



# House of Representatives

General Assembly

**File No. 501**

January Session, 2019

Substitute House Bill No. 7331

*House of Representatives, April 8, 2019*

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 SPORTS WAGERING IN THE STATE.***

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

1 Section 1. (NEW) (*Effective July 1, 2019*) (a) As used in this section  
2 and sections 2 to 6, inclusive, of this act, unless the context otherwise  
3 requires:

4 (1) "Casino gaming facility" has the same meaning as provided in  
5 section 12-557b of the general statutes;

6 (2) "Commissioner" means the Commissioner of Consumer  
7 Protection;

8 (3) "Department" means the Department of Consumer Protection;

9 (4) "Electronic sports wagering platform" or "platform" means the  
10 combination of hardware, software and data networks used to  
11 manage, administer, offer or control sports wagering over the Internet,  
12 including through an Internet web site or a mobile device;

13 (5) "Licensed sports wagering operator" means an operator licensed  
14 by the commissioner to conduct sports wagering in person or sports  
15 wagering on a platform;

16 (6) "Mashantucket Pequot memorandum of understanding" means  
17 the memorandum of understanding entered into by and between the  
18 state and the Mashantucket Pequot Tribe on January 13, 1993, as  
19 amended from time to time;

20 (7) "Mashantucket Pequot procedures" means the Final  
21 Mashantucket Pequot Gaming Procedures prescribed by the Secretary  
22 of the United States Department of the Interior pursuant to 25 USC  
23 2710(d)(7)(B)(vii) and published in 56 Federal Register 24996 (May 31,  
24 1991), as amended from time to time;

25 (8) "Minor" means an individual who is under twenty-one years of  
26 age;

27 (9) "Mohegan compact" means the Tribal-State Compact entered  
28 into by and between the state and the Mohegan Tribe of Indians of  
29 Connecticut on May 17, 1994, as amended from time to time;

30 (10) "Mohegan memorandum of understanding" means the  
31 memorandum of understanding entered into by and between the state  
32 and the Mohegan Tribe of Indians of Connecticut on May 17, 1994, as  
33 amended from time to time;

34 (11) "Operator eligible to conduct sports wagering in person" means  
35 a person or business organization operating the off-track betting  
36 system, a limited liability company operating a casino gaming facility  
37 that offers sports wagering and the Connecticut Lottery Corporation;

38 (12) "Operator eligible to conduct sports wagering on a platform"  
39 means a limited liability company operating a casino gaming facility  
40 that offers sports wagering, the Connecticut Lottery Corporation and  
41 any other individual or business organization applying to the  
42 commissioner for a license pursuant to section 4 of this act;

43 (13) "Sports bettor" means an individual who is not a minor and is  
44 physically present in this state when placing a sports wager with a  
45 licensed sports wagering operator;

46 (14) "Sporting event" means (A) any sporting or athletic event at  
47 which two or more persons participate and receive compensation in  
48 excess of actual expenses for such participation in such sporting or  
49 athletic event, or (B) any sporting or athletic event sponsored by an  
50 intercollegiate athletic program of an institution of higher education.  
51 "Sporting event" does not include horse racing, any sporting or athletic  
52 event that involves a university or college of the state system of public  
53 higher education, as described in section 10a-1 of the general statutes,  
54 or an independent institution of higher education, as defined in section  
55 10a-173 of the general statutes, or any sporting or athletic event  
56 sponsored by a minor league or high school;

57 (15) "Sports governing body" means the organization that prescribes  
58 final rules and enforces codes of conduct with respect to a sporting  
59 event and participants in the sporting event;

60 (16) "Sports wagering" means risking or accepting any money,  
61 credit, deposit or other thing of value for gain contingent in whole or  
62 in part on (A) a sporting event or a portion or portions of a sporting  
63 event, or (B) the individual performance statistics of an athlete or  
64 athletes in a sporting event or a combination of sporting events.  
65 "Sports wagering" does not include the payment of an entry fee to play  
66 fantasy contests, as defined in section 12-578aa of the general statutes;

67 (17) "Sports wagering in person" means sports wagering using any  
68 system or method of wagering requiring a sports bettor to be  
69 physically present at a facility in this state;

70 (18) "Sports wagering on a platform" means sports wagering using  
71 any system or method of wagering over the Internet, including  
72 through an Internet web site or a mobile device, that does not require a  
73 sports bettor to be physically present at a facility in this state that  
74 conducts sports wagering in person;

75 (19) "Sports wagering gross revenue" means the amount equal to the  
76 total amount of all wagers placed on sporting events not excluded  
77 from sports wagering that a licensed sports wagering operator collects  
78 from all sports bettors, less the total amount of all sums paid out as  
79 winnings to sports bettors, except that the cash equivalent value of any  
80 merchandise or thing of value awarded as a prize shall not be included  
81 in the sums paid out as winnings; and

82 (20) "Sports wagering vendor" means a person or business  
83 organization that develops or maintains an electronic sports wagering  
84 platform on behalf of a licensed operator eligible to conduct sports  
85 wagering on a platform.

86 Sec. 2. (NEW) (*Effective July 1, 2019*) (a) The provisions of this  
87 section, sections 1, 3 to 6, inclusive, and 15 and 20 of this act, and  
88 sections 12-561, 12-577, 12-578f, 12-801, 12-806, 12-810, 12-811, 12-812,  
89 12-816, 17a-713 and 53-278a of the general statutes, as amended by this  
90 act, shall not be effective unless the following conditions have been  
91 met:

92 (1) On or after the effective date of this section, the Governor enters  
93 into new tribal-state compacts with the Mashantucket Pequot Tribe  
94 and the Mohegan Tribe of Indians of Connecticut pursuant to the  
95 federal Indian Gaming Regulatory Act, P.L. 100-497, 25 USC 2710(d)(3)  
96 concerning the authorization of sports wagering that: (A) Allows each  
97 tribe to offer sports wagering on Indian lands and through an  
98 electronic sports wagering platform, (B) provides that the  
99 authorization of sports wagering in person and through an electronic  
100 sports wagering platform in this state does not relieve each tribe from  
101 the tribe's obligation to contribute a percentage of the gross operating  
102 revenues of video facsimile games to the state as provided in the  
103 Mashantucket Pequot memorandum of understanding and the  
104 Mohegan memorandum of understanding, as the case may be, and (C)  
105 provides that the authorization of sports wagering in person and  
106 through an electronic sports wagering platform in this state does not  
107 terminate the moratoria on the operation of video facsimile games by

108 the tribes pursuant to section 15(a) of the Mashantucket Pequot  
109 procedures and section 15(a) of the Mohegan compact.

110 (2) The new tribal-state compacts are approved or deemed  
111 approved by the Secretary of the United States Department of the  
112 Interior pursuant to the federal Indian Gaming Regulatory Act, P.L.  
113 100-497, 25 USC 2701 et seq., and its implementing regulations. If such  
114 approval is overturned by a court in a final judgment, which is not  
115 appealable, the authorization for sports wagering provided under this  
116 section shall cease to be effective.

117 (3) The new tribal-state compacts are approved by the General  
118 Assembly pursuant to section 3-6c of the general statutes.

119 (b) On and after July 1, 2019, the commissioner may issue licenses to  
120 operate sports wagering in person, licenses to operate sports wagering  
121 on a platform, and sports wagering vendor licenses, as applicable, in  
122 accordance with sections 3 and 4 of this act.

123 Sec. 3. (NEW) (*Effective July 1, 2019*) (a) No person may conduct  
124 sports wagering in person in this state unless the person is an operator  
125 eligible to conduct sports wagering in person and such operator has  
126 obtained a license from the commissioner pursuant to this section.

127 (b) (1) Each applicant for a license pursuant to this section shall  
128 submit a completed application on forms prescribed by the  
129 commissioner. Such application may require the applicant to submit  
130 any information the commissioner deems pertinent to the issuance of  
131 such license. Each applicant, except the Connecticut Lottery  
132 Corporation, shall submit to state and national criminal history records  
133 checks, conducted in accordance with section 29-17a of the general  
134 statutes, before such license is issued.

135 (2) Each applicant for a license to operate sports wagering in person  
136 shall submit with its application a nonrefundable application fee of  
137 one hundred thousand dollars. Except as provided in subsection (c) of  
138 this section, each such license shall expire biennially on the

139 anniversary date of the issuance of such license unless renewed in  
140 accordance with this section. The nonrefundable application fee for  
141 such renewal shall be one hundred thousand dollars. Upon the  
142 issuance or renewal of a license, the licensee shall pay a licensing fee of  
143 seven hundred fifty thousand dollars to the commissioner. The  
144 Connecticut Lottery Corporation shall be exempt from the application  
145 fee, renewal application fee and licensing fee for a license to operate  
146 sports wagering in person.

147 (3) If licensed pursuant to this section, (A) a person or business  
148 organization operating the off-track betting system may conduct sports  
149 wagering in person at any of the system facilities authorized for off-  
150 track betting under section 12-571a of the general statutes, and (B) the  
151 Connecticut Lottery Corporation may conduct sports wagering in  
152 person at no more than four high tier claim centers, as designated by  
153 the corporation.

154 (4) Applications for renewal of any such license shall be on such  
155 form as prescribed by the commissioner.

156 (c) (1) The commissioner shall, as soon as practicable after the  
157 receipt of a completed license or renewal application, grant or deny the  
158 license or renewal application. Any holder of a license issued pursuant  
159 to this section who submits an application to renew such license prior  
160 to the expiration of such license may continue to perform the activities  
161 authorized by such license until the commissioner approves or denies  
162 such renewal application.

163 (2) Failure by any operator eligible to conduct sports wagering in  
164 person that holds a license pursuant to this section or any off-track  
165 betting facility or high tier claim center to comply with the  
166 requirements of this section and any regulations adopted pursuant to  
167 section 5 of this act shall constitute grounds for the commissioner to  
168 investigate such licensee or facility. A violation of the provisions of  
169 section 4 of this act by an operator eligible to conduct sports wagering  
170 in person that is licensed pursuant to this section and section 4 of this  
171 act shall constitute grounds for an investigation. After a hearing held

172 in accordance with the provisions of chapter 54 of the general statutes,  
173 the commissioner may suspend or revoke such license for good cause  
174 or suspend operations at such facility and impose a civil penalty of not  
175 more than two hundred fifty thousand dollars. Any licensee whose  
176 license is suspended or revoked or who is fined, any facility whose  
177 sports wagering in person operations are suspended or that is fined, or  
178 any applicant aggrieved by the action of the commissioner concerning  
179 an application for a license or renewal application, may appeal in  
180 accordance with the provisions of chapter 54 of the general statutes.

181       Sec. 4. (NEW) (*Effective July 1, 2019*) (a) No person may conduct  
182 sports wagering on a platform unless the person is an operator eligible  
183 to conduct sports wagering on a platform and such operator has  
184 obtained a license pursuant to this section.

185       (b) (1) A limited liability company operating a casino gaming  
186 facility that offers sports wagering and the Connecticut Lottery  
187 Corporation may submit an application for a license pursuant to this  
188 section. Such application may require the submission of information  
189 listed in subdivisions (2) to (7), inclusive, of subsection (d) of this  
190 section, and any information the commissioner deems pertinent to the  
191 issuance of such license. Such license shall expire biennially on the  
192 anniversary date of the issuance of such license unless renewed in  
193 accordance with subsection (j) of this section.

194       (2) Each applicant, except the Connecticut Lottery Corporation, shall  
195 submit to state and national criminal history records checks, conducted  
196 in accordance with section 29-17a of the general statutes, and submit a  
197 nonrefundable application fee of one hundred thousand dollars, before  
198 such license is issued. Upon the issuance or renewal of a license, the  
199 licensee, except the Connecticut Lottery Corporation, shall pay a  
200 licensing fee of seven hundred fifty thousand dollars to the  
201 commissioner.

202       (c) Not later than sixty days after the conditions specified in section  
203 2 of this act have been met, the commissioner shall develop and issue a  
204 request for proposals to qualify individuals or businesses for up to

205 three additional licenses to develop, manage, operate and maintain  
206 sports wagering on a platform in this state.

207 (d) The request for proposals shall require a responder to:

208 (1) Specify the amount the responder is willing to pay to obtain a  
209 license, which shall be no less than seven hundred fifty thousand  
210 dollars;

211 (2) Specify the number of employees and physical office locations  
212 the respondent has or will have in this state to ensure the proper  
213 operation of sports wagering on a platform;

214 (3) Describe the electronic sports wagering platform to be used;

215 (4) Describe the types and numbers of sporting events the responder  
216 will offer for sports wagering in this state;

217 (5) Provide a market analysis detailing the impact on and benefits to  
218 the state if the responder receives a license, including projected  
219 revenue to the state;

220 (6) Provide information and documentation to demonstrate that the  
221 responder has sufficient business ability, experience and financial  
222 stability to develop, manage, operate and maintain sports wagering on  
223 an electronic platform in this state;

224 (7) Describe the methods used to ensure the integrity of the platform  
225 and security controls to be used regarding the (A) sports data acquired  
226 to determine the results of sports wagers, (B) sports bettor data, and  
227 (C) sports bettor verification of age and presence in the state;

228 (8) Provide a responsible gaming plan associated with the operation  
229 of sports wagering; and

230 (9) Provide any other information the commissioner deems  
231 necessary to evaluate the qualifications of the responder.

232 (e) Each proposal shall be submitted not later than thirty days after

233 the date the commissioner issues the request for proposals pursuant to  
234 subsection (c) of this section. Each proposal shall be accompanied by a  
235 fee of one hundred thousand dollars, which shall be refundable if the  
236 responder is (1) not selected by the commissioner to receive a license,  
237 and (2) waives the right to challenge the commissioner's decision.

238 (f) The commissioner shall develop selection criteria and a scoring  
239 method to evaluate responses to the request for proposals. Of those  
240 deemed qualified under the selection criteria and scoring method, the  
241 commissioner shall rank the responders based on the licensing fee each  
242 offered to pay in the responder's proposal, from highest to lowest. The  
243 commissioner shall issue a license to the qualified responder who  
244 offered to pay the highest licensing fee. The licensing fee paid by the  
245 first qualified responder accepting a license from the commissioner  
246 shall establish the licensing fee that the commissioner shall offer to  
247 additional qualified responders. The commissioner shall issue  
248 additional licenses using the ranked list of qualified responders,  
249 issuing the first such license to the highest ranked responder and  
250 proceeding through the list, from highest to lowest, until the  
251 commissioner has issued not more than two additional licenses. The  
252 commissioner shall not issue more than three licenses under this  
253 process and shall not issue a license for a fee of less than seven  
254 hundred fifty thousand dollars.

255 (g) A license issued pursuant to subsection (f) of this section shall  
256 expire two years after issuance, but the commissioner may extend a  
257 license for an additional two years upon renegotiation of the licensing  
258 fee established through the process described under subsection (f) of  
259 this section.

260 (h) The commissioner may initiate additional requests for proposals  
261 to issue licenses pursuant to this section if the commissioner does not  
262 issue three licenses pursuant to subsection (e) of this section or a  
263 license expires pursuant to subsection (g) of this section. If the  
264 commissioner does not issue or renew a license to a limited liability  
265 company operating a casino gaming facility that offers sports wagering

266 or the Connecticut Lottery Corporation, the commissioner may initiate  
267 a request for proposal to issue a license in place of the license or  
268 licenses not issued or renewed.

269 (i) (1) No person or business organization may develop an electronic  
270 sports wagering platform on behalf of a licensed operator eligible to  
271 conduct sports wagering on a platform unless such person or business  
272 organization holds a sports wagering vendor license issued by the  
273 commissioner pursuant to this subsection.

274 (2) Each applicant for a sports wagering vendor license shall submit  
275 with its application a nonrefundable application fee of one hundred  
276 thousand dollars. Except as provided in subsection (j) of this section,  
277 each such license shall expire biennially on the anniversary date of the  
278 issuance of such license unless renewed in accordance with this  
279 section. The nonrefundable application fee for such renewal shall be  
280 one hundred thousand dollars. Upon the issuance or renewal of a  
281 license, the licensee shall pay a licensing fee of three hundred thousand  
282 dollars to the commissioner.

283 (3) Applications for renewal of any such license shall be on such  
284 form as prescribed by the commissioner.

285 (j) (1) The commissioner shall, as soon as practicable after the receipt  
286 of a completed license or renewal application, grant or deny the license  
287 or renewal application. Any holder of a license issued pursuant to this  
288 section who submits an application to renew such license prior to the  
289 expiration of such license may continue to perform the activities  
290 authorized by such license until the commissioner approves or denies  
291 such renewal application.

292 (2) Failure by any operator eligible to conduct sports wagering on a  
293 platform that holds a license pursuant to this section to comply with  
294 the provisions of this section and any regulations adopted pursuant to  
295 section 5 of this act shall constitute grounds for the commissioner to  
296 investigate such licensee. A violation of the provisions of section 3 of  
297 this act by an operator eligible to conduct sports wagering on a

298 platform that is licensed pursuant to section 3 of this act and this  
299 section shall constitute grounds for an investigation. After a hearing  
300 held in accordance with the provisions of chapter 54 of the general  
301 statutes, the commissioner may suspend or revoke such license for  
302 good cause and impose a civil penalty of not more than two hundred  
303 fifty thousand dollars. Any licensee whose license is suspended or  
304 revoked or who is fined or any applicant aggrieved by the action of the  
305 commissioner concerning an application for a license or renewal  
306 application, may appeal in accordance with the provisions of chapter  
307 54 of the general statutes.

308 Sec. 5. (NEW) (*Effective July 1, 2019*) (a) Each licensed sports  
309 wagering operator shall:

310 (1) Verify that a sports bettor is at least twenty-one years of age;

311 (2) Allow any individual to exclude himself or herself from placing  
312 sports wagers or limit the amount of money such individual may use  
313 to place sports wagers with an operator, and, on and after the date the  
314 operator is notified by such individual of such exclusion or limit, shall  
315 take reasonable steps to prevent such individual from placing sports  
316 wagers or exceeding such limit, as the case may be;

317 (3) Enter into an agreement with a provider of sporting event data  
318 that meets or exceeds the minimum qualifications set forth in  
319 regulations adopted by the commissioner pursuant to subsection (i) of  
320 this section;

321 (4) Report any suspicion of abnormal betting activity to the  
322 commissioner for immediate investigation by the commissioner;

323 (5) Maintain the security of wagering data, sports bettor data and  
324 other confidential information to prevent unauthorized access to and  
325 dissemination of such data and information; and

326 (6) Share records in real time, at the account level and in  
327 pseudonymous form, to the department with respect to sports wagers  
328 placed with such operator.

329 (b) (1) No individual who is a licensed sports wagering operator or  
330 sports wagering vendor, an officer, director, owner or employee of a  
331 sports wagering operator or sports wagering vendor, and no family  
332 member of such individual who resides in the same household as such  
333 individual, shall place any wager with a licensed sports wagering  
334 operator.

335 (2) No athlete, coach, referee, team owner, employee of a sports  
336 governing body, employee of a sports governing body's member  
337 teams, or personnel of any bargaining unit of a sports governing  
338 body's athletes or referees, shall place any wager on any sporting event  
339 overseen by such governing body. In determining which individuals  
340 are prohibited from placing a wager under this subdivision, a licensed  
341 sports wagering operator shall use publicly available information and  
342 any lists provided by the relevant sports governing body to the  
343 commissioner.

344 (3) No individual with access to nonpublic, confidential information  
345 that could affect the outcome of a sporting event shall place any wager  
346 on such sporting event with any licensed sports wagering operator.

347 (4) No individual shall place any sports wager pursuant to this  
348 section as an agent or a proxy for another individual.

349 (5) Each licensed sports wagering operator shall take reasonable  
350 steps to prevent the conduct prohibited under subdivisions (1) to (4),  
351 inclusive, of this subsection and shall immediately notify the  
352 commissioner if such operator believes such conduct has occurred.

353 (6) A licensed sports wagering operator and a licensed sports  
354 wagering vendor shall not disclose or sell any sports bettor's  
355 information. Records that directly or indirectly identify a sports bettor  
356 shall be kept confidential and shall not be disclosed.

357 (7) No prizes shall be paid to any individual who is restricted from  
358 placing sports wagers pursuant to this subsection. Any such prize shall  
359 be deposited into the sports wagering account established in section 6

360 of this act.

361 (c) Except as provided in section 12-816 of the general statutes, as  
362 amended by this act, a tax is imposed on sports wagering gross  
363 revenue earned by a licensed sports wagering operator at the rate of  
364 ten per cent. The Commissioner of Revenue Services shall assess and  
365 collect such tax as the commissioner may prescribe by regulations  
366 adopted in accordance with the provisions of chapter 54 of the general  
367 statutes. The commissioner shall deposit the tax collected pursuant to  
368 this section in the sports wagering account established by section 6 of  
369 this act. Such tax shall be due and payable each Tuesday of the week. If  
370 any such tax is not paid when due, the commissioner shall impose a  
371 delinquency assessment upon the licensed sports wagering operator in  
372 the amount of ten per cent of such tax or ten dollars, whichever  
373 amount is greater, plus interest at the rate of one and one-half per cent  
374 of the unpaid principal of such tax for each month or fraction of a  
375 month from the date such tax is due to the date of payment. Subject to  
376 the provisions of section 12-3a of the general statutes, the  
377 commissioner may waive all or part of the penalties provided under  
378 this subsection when it is proven to the commissioner's satisfaction  
379 that the failure to pay such tax within the time required was due to  
380 reasonable cause and was not intentional or due to neglect. Failure to  
381 pay any such delinquent tax upon demand may be considered by the  
382 Commissioner of Consumer Protection as cause for revocation of a  
383 license to operate sports wagering.

384 (d) The amount of unclaimed moneys, as determined by the  
385 Commissioner of Consumer Protection, held by a licensed sports  
386 wagering operator on account of outstanding and uncashed winning  
387 sports wagering tickets, shall be due and payable to the commissioner  
388 at the expiration of six months after the date of the sporting event  
389 during which such tickets were issued. If any such unclaimed moneys  
390 are not paid when due, the commissioner shall impose a delinquency  
391 assessment upon the licensed sports wagering operator in the amount  
392 of ten per cent of such money or ten dollars, whichever amount is  
393 greater, plus interest at the rate of one and one-half per cent of the

394 unpaid principal of such moneys for each month or fraction of a month  
395 from the date such moneys are due to the date of payment. Subject to  
396 the provisions of section 12-3a of the general statutes, the  
397 commissioner may waive all or part of the penalties provided under  
398 this subsection when it is proven to the commissioner's satisfaction  
399 that the failure to pay such moneys within the time required was due  
400 to reasonable cause and was not intentional or due to neglect.

401 (e) The commissioner or the commissioner's designee may authorize  
402 deputies to enter upon the premises of a licensed sports wagering  
403 operator's place of business for the purposes of inspecting books and  
404 records, and supervising and examining cashiers, ticket sellers and  
405 other persons handling money on behalf of such operator.

406 (f) A sports governing body may request that the commissioner  
407 restrict, limit or exclude wagering on a sporting event or events by  
408 providing notice in such form and manner as the commissioner  
409 prescribes.

410 (g) (1) Each licensed sports wagering operator that offers sports  
411 wagering shall immediately report to the commissioner any  
412 information relating to (A) criminal or disciplinary proceedings  
413 commenced against such operator or an employee of such operator in  
414 connection with its operations, (B) abnormal betting activity or  
415 patterns that may indicate a concern with the integrity of a sporting  
416 event, (C) any potential breach of the relevant sports governing body's  
417 internal rules or codes of conduct pertaining to sports wagering, (D)  
418 any other conduct that corrupts the betting outcome of a sporting  
419 event for purposes of financial gain, including match-fixing, and (E)  
420 suspicious or illegal wagering activities, including the use of funds  
421 derived from illegal activity to place a wager, the placing of a wager to  
422 conceal funds derived from illegal activity, the use of an agent or a  
423 proxy to place a wager or the use of false identification to place a  
424 wager.

425 (2) Such operator shall also immediately report to the relevant  
426 sports governing body any information relating to conduct described

427 under subparagraphs (B) to (D), inclusive, of subdivision (1) of this  
428 subsection.

429 (h) If the commissioner finds, after a hearing conducted pursuant to  
430 chapter 54 of the general statutes, that any individual or entity  
431 knowingly violated any provision of this section or any regulation  
432 adopted pursuant to subsection (i) of this section, the commissioner  
433 shall assess such individual or entity a civil penalty of not more than  
434 fifty thousand dollars for each violation, not to exceed two hundred  
435 fifty thousand dollars for multiple violations arising out of the same  
436 transaction or occurrence.

437 (i) The commissioner shall adopt regulations, in accordance with the  
438 provisions of chapter 54 of the general statutes, to implement the  
439 provisions of this section and sections 3 and 4 of this act. Such  
440 regulations shall include provisions to protect the public interest in the  
441 integrity of sports wagering and reduce the dangers of unsuitable,  
442 unfair or illegal practices, methods and activities in the conduct of  
443 sports wagering. Such regulations shall include, but need not be  
444 limited to, provisions regarding: (1) The types of sporting events upon  
445 which sports wagers may be placed or accepted; (2) the minimum  
446 amount of cash reserves to be maintained by licensed sports wagering  
447 operators; (3) the acceptance of wagers on a series of sports events; (4)  
448 the maximum wagers which may be accepted by a licensed sports  
449 wagering operator from any one sports bettor on any one sports event;  
450 (5) the type of wagering tickets which shall be used; (6) the method of  
451 issuing tickets; (7) minimum accounting standards for a licensed sports  
452 wagering operator; (8) the types of records which shall be maintained  
453 by a licensed sports wagering operator and available for inspection  
454 upon the request of the commissioner; (9) requirements for  
455 information and reports from a licensed sports wagering operator to  
456 enable effective auditing of sports wagering operations; (10)  
457 requirements for establishing and funding a sports wagering account;  
458 (11) minimum qualifications for a provider of sporting events data;  
459 and (12) requirements for any advertisement for sports betting to  
460 ensure such advertisement (A) does not target minors, problem

461 gamblers or other vulnerable individuals, (B) includes information  
462 about gambling addiction or Internet web site links to resources  
463 related to gambling addiction, and (C) is not false, misleading or  
464 deceptive to a reasonable consumer.

465 Sec. 6. (NEW) (*Effective July 1, 2019*) (a) There is established an  
466 account to be known as the "sports wagering account" which shall be a  
467 separate, nonlapsing account within the General Fund. Any amounts  
468 received by the commissioner pursuant to sections 3 to 5, inclusive, of  
469 this act shall be deposited in the sports wagering account. The account  
470 shall contain any other moneys required by law to be deposited in the  
471 account.

472 (b) Moneys in the account shall be expended by the commissioner  
473 for the purposes of compensating the department for the reasonable  
474 and necessary costs incurred by the department for the regulatory and  
475 licensing activities specified in sections 1 to 5, inclusive, of this act. On  
476 and after the first full fiscal year that the commissioner finds money  
477 has been deposited in the sports wagering account, the commissioner  
478 shall contribute two per cent of the moneys deposited in the account  
479 during the previous fiscal year to the program for treatment and  
480 rehabilitation of compulsive gamblers established pursuant to section  
481 17a-713 of the general statutes. At the end of each fiscal year, the  
482 commissioner shall transfer any money in excess of such reasonable  
483 and necessary costs and such contribution to the General Fund.

484 (c) The commissioner may establish receivables for the expenses to  
485 be incurred by the department prior to moneys being deposited in the  
486 sports wagering account. Such receivables shall not exceed nine  
487 hundred thousand dollars.

488 Sec. 7. Section 12-577 of the general statutes is repealed and the  
489 following is substituted in lieu thereof (*Effective July 1, 2019*):

490 The commissioner shall annually cause to be made by some  
491 competent person or persons in the department a thorough audit of  
492 the books and records of each association licensee under this chapter,

493 [and] each casino gaming facility and each licensed sports wagering  
494 operator, as defined in section 1 of this act, and the commissioner may,  
495 from time to time, cause to be made by some competent person in the  
496 department a thorough audit of the books and records of any other  
497 person or business organization licensed under this chapter. All such  
498 audit records shall be kept on file in the commissioner's office at all  
499 times. Each licensee and casino gaming facility shall permit access to  
500 its books and records for the purpose of having such audit made, and  
501 shall produce, upon written order of the commissioner, any documents  
502 and information required for such purpose.

503 Sec. 8. Subsection (b) of section 12-811 of the general statutes is  
504 repealed and the following is substituted in lieu thereof (*Effective July*  
505 *1, 2019*):

506 (b) No director, officer or employee of the corporation shall, directly  
507 or indirectly, participate in, or share in the winnings from, (1) a game  
508 conducted pursuant to sections 12-563a and 12-800 to 12-818, inclusive,  
509 or (2) sports wagering, if the corporation conducts sports wagering  
510 pursuant to section 3 or 4 of this act.

511 Sec. 9. Section 12-812 of the general statutes is repealed and the  
512 following is substituted in lieu thereof (*Effective July 1, 2019*):

513 (a) The president of the corporation, subject to the direction of the  
514 board, shall conduct daily, weekly, multistate, special instant or other  
515 lottery games and shall determine the number of times a lottery shall  
516 be held each year, the form and price of the tickets and the aggregate  
517 amount of prizes, which shall not be less than forty-five per cent of the  
518 sales unless required by the terms of any agreement entered into for  
519 the conduct of multistate lottery games. The proceeds of the sale of  
520 tickets shall be deposited in the lottery fund of the corporation from  
521 which prizes shall be paid, upon vouchers signed by the president, or  
522 by either of two persons designated and authorized by him, in such  
523 numbers and amounts as the president determines. The corporation  
524 may limit its liability in games with fixed payouts and may cause a  
525 cessation of sales of tickets of certain designation when such liability

526 limit has been reached. If licensed to conduct sports wagering  
527 pursuant to section 3 or 4 of this act, the president shall deposit the  
528 proceeds of sales related to sports wagering, as defined in section 1 of  
529 this act, in the lottery fund, from which prizes shall be paid.

530 (b) The president, subject to the direction of the board, may enter  
531 into agreements for the sale of product advertising on lottery tickets,  
532 play slips and other lottery media.

533 (c) On a weekly basis, the president shall estimate, and certify to the  
534 State Treasurer, that portion of the balance in the lottery fund which  
535 exceeds the current needs of the corporation for the payment of prizes,  
536 the payment of current operating expenses and funding of approved  
537 reserves of the corporation, [ The] and that portion of the balance that  
538 is attributable to the proceeds of sports wagering, as defined in section  
539 1 of this act. Upon notification of receipt of such certification by the  
540 Treasurer, the corporation shall transfer the amount so certified from  
541 the lottery fund of the corporation to the General Fund, [upon  
542 notification of receipt of such certification by the Treasurer] except that  
543 the corporation shall transfer the amount attributable to the proceeds  
544 of sports wagering to the sports wagering account established in  
545 section 6 of this act.

546 Sec. 10. Subdivision (2) of section 53-278a of the general statutes is  
547 repealed and the following is substituted in lieu thereof (*Effective July*  
548 *1, 2019*):

549 (2) "Gambling" means risking any money, credit, deposit or other  
550 thing of value for gain contingent in whole or in part upon lot, chance  
551 or the operation of a gambling device, including the playing of a casino  
552 gambling game such as blackjack, poker, craps, roulette or a slot  
553 machine, but does not include: Legal contests of skill, speed, strength  
554 or endurance in which awards are made only to entrants or the owners  
555 of entries; legal business transactions which are valid under the law of  
556 contracts; activity legal under the provisions of sections 7-169 to 7-186,  
557 inclusive; any lottery or contest conducted by or under the authority of  
558 any state of the United States, Commonwealth of Puerto Rico or any

559 possession or territory of the United States; and other acts or  
560 transactions expressly authorized by law on or after October 1, 1973.  
561 Fantasy contests, as defined in section 12-578aa, shall not be  
562 considered gambling, provided the conditions set forth in subsection  
563 (b) of section 12-578aa have been met and the operator of such contests  
564 is registered pursuant to subdivision (1) of subsection (d) of section 12-  
565 578aa. Sports wagering, as defined in section 1 of this act, shall not be  
566 considered gambling if the conditions set forth in section 2 of this act  
567 have been met and the sports wagering is conducted by a licensed  
568 sports wagering operator, as defined in section 1 of this act;

569 Sec. 11. Subdivision (4) of section 53-278a of the general statutes is  
570 repealed and the following is substituted in lieu thereof (*Effective July*  
571 *1, 2019*):

572 (4) "Gambling device" means any device or mechanism by the  
573 operation of which a right to money, credits, deposits or other things  
574 of value may be created, as the result of the operation of an element of  
575 chance; any device or mechanism which, when operated for a  
576 consideration, does not return the same value or thing of value for the  
577 same consideration upon each operation thereof; any device,  
578 mechanism, furniture or fixture designed primarily for use in  
579 connection with professional gambling; and any subassembly or  
580 essential part designed or intended for use in connection with any  
581 such device, mechanism, furniture, fixture, construction or installation,  
582 provided an immediate and unrecorded right of replay mechanically  
583 conferred on players of pinball machines and similar amusement  
584 devices shall be presumed to be without value. "Gambling device"  
585 does not include a crane game machine or device or a redemption  
586 machine. A device or equipment used to play fantasy contests, as  
587 defined in section 12-578aa, shall not be considered a gambling device,  
588 provided the conditions set forth in subsection (b) of section 12-578aa  
589 have been met. A device or equipment used to participate in sports  
590 wagering, as defined in subsection (a) of section 1 of this act, shall not  
591 be considered a gambling device if the conditions set forth in section 2  
592 of this act have been met;

593 Sec. 12. Section 12-561 of the general statutes is repealed and the  
594 following is substituted in lieu thereof (*Effective July 1, 2019*):

595 No commissioner or unit head or employee of the department shall  
596 directly or indirectly, individually or as a member of a partnership or  
597 as a shareholder of a corporation, have any interest whatsoever in  
598 dealing in any lottery, racing, fronton, betting enterprise or casino  
599 gaming facility or in the ownership or leasing of any property or  
600 premises used by or for any lottery, racing, fronton, betting enterprise  
601 or casino gaming facility. No commissioner or unit head shall, directly  
602 or indirectly, wager at any off-track betting facility, race track or  
603 fronton authorized under this chapter, purchase lottery tickets issued  
604 under this chapter, [or] play, directly or indirectly, any authorized  
605 game conducted at a casino gaming facility or place a sports wager  
606 with a licensed sports wagering operator, as defined in section 1 of this  
607 act. The commissioner may adopt regulations in accordance with the  
608 provisions of chapter 54 to prohibit any employee of the department  
609 from engaging, directly or indirectly, in any form of legalized  
610 gambling activity in which such employee is involved because of his or  
611 her employment with the department. For purposes of this section,  
612 "unit head" means a managerial employee with direct oversight of a  
613 legalized gambling activity.

614 Sec. 13. Section 12-810 of the general statutes is repealed and the  
615 following is substituted in lieu thereof (*Effective July 1, 2019*):

616 (a) The Freedom of Information Act, as defined in section 1-200,  
617 shall apply to all actions, meetings and records of the corporation,  
618 except (1) where otherwise limited by subsection (c) of this section as  
619 to new lottery games and serial numbers of unclaimed lottery tickets,  
620 [and] (2) with respect to financial, credit and proprietary information  
621 submitted by any person to the corporation in connection with any  
622 proposal to provide goods, services or professional advice to the  
623 corporation as provided in section 12-815, and (3) as provided in  
624 subsection (d) of this section.

625 (b) The records of proceedings as provided in subsection (a) of

626 section 12-805 shall be subject to disclosure pursuant to the provisions  
627 of subsection (a) of section 1-210.

628 (c) Any new lottery game and the procedures for such game, until  
629 the game is publicly announced by the corporation, and any serial  
630 number of an unclaimed lottery ticket shall not be deemed public  
631 records, as defined in section 1-200, and shall not be available to the  
632 public under the provisions of section 1-210. The president shall  
633 submit a fiscal note prepared by the corporation with respect to the  
634 procedures for a new lottery game to the joint standing committees of  
635 the General Assembly having cognizance of matters relating to finance,  
636 revenue, bonding and public safety after approval of such game by the  
637 board.

638 (d) The name and any personally identifying information of a  
639 person who is participating in or has participated in the corporation's  
640 sports wagering voluntary self-exclusion process established in  
641 subsection (a) of section 5 of this act shall not be deemed public  
642 records, as defined in section 1-200, and shall not be available to the  
643 public under the provisions of section 1-210. The president may  
644 disclose the name and any records of such person if such person claims  
645 a winning from placing a sports wager.

646 Sec. 14. Subdivision (1) of subsection (a) of section 12-578f of the  
647 general statutes is repealed and the following is substituted in lieu  
648 thereof (*Effective July 1, 2019*):

649 (1) "Authorized games" means any game of chance, including, but  
650 not limited to, blackjack, poker, dice, money-wheels, roulette, baccarat,  
651 chuck-a-luck, pan game, over and under, horse race game, acey-deucey,  
652 beat the dealer, bouncing ball, video facsimile game and any other  
653 game of chance authorized by the Commissioner of Consumer  
654 Protection. "Authorized games" does not include sports wagering, as  
655 defined in subsection (a) of section 1 of this act;

656 Sec. 15. (NEW) (*Effective July 1, 2019*) (a) The Commissioner of  
657 Economic and Community Development shall seek partnerships with

658 professional sports leagues and governing bodies to promote sports  
659 activities and economic development in this state. The commissioner  
660 shall contact representatives of Major League Baseball, the Professional  
661 Golfers' Association, the Ladies Professional Golf Association, the  
662 National Basketball Association, the National Hockey League, the  
663 National Football League, Major League Soccer, the National Women's  
664 Soccer League and any other professional sports league or governing  
665 body the commissioner identifies. The commissioner may consult with  
666 members of the General Assembly, business leaders, municipal leaders  
667 and other interested stakeholders in developing partnerships with  
668 professional sports leagues or governing bodies. The commissioner  
669 shall set a goal of scheduling at least three major league professional  
670 sports events in the state each year, at locations that reflect the  
671 geographic and demographic diversity of the state.

672 (b) Not later than July 1, 2020, and annually thereafter, the  
673 commissioner shall submit a report, in accordance with the provisions  
674 of section 11-4a of the general statutes, to the joint standing committees  
675 of the General Assembly having cognizance of matters relating to  
676 public safety and security and commerce concerning the  
677 commissioner's activities during the preceding year in developing  
678 partnerships with professional sports leagues and governing bodies  
679 and scheduling events in the state.

680 Sec. 16. Section 12-816 of the general statutes is repealed and the  
681 following is substituted in lieu thereof (*Effective July 1, 2019*):

682 The exercise of the powers granted by sections 1-120, 1-121, 1-125,  
683 12-563, 12-563a, 12-564, 12-566, 12-568a and 12-569, subsection (c) of  
684 section 12-574, [and] sections 12-800 to 12-818, inclusive, and sections 3  
685 and 4 of this act, if the corporation is a licensed sports wagering  
686 operator, constitute the performance of an essential governmental  
687 function and all operations of the corporation shall be free from any  
688 form of federal or state taxation. In addition, except pursuant to any  
689 federal requirements, the corporation shall not be required to pay any  
690 taxes or assessments upon or in respect to sales of lottery tickets, or

691 any property or moneys of the corporation, levied by the state or any  
692 political subdivision or municipal taxing authority. The corporation  
693 and its assets, property and revenues shall at all times be free from  
694 taxation of every kind by the state and by the municipalities and all  
695 other political subdivisions or special districts having taxing powers in  
696 the state.

697 Sec. 17. Section 12-801 of the general statutes is repealed and the  
698 following is substituted in lieu thereof (*Effective July 1, 2019*):

699 As used in section 12-563a and sections 12-800 to 12-818, inclusive,  
700 the following terms shall have the following meanings unless the  
701 context clearly indicates another meaning:

702 (1) "Board" or "board of directors" means the board of directors of  
703 the corporation;

704 (2) "Corporation" means the Connecticut Lottery Corporation as  
705 created under section 12-802;

706 (3) "Division" means the former Division of Special Revenue in the  
707 Department of Revenue Services;

708 (4) "Lottery" means (A) the Connecticut state lottery conducted prior  
709 to the transfer authorized under section 12-808 by the Division of  
710 Special Revenue, (B) after such transfer, the Connecticut state lottery  
711 conducted by the corporation pursuant to sections 12-563a and 12-800  
712 to 12-818, inclusive, (C) the state lottery referred to in subsection (a) of  
713 section 53-278g, and (D) keno conducted by the corporation pursuant  
714 to section 12-806c;

715 (5) "Keno" means a lottery game in which a subset of numbers are  
716 drawn from a larger field of numbers by a central computer system  
717 using an approved random number generator, wheel system device or  
718 other drawing device. "Keno" does not include a game operated on a  
719 video facsimile machine;

720 (6) "Lottery fund" means a fund or funds established by, and under

721 the management and control of, the corporation, into which all lottery  
722 revenues of the corporation, and all revenues of sports wagering if the  
723 corporation is licensed to conduct sports wagering pursuant to section  
724 3 or 4 of this act, are deposited, from which all payments and expenses  
725 of the corporation are paid and from which transfers to the General  
726 Fund and sports wagering account are made pursuant to section 12-  
727 812, as amended by this act; and

728 (7) "Operating revenue" means total revenue received from lottery  
729 sales less all cancelled sales and amounts paid as prizes but before  
730 payment or provision for payment of any other expenses.

731 Sec. 18. Section 12-806 of the general statutes is repealed and the  
732 following is substituted in lieu thereof (*Effective July 1, 2019*):

733 (a) The purposes of the corporation shall be to: (1) Operate and  
734 manage the lottery in an entrepreneurial and business-like manner free  
735 from the budgetary and other constraints that affect state agencies; (2)  
736 provide continuing and increased revenue to the people of the state  
737 through the lottery by being responsive to market forces and acting  
738 generally as a corporation engaged in entrepreneurial pursuits; and (3)  
739 ensure that the lottery continues to be operated with integrity and for  
740 the public good.

741 (b) The corporation shall have the following powers:

742 (1) To receive as transferee from the state of Connecticut all of the  
743 tangible and intangible assets constituting the lottery including the  
744 exclusive right to operate the lottery as the exclusive lottery of the state  
745 and, subject to subsection (b) of section 12-808, to assume and  
746 discharge all of the agreements, covenants and obligations of the  
747 Department of Consumer Protection entered into which constitute a  
748 part of the operation and management of the lottery;

749 (2) To operate and manage the lottery consistent with the provisions  
750 of sections 1-120, 1-121, 1-125, 12-563, 12-563a, 12-564, 12-566, 12-568a  
751 and 12-569, subsection (c) of section 12-574 and sections 12-800 to 12-

752 818, inclusive, and as specifically provided in section 12-812;

753 (3) To have perpetual succession as a body corporate and to adopt  
754 bylaws, policies and procedures for the operation of its affairs and  
755 conduct of its businesses;

756 (4) To introduce new lottery games, modify existing lottery games,  
757 utilize existing and new technologies, determine distribution channels  
758 for the sale of lottery tickets, introduce keno pursuant to signed  
759 agreements with the Mashantucket Pequot Tribe and the Mohegan  
760 Tribe of Indians of Connecticut, in accordance with section 12-806c,  
761 and, to the extent specifically authorized by regulations adopted by the  
762 Department of Consumer Protection pursuant to chapter 54, introduce  
763 instant ticket vending machines, kiosks and automated wagering  
764 systems or machines, with all such rights being subject to regulatory  
765 oversight by the Department of Consumer Protection, except that the  
766 corporation shall not offer any interactive on-line lottery games,  
767 including on-line video lottery games for promotional purposes;

768 (5) To establish an annual budget of revenues and expenditures,  
769 along with reasonable reserves for working capital, capital  
770 expenditures, debt retirement and other anticipated expenditures, in a  
771 manner and at levels considered by the board of directors as  
772 appropriate and prudent;

773 (6) To adopt such administrative and operating procedures which  
774 the board of directors deems appropriate;

775 (7) To enter into agreements with one or more states or territories of  
776 the United States for the promotion and operation of joint lottery  
777 games and to continue to participate in any joint lottery game in which  
778 the corporation participates on July 1, 2003, regardless of whether any  
779 government-authorized lottery operated outside of the United States  
780 participates in such game;

781 (8) Subject to the provisions of section 12-815, to enter into  
782 agreements with vendors with respect to the operation and

783 management of the lottery, including operation of lottery terminals,  
784 management services, printing of lottery tickets, management  
785 expertise, marketing expertise, advertising or such other goods or  
786 services as the board of directors deems necessary and appropriate;

787 (9) To purchase or lease operating equipment, including, but not  
788 limited to, computer gaming and automated wagering systems and to  
789 employ agents or employees to operate such systems;

790 (10) To retain unclaimed prize funds as additional revenue for the  
791 state, or to use unclaimed prize funds to increase sales, or to return to  
792 participants unclaimed prize funds in a manner designed to increase  
793 sales;

794 (11) To establish prize reserve accounts as the board of directors  
795 deems appropriate;

796 (12) To pay lottery prizes as awarded under section 12-812, as  
797 amended by this act, to purchase annuities to fund such prizes, and to  
798 assure that all annuities from which payments to winners of lottery  
799 prizes are made are invested in instruments issued by agencies of the  
800 United States government and backed by the full faith and credit of the  
801 United States, or are issued by insurance companies licensed to do  
802 business in the state, provided the issuer has been determined by the  
803 Department of Consumer Protection to be financially stable and meets  
804 the minimum investment rating as determined by the department;

805 (13) To pay the Office of Policy and Management to reimburse the  
806 Department of Consumer Protection for the reasonable and necessary  
807 costs arising from the department's regulatory oversight of the  
808 corporation, in accordance with the assessment made pursuant to  
809 section 12-806b, including costs arising directly or indirectly from the  
810 licensing of lottery agents, performance of state police background  
811 investigations, and the implementation of subsection (b) of section 12-  
812 562 and sections 12-563a, 12-568a, 12-569, 12-570, 12-570a and 12-800 to  
813 12-818, inclusive;

814 (14) In the event that the operation or management of the  
815 corporation becomes subject to the federal gaming occupation tax, to  
816 pay such tax on behalf of lottery sales agents and to assist agents  
817 subject thereto;

818 (15) To determine the commissions payable to lottery sales agents,  
819 provided any agent's commission shall not average less than four per  
820 cent of such agent's lottery sales;

821 (16) To invest in, acquire, lease, purchase, own, manage, hold and  
822 dispose of real property and lease, convey or deal in or enter into  
823 agreements with respect to such property on any terms necessary or  
824 incidental to carrying out the purposes of sections 12-563a and 12-800  
825 to 12-818, inclusive, provided such transactions shall not be subject to  
826 approval, review or regulation pursuant to title 4b or any other statute  
827 by any state agency, except that real property transactions shall be  
828 subject to review by the State Properties Review Board;

829 (17) To borrow money for the purpose of obtaining working capital;

830 (18) To hold patents, copyrights, trademarks, marketing rights,  
831 licenses or any other evidence of protection or exclusivity issued under  
832 the laws of the United States or any state;

833 (19) To employ such assistants, agents and other employees as may  
834 be necessary or desirable to carry out its purposes in accordance with  
835 sections 12-563a and 12-800 to 12-818, inclusive, to fix their  
836 compensation and, subject to the provisions of subsections (e) and (f)  
837 of section 12-802, establish all necessary and appropriate personnel  
838 practices and policies; to engage consultants, accountants, attorneys  
839 and financial and other independent professionals as may be necessary  
840 or desirable to assist the corporation in performing its purposes in  
841 accordance with sections 12-563a and 12-800 to 12-818, inclusive;

842 (20) To make and enter into all contracts and agreements necessary  
843 or incidental to the performance of its duties and the execution of its  
844 powers under sections 12-563a and 12-800 to 12-818, inclusive;

845 (21) In its own name, to sue and be sued, plead and be impleaded,  
846 adopt a seal and alter the same at pleasure;

847 (22) Subject to the approval of the board and to the requirement to  
848 remit excess lottery funds to the General Fund as set forth in section  
849 12-812, as amended by this act, to invest any funds not needed for  
850 immediate use or disbursement, including any funds held in approved  
851 reserve accounts, in investments permitted by sections 3-20 and 3-27a  
852 for the proceeds of state bonds;

853 (23) To procure insurance against any loss in connection with its  
854 property and other assets in such amounts and from such insurers as it  
855 deems desirable;

856 (24) To the extent permitted under any contract with other persons  
857 to which the corporation is a party, to consent to any termination,  
858 modification, forgiveness or other change of any term of any  
859 contractual right, payment, royalty, contract or agreement of any kind;

860 (25) To acquire, lease, purchase, own, manage, hold and dispose of  
861 personal property, and lease, convey or deal in or enter into  
862 agreements with respect to such property on any terms necessary or  
863 incidental to the carrying out of these purposes;

864 (26) To account for and audit funds of the corporation;

865 (27) To pay or provide for payment from operating revenues all  
866 expenses, costs and obligations incurred by the corporation in the  
867 exercise of the powers of the corporation under sections 12-563a and  
868 12-800 to 12-818, inclusive; [and]

869 (28) To exercise any powers necessary to carry out the purposes of  
870 sections 12-563a and 12-800 to 12-818, inclusive; [.] and

871 (29) To operate sports wagering in person, if licensed pursuant to  
872 section 3 of this act, and to operate sports wagering on a platform, if  
873 licensed pursuant to section 4 of this act.

874 Sec. 19. Section 17a-713 of the general statutes is repealed and the  
875 following is substituted in lieu thereof (*Effective July 1, 2019*):

876 (a) The Department of Mental Health and Addiction Services shall  
877 establish a program for the treatment and rehabilitation of compulsive  
878 gamblers in the state. The program shall provide prevention, treatment  
879 and rehabilitation services for chronic gamblers. The department may  
880 enter into agreements with subregional planning and action councils  
881 and nonprofit organizations to assist in providing these services,  
882 provided not less than twenty-five per cent of the amount received  
883 pursuant to section 12-818 annually shall be set aside for contracts with  
884 subregional planning and action councils established pursuant to  
885 section 17a-671 and nonprofit organizations and not less than five per  
886 cent of the amount received pursuant to section 12-818 annually shall  
887 be set aside for a contract with the Connecticut Council on Problem  
888 Gambling. The department may impose a reasonable fee, on a sliding  
889 scale, on those participants who can afford to pay for any such  
890 services. The department shall implement such program when the  
891 account established under subsection (b) of this section is sufficient to  
892 meet initial operating expenses. As used in this section, "chronic  
893 gambler" means a person who is chronically and progressively  
894 preoccupied with gambling and the urge to gamble, and with  
895 gambling behavior that compromises, disrupts or damages personal,  
896 family or vocational pursuits.

897 (b) The program established by subsection (a) of this section shall be  
898 funded by: [imposition of:] (1) [A] Imposition of a fee of one hundred  
899 thirty-five dollars on each association license, for each performance of  
900 jai alai or dog racing conducted under the provisions of chapter 226,  
901 provided no such licensee shall contribute more than forty-five  
902 thousand dollars in any one year; (2) imposition of a fee of twenty-five  
903 dollars for each teletheater performance on each operator of a  
904 teletheater facility; [and] (3) the amount received from the Connecticut  
905 Lottery Corporation pursuant to section 12-818; and (4) the amount  
906 received from the sports wagering account pursuant to section 6 of this  
907 act. The Commissioner of Consumer Protection shall collect the fee

908 from each association licensee or such operator on a monthly basis.  
 909 The receipts shall be deposited in the General Fund and credited to a  
 910 separate, nonlapsing chronic gamblers treatment and rehabilitation  
 911 account which shall be established by the Comptroller. All moneys in  
 912 the account are deemed to be appropriated and shall be expended for  
 913 the purposes established in subsection (a) of this section.

914 (c) The department shall adopt regulations in accordance with the  
 915 provisions of chapter 54 to carry out the purposes of this section.

916 Sec. 20. Section 12-565a of the general statutes is repealed. (*Effective*  
 917 *July 1, 2019*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2019</i>	New section
Sec. 2	<i>July 1, 2019</i>	New section
Sec. 3	<i>July 1, 2019</i>	New section
Sec. 4	<i>July 1, 2019</i>	New section
Sec. 5	<i>July 1, 2019</i>	New section
Sec. 6	<i>July 1, 2019</i>	New section
Sec. 7	<i>July 1, 2019</i>	12-577
Sec. 8	<i>July 1, 2019</i>	12-811(b)
Sec. 9	<i>July 1, 2019</i>	12-812
Sec. 10	<i>July 1, 2019</i>	53-278a(2)
Sec. 11	<i>July 1, 2019</i>	53-278a(4)
Sec. 12	<i>July 1, 2019</i>	12-561
Sec. 13	<i>July 1, 2019</i>	12-810
Sec. 14	<i>July 1, 2019</i>	12-578f(a)(1)
Sec. 15	<i>July 1, 2019</i>	New section
Sec. 16	<i>July 1, 2019</i>	12-816
Sec. 17	<i>July 1, 2019</i>	12-801
Sec. 18	<i>July 1, 2019</i>	12-806
Sec. 19	<i>July 1, 2019</i>	17a-713
Sec. 20	<i>July 1, 2019</i>	Repealer section

**Statement of Legislative Commissioners:**

In Section 2(a), internal and statutory references were changed for accuracy; in Section 4(g), an internal reference was changed 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 20 \$	FY 21 \$
Various State Agencies	Various - See Below	See Below	See Below

Note: Various=Various

**Municipal Impact:** None

**Explanation**

The bill legalizes sports wagering and results in various costs and revenue gains. The impact is dependent on the governor entering into a new tribal-state compact with the tribes; the compact being approved by the U.S. Department of the Interior and the General Assembly. The fiscal impacts identified below assume that sports wagering starts at some point in FY 20.

**Revenue Gain:**

- There is a revenue gain to the Sports Wagering account from sports wagering activity in the state. The magnitude of the revenue gain is dependent upon: 1) the actual provisions of the new tribal-state compact with the tribes that is required as a prerequisite to sports wagering under the bill; 2) whether the Connecticut Lottery Corporation exercises its option to offer sports wagering and to what degree; and 3) the number of non-tribal, non-Lottery entities offering sports wagering both on-site and through mobile platforms (and thus subject to the 10% sports wagering tax established under the bill).

It is estimated that gross gaming revenues<sup>1</sup> from sports wagering in Connecticut ranges from \$80 million to \$100 million in a fully mature market. After all eligible expenses have been paid; any remaining funds will be transferred from the Sports Wagering Account to the General Fund.

- There will be a revenue gain to the Sports Wagering Account of at least \$5.5 million in FY 20, from various application and licensing fees if there is sufficient interest by potential operators in obtaining the rights to conduct sports wagering in the state.
- To the extent that the Department of Consumer Protection (DCP) levies any fines or civil penalties, this results in a potential revenue gain to the Sports Wagering Account.

**Costs:**

- There will be a cost to the Sports Wagering Account for DCP to hire seven staff for a total cost (which includes salary, fringe benefits, and other expenses) in FY 20 of \$869,338 and FY 21 of \$811,068 to license, monitor, regulate, audit, and investigate sports wagering.
- The bill requires that 2% of the money received in the Sports Wagering Account under section 6 of the bill support the treatment and rehabilitation of compulsive gamblers provided by the Department of Mental Health and Addiction Services resulting in a cost to the Sports Wagering Account and a corresponding gain to the Chronic Gamblers Treatment Account.

**The Out Years**

The annualized ongoing fiscal impact identified above would

---

<sup>1</sup> "Gross gaming revenue" means the total amount of all wagers placed on sporting events not excluded from sports wagering that a licensed operator collects from all sports bettors, less the total amount of all sums paid out as winnings.

continue into the future subject to inflation, the number of licenses, and the number of violations.

**OLR Bill Analysis****sHB 7331*****AN ACT CONCERNING SPORTS WAGERING IN THE STATE.*****SUMMARY**

This bill establishes a regulatory framework for sports wagering, once new tribal-state compacts are negotiated.

Under the bill, new compacts with the tribes would allow them to offer in-person or online sports wagering, provided that such authorization does not relieve the tribes of their video facsimile payment obligations or terminate the video facsimile moratorium (see BACKGROUND). The new compacts must be approved by the state legislature and the federal Department of the Interior (DOI).

Once the new compacts are approved, the Department of Consumer Protection (DCP) may issue two separate licenses for sports wagering, one for in-person and another for online, each with a 10% tax rate on the gross revenue, with 2% of the tax and license fees directed towards problem gambling. The in-person wagering license is available to the Off-track Betting (OTB) operators, the East Windsor casino (i.e., MMCT), and the Connecticut Lottery Corporation (CLC), while the online wagering license is available to MMCT, CLC, and up to three others through a request for proposals (RFP) bidding process.

The bill does not allow sports wagers on events involving Connecticut universities and colleges. It also requires operators to, among other things, (1) verify that a sports bettor is at least age 21 and located in the state, (2) enter into an agreement with a provider of sports event data that meets or exceeds the minimum qualifications DCP sets in regulation, and (3) allow someone to exclude or limit themselves from sports wagering.

Under the bill, the Department of Economic and Community Development (DECD) commissioner must seek partnerships with professional sports leagues and governing bodies to promote sports activities and economic development in the state. The commissioner must set a goal of scheduling at least three sports events in Connecticut each year in different locations.

EFFECTIVE DATE: July 1, 2019

## **§ 2 — SPORTS WAGERING AUTHORIZATION**

Before the authorization is effective, the bill requires the governor to enter into new tribal-state compacts with the Mashantucket Pequot and Mohegan tribes pursuant to the Indian Gaming Regulatory Act (IGRA) that allows each tribe to offer sports wagering on tribal lands and through an electronic sports wagering platform. The compacts must provide that the authorization of sports wagering does not (1) terminate the moratorium against operating video facsimile games or (2) relieve the tribes of their obligation to contribute a percentage of the gross operating revenues of video facsimile games to the state under the memoranda of understanding (MOUs). The MOUs give the tribes the exclusive right to operate video facsimile machines and casino gaming in Connecticut in exchange for 25% of the gross operating revenue from the video facsimile machines.

### ***Legislative and Federal Approval***

Upon the tribes and state reaching an agreement on new compacts, the compacts must also be approved or deemed approved by the DOI secretary, pursuant to IGRA and its implementing regulations. If a court overturns DOI's approval in a final judgment that is not appealable, the bill's authorization ceases to be effective.

The compacts must also be approved by the state legislature under the statutory process for approving tribal-state compacts (see BACKGROUND).

On and after July 1, 2019, and once the conditions are met, the bill allows the DCP commissioner to issue licenses to operate sports

wagering in person and on a platform, and to sports wagering vendors.

### **§ 3 — IN-PERSON OPERATOR LICENSE**

The bill prohibits anyone from conducting in-person sports wagering unless the person is an eligible operator and has obtained a DCP license to do so. An operator eligible to conduct in-person sports wagering means a person or business organization operating the OTB system, a limited liability company operating a casino gaming facility that offers sports wagering (i.e., MMCT), and CLC.

#### ***Definitions***

"Sports wagering" means risking or accepting any money, credit, deposit, or other thing of value for gain contingent in whole or in part on (1) a sporting event or portion of one, or (2) the individual performance statistics of an athlete or athletes in a sporting event or combination of events. "Sports wagering" does not include the payment of an entry fee to play fantasy contests.

"Sporting event" means any sporting or athletic event (1) where two or more people participate and receive compensation in excess of actual expenses for their participation, or (2) sponsored by an intercollegiate athletic program of an institution of higher education. "Sporting event" does not include horse racing, any sporting or athletic event that involves a Connecticut public university or college or independent institution of higher education, or any high school or minor league sporting or athletic event.

#### ***Locations***

Under the bill, if licensed, (1) CLC may conduct sports wagering at up to four CLC-designated high tier claim centers and (2) the OTB system operator may conduct sports wagering at any of the authorized OTB facilities. Existing law authorizes 24 OTB facilities around the state, but currently there are 16 operational facilities (CGS § 12-571a).

#### ***Licensing***

Each applicant for such operator license must submit a completed application on DCP-prescribed forms, which may require the applicant to submit any information the commissioner deems pertinent to issuing a license.

Except for CLC, each applicant for such operator license must submit to a state and national criminal history records check before the license is issued. The license expires biennially on the anniversary date of issuance unless renewed.

Except for CLC, each applicant must pay (1) a \$100,000 nonrefundable application fee for each initial or renewal license application and (2) a \$750,000 fee for each initial and renewal license.

Under the bill, the DCP commissioner must, as soon as practicable after receiving a completed license or renewal application, grant or deny the application. Any licensee who submits a renewal application before the license expires may continue to offer in-person sports wagering until the commissioner approves or denies the renewal application.

Any licensed operator, OTB facility, or high tier claim center that fails to comply with any of the requirements or regulations the bill requires constitutes grounds for the commissioner to investigate such licensee or facility. A violation of the electronic platform regulations by CLC or MMCT, if they also hold a license to offer sports wagering through a platform, also constitutes grounds for an investigation.

After a hearing held in accordance with the Uniform Administrative Procedure Act (UAPA), the commissioner may suspend or revoke such license for good cause or suspend operations at such facility and impose a civil penalty of up to \$250,000. Any licensee whose license is suspended or revoked or who is fined, any facility whose operations are suspended or is fined, or any applicant aggrieved by the commissioner for an application or renewal, may appeal in accordance with the UAPA (i.e., to Superior Court).

---

**§ 4 — ONLINE SPORTS WAGERING OPERATOR AND VENDOR LICENSES**

The bill prohibits anyone from conducting sports wagering on a platform (hereinafter, “online sports wagering”) unless the person is an operator eligible to do so and the operator has obtained a DCP license to do so.

An operator eligible to conduct sports wagering on a platform means MMCT, CLC, and any other individual or business organization applying to the commissioner for a license pursuant to the RFP the bill requires.

Under the bill, sports wagering on a platform means sports wagering using any system or method of wagering over the Internet, including through a website or a mobile device, that does not require a sports bettor to be physically present at a facility that conducts in-person sports wagering.

***MMCT and CLC Application***

Under the bill, MMCT and CLC may submit an application for a license to offer online sports wagering. The application may require them to:

1. specify the number of employees and physical office locations the applicant has or will have in the state to ensure proper operation of online sports wagering;
2. describe the electronic sports wagering platform to be used;
3. describe the types and numbers of sporting events the applicant will offer for sports wagering;
4. provide a market analysis detailing the impact on and benefits to the state if the applicant receives a license, including projected revenue to the state;
5. provide information and documentation to demonstrate that the applicant has sufficient business ability, experience, and financial

stability to develop, manage, operate, and maintain online sports wagering; and

6. describe the methods used to ensure the platform's integrity and security controls to be used on the (a) sports data acquired to determine sports wager results, (b) sports bettor data, and (c) sports bettor verification of age and presence in the state.

DCP may also require any other information the commissioner deems pertinent to issue the license. Such license expires biennially on the anniversary date of the issuance unless renewed.

MMCT must submit to state and national criminal history records checks and submit a nonrefundable \$100,000 application fee before a license is issued. Upon license issuance or renewal, MMCT must pay a \$750,000 licensing fee to the commissioner.

### ***RFP Licensing***

Within 60 days after the authorization, the commissioner must develop and issue an RFP to qualify individuals and businesses for up to three additional licenses to develop, manage, operate, and maintain online sports wagering.

In addition to the information required for other applicants as described above, the RFP must require a responder to:

1. specify the amount the responder is willing to pay to obtain a license, which must be at least \$750,000;
2. provide a responsible gaming plan associated with operating sports wagering; and
3. provide any other information the commissioner deems necessary to evaluate the responder's qualifications.

Each proposal must be submitted within 30 days after the commissioner issues the RFP and must be accompanied by a \$100,000 refundable fee. The fee is returned if the responder is not selected to

receive a license and waives the right to challenge the commissioner's decision.

The bill requires the commissioner to develop selection criteria and a scoring method to evaluate RFP responses. Of those deemed qualified based on the criteria and scoring method, she must rank the responders based on the licensing fee amount each offered to pay in their proposal from highest to lowest. The commissioner must then issue a license to the qualified responder with the highest offer. This amount will establish the licensing fee the commissioner offers to additional qualified responders. She must issue additional licenses using the ranked list, issuing the first license to the next highest ranked responder and proceeding through the list, from highest to lowest, until the commissioner has issued up to two additional licenses. The bill prohibits the commissioner from issuing more than three licenses or issuing them for less than \$750,000.

Such licenses expire two years after issuance, but the commissioner may extend the license for an additional two years if she renegotiates the licensing fee through the process described above.

The commissioner may initiate additional RFPs to issue licenses if she does not issue three licenses or a license expires. If the commissioner does not issue or renew a license to MMCT or CLC, she may initiate a RFP to issue a license in place of those not issued.

### ***Operator License Enforcement and Penalties***

Any licensed operator eligible to conduct online sports wagering that fails to comply with any of these license application requirements or implementing regulations constitutes grounds for the commissioner to investigate the licensee. If CLC or MMCT violates any in-person sports wagering regulations and they also hold an online wagering license, that also constitutes grounds for an investigation.

After a hearing held in accordance with the UAPA, the commissioner may suspend or revoke such license for good cause or suspend operations at the facility and impose a civil penalty of up to

\$250,000. Any licensee whose license is suspended, revoked, or who is fined, or any applicant aggrieved by the commissioner for an application or renewal, may appeal in accordance with the UAPA (i.e., to Superior Court).

### ***Vendor License***

The bill prohibits any person or business organization from developing an electronic sports wagering platform on behalf of a licensed operator unless the person or business receives a DCP sports wagering vendor license.

Each applicant must submit a nonrefundable \$100,000 application fee with each initial and renewal application. The license expires biennially on the anniversary date of issuance unless renewed. Upon license issuance or renewal, the licensee must pay a \$300,000 licensing fee to DCP.

### ***Online Operator and Vendor License Renewals***

Under the bill, the DCP commissioner must, as soon as practicable after receiving a completed license or renewal application, grant or deny the application. Any licensee who submits a renewal application before the license expires may continue to offer sports wagering on a platform, or vendor services, until the commissioner approves or denies the renewal application.

## **§ 5 — SPORTS WAGERING OPERATOR REQUIREMENTS**

Under the bill, each licensed sports wagering operator, which is anyone licensed to conduct sports wagering in person or online, must:

1. verify that the sports bettor is at least age 21;
2. allow anyone to exclude him or herself from placing sports wagers or limit the amount of money the individual may use to place wagers and the operator, once notified of the exclusion or limit, must take reasonable steps to prevent the individual from placing sports wagers or exceeding the limit;

3. enter into an agreement with a provider of sporting event data that meets or exceeds the minimum qualifications set by DCP regulations;
4. report any suspicion of abnormal betting activity to the commissioner for immediate investigation;
5. maintain the security of wagering data, sports bettor data, and other confidential information to prevent unauthorized access to and dissemination of the data and information; and
6. share records in real time, at the account level and in pseudonymous form, to DCP with respect to sport wagers placed with the operator.

The bill also requires each licensed operator that offers sports wagering to immediately report to the commissioner any information related to:

1. criminal or disciplinary proceedings commenced against the operator or the operator's employees in connection with its operations;
2. abnormal betting activity or patterns that may indicate a concern with a sporting event's integrity;
3. any potential breach of the relevant sports governing body's internal rules or codes of conduct pertaining to sports wagering;
4. any other conduct that corrupts a sport event's betting outcome for the purposes of financial gain, including match fixing; and
5. suspicious or illegal wagering activities, including using funds derived from illegal activity to place a wager, placing a wager to conceal funds derived from illegal activity, or using an agent, proxy, or false identification to place a wager.

### ***Sports Leagues***

Besides the information on criminal or disciplinary proceedings or suspicious wagering activities, the bill requires the operator to also immediately report the other required information to the relevant sports governing body.

The bill allows sports governing bodies to request that the commissioner restrict, limit, or exclude wagering on a sporting event or events by providing notice on a form and manner the commissioner prescribes.

### ***Unclaimed Money***

Under the bill, the amount of unclaimed moneys, as the DCP commissioner determines, held by the operators on account of outstanding and uncashed winning tickets must be due and payable to the commissioner at the end of six months after the sporting event during which the ticket was issued. If any unclaimed moneys are not paid when due, the commissioner must impose a delinquency assessment on the operator in the amount of 10% of the tax or \$10, whichever is greater, plus interest at 1.5% of the unpaid principal amount for each month or fraction of a month from the date the tax is due to the payment date.

Subject to the Penalty Review Committee provisions under existing law, the commissioner may waive all or part of these penalties when it is proven to her satisfaction that failing to pay within the timeframe was due to reasonable cause and was not intentional or due to neglect. By law, the Penalty Review Committee must approve penalty waivers of more than \$1,000.

### ***DCP Regulations***

The bill requires the DCP commissioner to adopt regulations to implement sports wagering, including licensing requirements. The regulations must include provisions to protect public interest in the integrity of sports wagering and reduce the dangers of unsuitable, unfair, or illegal practices, methods, and activities in conducting sports wagering. The regulations must include provisions on the:

1. types of sporting events that sports wagers may be placed or accepted for;
2. minimum amount of cash reserves that operators must maintain;
3. acceptance of wagers on a series of sports events;
4. maximum wagers that operators may accept from any one bettor on any one event;
5. type of wagering tickets that must be used;
6. method of issuing tickets;
7. minimum accounting standards for an operator;
8. types of records that an operator must maintain and make available for inspection upon the commissioner's request;
9. requirement for information and reports from an operator to enable effective auditing of the sports wagering operations;
10. requirements for establishing and funding a sports wagering account (see below); and
11. minimum qualifications for a sporting events data provider.

The DCP regulations must also include provisions on sports wagering advertisements to ensure that they (1) do not target minors (under age 21), problem gamblers, or other vulnerable individuals; (2) include information about gambling addiction or website links to resources on gambling addiction; and (3) are not false, misleading, or deceptive to a reasonable consumer.

## **§ 5 — PROHIBITED WAGERS AND ACTIONS**

The bill prohibits licensed operators or vendors and their officers, directors, owners, or employees from placing a wager with an operator. The same prohibition applies to those individuals' family members who reside in the same household as the individual.

The bill also prohibits certain people involved in the sport from placing a wager on any sporting event overseen by that sport's governing body. This includes any athlete, coach, referee, team owner, or employee of the governing body or member teams, and any personnel of any bargaining unit for the governing body's athletes or referees. In determining which of these individuals are prohibited from placing a wager, an operator must use publicly available information and any lists the relevant sports governing body provides to DCP.

The bill prohibits individuals from placing a wager (1) for a sporting event for which they have access to an operator's nonpublic, confidential information on the sporting event or (2) as an agent or proxy for another person.

Under the bill, operators must take reasonable steps to prevent any of these prohibited wagers and must immediately notify DCP if they believe this conduct has occurred. The operators are prohibited from paying prizes to any of these restricted individuals. Any such prize must be deposited into the sports wagering account the bill establishes (see below).

The bill prohibits licensed operators and vendors from disclosing or selling any sports bettor information. Records that directly or indirectly identify a bettor must be kept confidential and not be disclosed.

#### **§§ 5, 14 & 16 — TAX**

Except for CLC, the bill imposes a 10% tax on the sports wagering gross revenue a licensed operator earns.

"Sports wagering gross revenue" means the total amount of all wagers placed on sporting events not excluded from sports wagering that a licensed operator collects from all sports bettors, less the total amount of all sums paid out as winnings, except that the cash equivalent value of any merchandise or thing of value awarded as a prize is not included in the sums paid out as winnings.

Under the bill, the Department of Revenue Services (DRS) commissioner must assess and collect such tax as the commissioner may prescribe by regulations. The DRS commissioner must deposit the tax collected into the sports wagering account the bill establishes (see below). The tax is due and payable each Tuesday and if any tax is not paid when due, the commissioner must impose a delinquency assessment on the operator in the amount of 10% of the tax or \$10, whichever is greater, plus interest at 1.5% of the unpaid principal for each month or fraction of a month from the due date to the payment date.

Subject to the Penalty Review Committee provisions, the commissioner may waive all or part of these penalties when it is proven to the commissioner's satisfaction that failing to pay such tax within the timeframe was due to reasonable cause and was not intentional or due to neglect. Failing to pay any such delinquent tax upon demand may be considered by the DCP commissioner as cause to revoke a license to operate sports wagering.

Under the bill, sports wagering is not considered an authorized game for the East Windsor casino and thus taxed at the 10% rate rather than 25% as under existing law.

The bill also specifies that if CLC is a licensed operator, its operation is considered performing an essential government function and such operation must be free from any taxes.

#### **§§ 6 & 19 — SPORTS WAGERING ACCOUNT**

The bill establishes a "sports wagering account" as a separate, nonlapsing account within the General Fund. The account must contain any money the law requires to be deposited into it including any licensing fees or tax the bill imposes.

Under the bill, the DCP commissioner must expend the money in the account for the purpose of compensating the department for reasonable and necessary costs DCP incurred for regulatory and licensing activities associated with sports wagering. Starting in the

first full fiscal year that the commissioner finds money has been deposited into the account, she must contribute 2% of that money from the previous fiscal year to the chronic gamblers treatment and rehabilitation account, which is a separate nonlapsing General Fund account. At the end of each fiscal year, the commissioner must transfer any money in excess of the amounts stated above into the General Fund.

The commissioner may establish receivables for the expenses to be incurred by the department before money is deposited in the account. Such receivables must not exceed \$900,000. (A receivable is an amount due from another source or party, which in this case would be fees and revenue from sports wagering.)

#### **§ 5 — CIVIL PENALTY**

Under the bill, if the DCP commissioner finds, after conducting a hearing according to the UAPA, that any individual or entity knowingly violated the provisions on sports operator requirements, prohibited wagers, unclaimed money, or tax, or any DCP regulations adopted to implement sports wagering, then she may assess a civil penalty of up to \$50,000 for each violation and up to \$250,000 for multiple violations arising out of the same transaction or occurrence.

#### **§§ 5 & 7 — AUDITS**

The bill requires DCP to annually perform a thorough audit of each licensed operator's books and records. The commissioner must keep the audit records on file at DCP. The licensed operators must permit access to their books and records for the audits and must produce, at the commissioner's written request, any documents and information required for such audits. These same requirements apply under existing law to the OTB licensee, and, if authorized, the East Windsor casino.

Under the bill, the commissioner or her designee may authorize deputies to enter the premises of an operator's business place for the purposes of inspecting books and records, and supervising and

examining cashiers, ticket sellers, and other people who handle money on the operator's behalf.

### **§§ 8, 9, 17 & 18 — LOTTERY**

The bill prohibits CLC directors, officers, or employees from directly or indirectly participating in or sharing in the winnings from sports wagering, if CLC conducts such wagers. Existing law already prohibits them from participating or sharing in winnings of lottery games.

Under the bill, if CLC is licensed to conduct sports wagering, the CLC president must deposit the sale proceeds related to sports wagering into the lottery fund, from which prizes must be paid. The bill also requires the president to certify to the State Treasurer on a weekly basis the portion of the balance in the lottery fund that is attributable to sports wagering. CLC then must transfer this amount to the sports wagering account (see above).

Under current law, the lottery fund is the fund where all lottery revenue is deposited and all payments and expenses are paid and from which transfers to the General Fund are made. The bill makes conforming changes, if CLC offers sports wagering, by adding sports wagering revenue to the money that must be transferred into the fund and allows the money to be transferred out to the sports wagering account.

Finally, the bill lists CLC's purpose and powers to include operating sports wagering in person or online, if licensed.

### **§§ 10 & 11 — SPORTS WAGERING EXEMPT FROM GAMBLING BAN**

The bill allows sports wagering and the devices or equipment used to participate in such wagering, if done or used in accordance to the bill's requirements, by exempting them from illegal gambling under state law.

By law, it is illegal to gamble in Connecticut unless the gambling (1) is specifically authorized by state law (e.g., charitable gaming) or other

legally binding state agreements (e.g., Indian casino gaming) or (2) fits an exemption in the criminal laws (e.g., state lottery). It is also illegal to solicit or induce others to gamble, or be present when others are gambling. A violation of the gambling laws is a class B misdemeanor, punishable by up to six months imprisonment, a fine of up to \$1,000, or both (CGS § 53-278b).

By law, all gambling devices are common nuisances and subject to seizure. Additionally, anyone who, among other things, knowingly owns, possesses, or rents a gambling device is guilty of a class A misdemeanor, punishable by up to one year imprisonment, a fine of up to \$2,000, or both (CGS § 53-278c).

#### **§ 12 — SPORTS WAGERING BY DCP PERSONNEL PROHIBITED**

As is currently the case for making wagers on other forms of gambling (e.g., state lottery and OTB), the bill prohibits the DCP commissioner and unit heads from placing a sports wager with a licensed operator. And it allows the commissioner to adopt regulations prohibiting DCP employees from engaging, directly or indirectly, in any sports wagering activity in which such employees are involved because of their employment.

By law, a “unit head” is any managerial employee with direct oversight of a legalized gambling activity.

#### **§ 13 — FREEDOM OF INFORMATION ACT (FOIA)**

The bill specifies that the name and any personally identifying information of a person who participates or participated in CLC’s sports wagering voluntary self-exclusion process are not deemed 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 sports wager.

Under existing law, most of CLC’s records are considered public and subject to disclosure, with limited exceptions (e.g., unclaimed lottery ticket serial numbers).

---

**§ 15 — PROFESSIONAL SPORTS LEAGUE PARTNERSHIP**

The bill requires the DECD commissioner to seek partnerships with the professional sports leagues and governing bodies to promote sports activities and economic development in Connecticut. He must contact representatives of Major League Baseball, the Professional Golfers' Association, the Ladies Professional Golf Association, the National Basketball Association, the National Hockey League, the National Football League, Major League Soccer, the National Women's Soccer League, and any other professional sports league or governing body the commissioner identifies. He (1) may consult the General Assembly, business and municipal leaders, and other interested stakeholders in developing partnerships with the leagues or governing bodies and (2) must set a goal of scheduling at least three major league professional sports events in the state each year at locations that reflect the state's geographic and demographic diversity.

By July 1, 2020, and annually thereafter, the commissioner must submit a report to the Public Safety and Security and Commerce committees on his activities during the preceding year in developing partnerships with professional sports leagues and governing bodies and scheduling events in the state.

**§ 20 — REPEALER**

The bill also eliminates the requirement that DCP adopt regulations to regulate wagering on sporting events to the extent permitted by state and federal law (CGS § 12-565a).

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

The federal procedures and the compact authorize the tribes to operate video facsimile machines only pursuant to (1) an agreement between the tribe and state (e.g., MOU); (2) a court order; or (3) a change in state law that allows the operation of video facsimile machines by any person, organization, or entity. Currently, both tribes are able to operate video facsimile machines because of the MOU each has with the state (see below).

***Tribal-State MOUs***

The Mashantucket Pequot and Mohegan tribes have separate binding MOUs with the state that give them the exclusive right to operate video facsimile machines and other casino games in exchange for a monthly contribution of 25% of their gross video facsimile machine revenue to the state. Under the terms of the current MOUs, if the state enacts a law to permit any other person to operate video facsimile machines or other casino games, the tribes would no longer need to pay the state any of their video facsimile revenue.

***Legislative Approval for Tribal-State Gaming Compacts***

Under existing state law, both houses of the legislature must approve a tribal-state compact (CGS § 3-6c).

By law, the governor must file a tribal-state compact or amendment with the Senate and House clerks within 10 days after it is executed. If filed during a regular session, the legislature has until its adjournment to approve or reject it. If not filed during a regular session, the legislature has until adjournment of (1) the next regular session or (2) a special session convened to take action on the measure. If the legislature does not act by adjournment, the compact or amendment is rejected and is not implemented.

If the governor files a compact or amendment within 30 days before the end of a regular session, the legislature can either (1) convene a special session and then vote within 30 days of the start of the special session or (2) vote on it within the first 30 days of its next regular session.

***Related Bills***

sSB 17, favorably reported by the Public Safety and Security Committee, among other things, authorizes sports wagering pursuant to amendments to existing agreements with the Mashantucket Pequot and Mohegan tribes and after certain conditions are met. The amendments would allow sports wagering at the tribal casinos and the East Windsor casino, if authorized.

sHB 7334, § 65, 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, 2020, to go to the chronic gamblers treatment and rehabilitation account.

**COMMITTEE ACTION**

Public Safety and Security Committee

Joint Favorable Substitute

Yea 19 Nay 5 (03/19/2019)