
OLR Bill Analysis

sSB 1015

AN ACT CONCERNING ONLINE LOTTERY DRAW GAMES IN THE STATE.

SUMMARY

This bill requires the Connecticut Lottery Corporation (CLC) to establish a program to sell lottery draw game tickets online, as long as doing so does not violate any agreements between the state and the Mashantucket Pequot or Mohegan tribes (see BACKGROUND). (The bill does not specify who determines whether a program violates such agreements.) Additionally, under the bill, the keno draw game must be offered pursuant to signed agreements or amendments to existing agreements with the tribes.

The bill establishes requirements CLC must meet in designing and operating the online lottery program (e.g., players must be over age 18 and located in Connecticut).

The bill makes other CLC-related changes, including among other things:

1. increasing, from \$2.3 million to \$2.8 million, the amount CLC must transfer to the chronic gamblers treatment and rehabilitation account;
2. generally exempting records related to those who exclude themselves from the online lottery program from disclosure under the Freedom of Information Act (FOIA); and
3. requiring the mental health and addiction services (DMHAS) commissioner to develop and issue a request for proposals (RFP) to study the online lottery program's socioeconomic impact.

EFFECTIVE DATE: Upon passage

ONLINE LOTTERY

The bill requires CLC to establish a program to sell lottery tickets for lottery draw games through its Internet website, an online service, or mobile application, as long as doing so does not violate any compact, memorandum of understanding, or agreement between the state and the Mashantucket Pequot or Mohegan tribes (see BACKGROUND). A “lottery draw game” is any draw game that is available for purchase through a lottery sales agent (e.g., Powerball, Mega Millions, or Lucky for Life).

Online Program

The bill establishes certain requirements for the program. At a minimum, the program must:

1. verify that a person who establishes an online lottery account to purchase a lottery ticket is at least age 18 and located in the state;
2. restrict lottery ticket sales to transactions initiated and received within the state;
3. allow a person to deposit money into an online lottery account through a verified bank account, prepaid lottery gift card, debit card, or credit card;
4. limit a person with an online account to only one debit or credit card;
5. provide that any money in an online lottery account belongs solely to the account’s owner, who may withdraw the money at any time;
6. provide a mechanism to prevent the unauthorized use of online lottery accounts;
7. establish a voluntary self-exclusion process to allow a person to exclude himself or herself from establishing an online lottery account or purchasing a lottery ticket through the program;
8. provide a mechanism to prevent a participant in the self-

exclusion process from establishing an account;

9. within one year after the program is established, apply for certification from a national or international responsible gambling compliance assessment program; and
10. post a conspicuous link to responsible gambling information on all online lottery account web pages.

In addition, after consulting advocacy groups for individuals with gambling problems, the program must (1) limit the amount of money a person may deposit into an online lottery account and spend per day through the program and (2) provide for online messages on the importance of responsible gambling when a person is using his or her online lottery account for an amount of time CLC specifies.

Before implementing any procedures designed to assure the program's integrity, CLC must obtain the Department of Consumer Protection commissioner's written approval in accordance with the department's regulations on operating the lottery.

CLC Requirements

The bill requires CLC to:

1. implement initiatives to promote lottery ticket purchases through lottery sales agents;
2. permit lottery sales agents to sell prepaid lottery gift cards; and
3. conduct an online public awareness campaign on compulsive gambling and the programs available for preventing, treating, and rehabilitating compulsive gamblers in the state.

Keno

Existing law allows the Office of Policy and Management (OPM) secretary, on behalf of the state, to enter separate agreements with the Mashantucket Pequot and Mohegan tribes concerning CLC's operation of keno (CGS § 12-806c). (The OPM secretary entered into separate agreements with the tribes in 2015.)

The bill allows any existing agreement to be amended to include operating keno through CLC's Internet website, online service, or mobile application. It prohibits CLC from operating keno online until the separate agreements are amended and the agreements are effective.

By law, keno is a lottery game where a subset of numbers are drawn from a larger field of numbers by a central computer system using an approved number generator, wheel system device, or other drawing device. Keno does not include games operated on a video facsimile machine (e. g. , slot machine) (CGS § 12-801(5)).

Promotional Interactive Online Lottery Games

Current law prohibits CLC from offering any interactive online lottery games, including online video lottery games for promotional purposes. The bill allows CLC to offer online draw lottery games, including for promotional purposes, through CLC's website, online service, or mobile application.

FOIA

Under the bill, the name and any personally identifying information of a person who participates or participated in CLC's voluntary self-exclusion process are not public records and are exempted from disclosure under FOIA, with one exception. The CLC president may disclose the name and any records of a person who claims a winning lottery ticket from using the online program.

By law, FOIA applies to the CLC. This means, among other things, that most of CLC's records are considered public and subject to disclosure, with limited exceptions (e.g., unclaimed lottery ticket serial numbers).

Chronic Gamblers Treatment and Rehabilitation Account

The bill increases, from \$2.3 million to \$2.8 million, the revenue from lottery ticket sales that CLC must transfer to the chronic gamblers treatment and rehabilitation account. The increase applies to FY 20 and each fiscal year thereafter.

DMHAS Study

By January 1, 2023, the bill requires the DMHAS commissioner to develop and issue a RFP to study the online lottery program's socioeconomic impact on problem gambling. The study must (1) be performed by a Connecticut institution of higher education with expertise in problem gambling and addiction and (2) be submitted for peer review to ensure accuracy, validity, and reliability. The bill requires the chronic gamblers treatment and rehabilitation account to provide up to \$100,000 to fund the study. CLC must provide any information and data needed for the study, provided the information and data do not disclose an individual's identity. By July 1, 2024, the DMHAS commissioner must submit the results to the Public Safety and Security Committee.

Online Lottery on Credit

The bill specifically allows online lottery program tickets to be bought using credit cards. It does this by exempting participation in the program from the laws voiding and recovering certain wagering contracts.

BACKGROUND

Moratorium on Video Facsimiles (e.g., Slot Machines)

Neither the Foxwoods or Mohegan Sun casinos are explicitly authorized to operate video facsimile machines, which include slot machines, under the procedures or compact. Currently, both tribes are able to operate video facsimile games through an MOU each has with the state (see below). If the state enacts a law authorizing a game (e.g., online lottery) that is deemed a video facsimile game, the tribes could continue to operate video facsimile machines without paying the state any of their slot revenue.

Tribal-State MOUs

The Mashantucket Pequots and Mohegans have separate binding MOUs with the state that give the tribes the exclusive right to operate slot machines and other commercial casino games in exchange for a monthly contribution of 25% of their gross slot machine revenue to the state. If the state enacts a law authorizing a game that is deemed a

commercial casino game, the tribes could cease making slot revenue payments, but would not be able to continue to operate video facsimile games.

Related Bill

sSB 17, favorably reported by the Public Safety and Security Committee, among other things, allows existing keno agreements to be amended to include online sales.

COMMITTEE ACTION

Public Safety and Security Committee

Joint Favorable Substitute

Yea 15 Nay 9 (03/19/2019)