit of iLottery for retailers and the State. The testimony also noted the security of iLottery and the responsibility that operators have for players.

Rodney Butler, Chairman, the Mashantucket Pequot Tribal Nation/ Kevin Brown, Chairman, the Mohegan Tribe testified in support of S.B. 540, speaking to the positive relationship that the tribes have had dealing with the state and the revenue generated for both the General Fund and the Pequot/Mohegan Municipal Grant Fund.

Seth Young, Executive Director of Online Gaming at Foxwoods Resort Casino testified in support of S.B. 540, noting the ability of iGaming to bring in additional revenues as well as completely new customers. However, concerns were made evident concerning the level of power that sports leagues would be given regarding sports wagering.

Scott Gunn, Senior Vice President of Global Government Relations and North America Lottery Business Development, IGT testified in support of S.B. 540, pointing to the performance of iLottery programs in Kentucky, Illinois, Michigan, and Georgia. Mr. Gunn spoke of the need for all businesses to adapt to a new retail environment and spoke favorably of the efforts made in the previously mentioned states to manage player risk and the overall integrity of the lottery.

Thomas Kelly, Shoreline Star testified in support of S.B. 540, clarifying that support for the bill is contingent on a favorable ruling by the U.S. Supreme Court.

National Basketball Association testified in support of S.B. 540, emphasizing their approval of its development of a regulatory framework for sports betting in Connecticut and the inclusion of consumer protection measures and governing body safeguards.

Doug Pollard, Co-Chief Executive Officer of Pollard Banknote and NeoPollard Interactive testified in support of S.B. 540, noting that iLottery will help the Connecticut Lottery remain competitive. “To expand their player bases, lotteries have to become relevant to segments of our population that aren’t interested in a cash purchase of lottery tickets at retail. The Lottery needs to reach those players where they are—and that is online or on their mobile device.

Scott Bowen, Senior Vice President, Business Development for NeoPollard Interactive testified in support of S.B. 540, pointing to the success of iLottery in Michigan. “Reaction to iLottery from players, as well as the general public, has been overwhelmingly positive. We attribute this not only to the flexibility, ease of use, and game variety of the platform, but to the extensive responsible gaming controls we implemented to ensure that players have fun, while playing within their limits.

John Osenenko, Vice President, Business Development for Scientific Games' Lottery Group testified in support of S.B. 540, pointing to the need for the Connecticut Lottery to continue to innovate and meet consumers where they are. "We believe Lotteries must utilize mobile and internet programs to remain relevant to current and future generations of consumers and to continue to grow funding for their beneficiaries."

Rich Pingel, Chief Legal Officer for Sportech PLC testified in support of S.B. 540, noting some concerns regarding sports wagering. Sportech favors an age of 18 years, in-line with all other non-Casino gambling outlets, and also emphasized concerns that excessive taxation, "may unintentionally promote the illegal operator activity with no benefit to the State or consumers."

Dan Shapiro, Vice President of Strategy & Business Development William Hill US testified in support of S.B. 540, advocating for reasonable taxation, as well as expressing concern for consumer privacy regarding a section requiring operators to share wagering information with sports leagues, if they so desire.

Morgan Sword Senior Vice President, League Economics & Operations - Major League Baseball testified in support of S.B. 540, offering some areas of concern, including the need for sports leagues to have access to real-time data so as to be able to effectively monitor betting activity.

NATURE AND SOURCES OF OPPOSITION:

Pamela A. Mautte, President, Connecticut Prevention Network testified in opposition to S.B. 540, expressing great concern over the lack of emphasis on prevention funding tied to a new iLottery revenue stream.

Shawn Driscoll, Government Relations and Public Affairs Associate, Global Partners LP offered testimony in opposition to S.B. 540, pointing to the state's already successful lottery, the negative impact iLottery would have on convenience stores, and expressed concern over online age verification.

Neal Eskin, Senior Associate Athletic Director, UCONN testified in opposition to S.B. 540 stressing the negative impact that sports wagering could have on student athletes. Additionally, concern was expressed over the NCAA's current policy against holding championships in states with legal wagering.

Christian Herb, President, Connecticut Energy Marketers' Association in opposition to S.B. 540, noting the potential negative impact to stores given a decrease in foot traffic and ancillary sales. Concern was also expressed over the age verification process for online gaming and the need for an increase to the commission paid to retailers for marketing and selling lottery tickets.

Michele Mudrick, Legislative Advocate for the Connecticut Conference, United Church of Christ testified in opposition to S.B. 540, expressing deep concern for a potential increase in gambling addiction and additional societal harm caused by gambling.

Jonathan Shaer, Executive Director of the New England Convenience

Store & Energy Marketers Association (NECSEMA) testified in opposition to S.B. 540, arguing that online lotteries will harm convenience stores and have not produced the revenues they promised. Additionally, there are lingering questions regarding the legality of internet gambling and concerns remain surrounding the impact of online lotteries on underage gambling.

Marlene Warner, Acting Executive Director of the Connecticut Council on Problem

Gambling testified in opposition to S.B. 540, noting that the CCPG remains neutral on legalized gambling but supports the inclusion of responsible gaming in any gaming expansion. Emphasis was placed on funding for research, gaming oversight, player services, employee training, and advertising regulation

Reported by: Hayden Schwarm

Date: 4/30/18