

OFFICE OF FISCAL ANALYSIS

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sHB-7331

AN ACT CONCERNING SPORTS WAGERING IN THE STATE.

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 revenues¹ 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

¹ "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.

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, the number of licenses, and the number of violations.