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## **OLR Bill Analysis**

### **sHB 7334**

#### ***AN ACT ESTABLISHING A COMMISSION ON GAMING.***

#### **SUMMARY**

This bill establishes a three-member Commission on Gaming as a separate, executive branch agency and transfers the gaming functions and responsibilities of the Department of Consumer Protection (DCP) to it. These functions and responsibilities include investigating, overseeing, licensing, and permitting, among other things: off-track betting (OTB); certain charitable games (e.g., sealed tickets); commercial casino and daily fantasy contests, if authorized; and the lottery.

The bill replaces the current 13-member Connecticut Lottery Corporation (CLC) board with the Gaming Commission. Under the bill, CLC board member terms end on December 31, 2019, when the board ceases to exist and the commission assumes the board's functions and duties on and after January 1, 2020.

The bill also requires the transfer of 2% of the revenue the state obtains from any new forms of gaming authorized on or after January 1, 2020, to the chronic gamblers treatment and rehabilitation account, which is a separate nonlapsing General Fund account.

The bill also makes minor, technical, and conforming changes.

**EFFECTIVE DATE:** January 1, 2020, except technical changes are effective on July 1, 2020.

#### **GAMING COMMISSION**

The bill establishes a Gaming Commission, which is under the direction and supervision of three commission members that the governor appoints with the advice and consent of either legislative chamber. The commission members must have experience in one or

more of the following:

1. legal and policy issues related to gaming,
2. gaming regulatory administration,
3. gaming industry management,
4. criminal investigations and law enforcement, or
5. corporate finance and securities.

The governor must designate the commission's chairperson, who presides at all the meetings.

Under the bill, the vote of a majority of the members is required for commission action, with two members constituting a quorum. The Department of Administrative Services (DAS) must determine each appointed member's salary.

### ***Executive Director***

The bill requires the governor to appoint an executive director, using the procedures used for appointing department heads (e.g., advice and approval of one legislative chamber), to supervise the commission's daily operations. The executive director must have professional experience in gaming regulatory administration or gaming industry management. DAS must establish the executive director's salary.

### ***Commission's Responsibilities***

Under the bill, the commission is responsible for:

1. implementing and administering the gaming laws,
2. licensing and overseeing Connecticut gambling entities,
3. analyzing the gaming industry and market for in-state gaming activities and promoting the Connecticut gaming industry, and
4. recommending legislation to implement a strategic plan for in-

state gaming.

### ***Transfer of Gaming Authority***

Under the bill, the Gaming Commission constitutes the successor agency to DCP with respect to all functions, powers, and duties related to gaming. Such transfer includes, among other things, the assignment or transfer of relevant employees, records, and property and the continuance of existing orders and regulations; pending actions and proceedings; and any appropriations, as the governor determines.

The transferred functions and responsibilities include investigating, overseeing, licensing, and permitting, among other things: OTB; certain charitable games (e.g., sealed tickets); commercial casino and daily fantasy contests, if authorized; and the lottery. It also transfers the responsibility of certain (1) studies and reporting requirements to the governor and General Assembly and (2) accounting requirements and reimbursements for the cost of regulating certain entities (e.g., lottery). The bill also extends to commission members and the executive director certain existing prohibitions against owning or having any interest in, or participating in, certain gaming activities (e.g., buying lottery tickets or OTB wagering).

Under the bill, the commission may implement policies and procedures consistent with the bill's provisions and the gaming laws, while such policies and procedures are being adopted in regulation form, provided notice of intention to adopt regulations is posted on the eRegulations System within 20 days after implementation. Any such policy or procedure is valid until the final regulations are effective.

The bill requires the commission to consult with DCP on the department's powers and duties being transferred to the commission.

The bill allows the Legislative Commissioners' Officer, in codifying the transfer to make technical, grammatical, and punctuation changes needed to carry out the bill's purposes.

### **LOTTERY**

The bill replaces the current 13-member CLC board of directors with

the Gaming Commission. Under the bill, CLC board member terms end on December 31, 2019, when the board ceases to exist and the commission assumes the board's functions and duties on and after January 1, 2020.

### ***Regulatory Cost***

Under current law, the Office of Policy and Management (OPM) annually assesses CLC in an amount sufficient to compensate DCP for the reasonable and necessary costs the department incurs regulating the lottery for each preceding fiscal year. Under the bill, OPM must do this until July 1, 2020. Beginning July 1, 2020, and annually thereafter, OPM must make this assessment to compensate the commission. But OPM must transfer to DCP any portion of a payment that it received on or after July 1, 2019, for regulatory activities before January 1, 2020.

### ***Surety Bond***

Current law requires each CLC director to execute a surety bond in the penal sum of \$50,000. The bill does not extend this requirement to the Gaming Commission in transferring lottery functions and duties.

## **ALCOHOLIC LIQUOR PERMIT**

Under current law, DCP may suspend an alcoholic liquor permit if the permittee has had a gaming license suspended or revoked until the license has been restored. Under the bill, DCP may, upon the commission's notice of a gaming license being suspended or revoked, suspend any alcoholic liquor permit until the gaming license has been restored. DCP must notify the commission of the name and address of the alcoholic liquor permittee whose permit was suspended or revoked.

## **BACKGROUND**

### ***Related Bills***

sHB 1014, favorably reported by the Public Safety and Security Committee, requires 2% of the revenue obtained from new forms of gaming authorized on or after January 1, 2019, to go to the chronic gamblers treatment and rehabilitation account.

sSB 1015, favorably reported by the Public Safety and Security Committee, increases the amount CLC must provide to the chronic gamblers treatment and rehabilitation account annually from \$2.3 million to \$2.8 million beginning with FY 20.

sHB 7331, favorably reported by the Public Safety and Security Committee, requires 2% of the sports wagering account, which the bill establishes, to be deposited into the chronic gamblers treatment and rehabilitation account.

**COMMITTEE ACTION**

Public Safety and Security Committee

Joint Favorable Substitute

Yea 20 Nay 4 (03/19/2019)