

Public Safety and Security Committee JOINT FAVORABLE REPORT

Bill No.: HB-7331

Title: AN ACT CONCERNING SPORTS WAGERING IN THE STATE.

Vote Date: 3/19/2019

Vote Action: Joint Favorable Substitute

PH Date: 3/12/2019

File No.:

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SPONSORS OF BILL:

The Public Safety Committee

REASONS FOR BILL:

This bill authorizes the governor to enter into a new compact with the tribes to allow them to offer in-person or online sports wagering, provided that such authorization does not relieve the tribes of their slot payment obligations or terminate the slot moratorium. The new compact must be approved by the state legislature and the federal Department of the Interior.

*****Proposed Substitute Language**

The proposed language separates licensing for sports wagering in person and on the Internet/mobile. It makes the following eligible for a license to conduct sports wagering in person: Off-Track Betting, E. Windsor casino, CT Lottery. It makes the following eligible for a license to conduct sports wagering on the Internet/mobile: E. Windsor casino, CT Lottery, up to 3 licenses granted through a competitive request for proposals process. It prohibits betting on sporting events involving colleges or universities based in CT. It increases licensing fee to \$750,000, with a minimum \$750,000 for the 3 Internet/mobile licenses issued through the competitive bid process. Increases tax on sports wagering gross revenue to 10% and clarifies that tax revenue is paid into the sports wagering account. It transfers 2% of money in the sports wagering account (which includes tax revenue and licensing fees) to problem gambling treatment. It removes provisions on negotiating tribal compacts on fantasy sports. Makes conforming changes to the statutes governing the CT Lottery. ***

RESPONSE FROM ADMINISTRATION/AGENCY:

None

NATURE AND SOURCES OF SUPPORT:

Aviram Alroy, Vice President of Interactive Gaming, Mohegan Gaming & Entertainment

He testifies that Mohegan Gaming and Entertainment has been operating online gaming in New Jersey since 2013, and are in the works to set up online gaming in Pennsylvania. He states that the market in Connecticut is expected to generate more than \$100 million in revenue. He states that there is only an upside if this is passed sooner rather than later. Lastly, he testifies that he has confidence that by legalizing sports betting it will reduce black market betting and out-of-state bets.

David Benedict, Athletic Director, UConn

He testifies that UConn believes it would be best for the University to try and cover the additional compliance costs internally, so they are not perceived as profiting from collegiate sports betting. Additionally UConn is against sports betting involving collegiate events. He then states the NCAA's explicit opposition to sports gambling. He offers an amendment to the bill, specifically adding "any collegiate sporting event that takes place in Connecticut, or a sport or athletic event in which any Connecticut college team participates regardless of where the event takes place." To the section which defines what is not constituted as a "Sporting Event".

Scott Bowen, Senior Vice President of Business Development, NeoPollard Interactive

He testifies that sports wagering is a rising trend, and that it is generally included in Lottery operations, because it maximizes revenue to the state by eliminating a need for an arbitrary tax.

Chuck Bunnell, Chief of Staff, Mohegan Tribe

He testifies that the landscape for gaming is very competitive in New England and the longer Connecticut delays it will become more difficult to grow. Additionally he states that any expansion of gaming would impact the compact made with the Connecticut tribes.

Christopher Cipolla, Senior Manager for Government Affairs, DraftKings Inc.

He states how Draftkings was the first mobile sports wagering application outside of Nevada, and how they now currently operate in New Jersey. He states how sports wagering is already going on in Connecticut, and how 30 states are currently looking to pass sport wagering legislation. In addition, 7 jurisdictions have adopted legislation and are currently participating in sports wagering. In January 2019, New Jersey generated \$385 million from sports wagering, 80% of that from mobile devices. Additionally, being able to register and pay via a mobile device would be important. Lastly, DraftKings uses a technology to determine if a customer is underage, and they track problematic gambling behavior.

Joe Corbo, Vice President and Legal Counsel, MGM

He testifiers that New Jersey has shown us that properly regulated sports wagering can create a solid revenue stream for the state. He states that MGM is the largest and one of the oldest sportsbook operators in the country. Additionally MGM has established partnerships with many major leagues; MLB, NBA, WNBA, and the NHL. He testifies to the success that New Jersey has had with sports betting, and how a large percentage of it has been generated online. Lastly he states the things he believes would make for an effective framework for sports betting. A customer must trust the product, a competitive market is the

best for customers and the jurisdiction, and the market economics have to work for both operators and the jurisdiction.

Marcia DuFore, Executive Director, North Central Regional Mental Health Board

She states that the North Central Regional Mental Health Board supports the portion of the bill which provides funding for prevention initiatives carried out by the Regional Behavioral Health Action Organization under contract with the Department of Mental Health & Addiction Services.

Freedom of Information Commission

They are concerned with the section of the bill stating that records that directly or indirectly identify a sports bettor shall be kept confidential and shall not be disclosed. They testify that this section contradicts the section stating that allows the president of the Lottery to disclose information of a participant in the sports wagering voluntary self-exclusion process should that person claim winnings. They believe everyone should be subject to disclosure of their information.

Diana Goode, Executive Director, Connecticut Council on Problem Gambling

She testifies that 1-3% of any revenue that came from gaming be dedicated to problem gambling services, require all betting operators to implement responsible gaming programs, assign a regulatory agency to enforce the regulations and requirements that are enacted, conduct surveys of the prevalence of gaming addiction, and establish a consistent minimum age for sports gambling and related fantasy games.

Scott Gunn, Senior Vice President of Corporate Public Affairs, International Game Technology

He testifies that around 14 million people bet \$50-60 billion annually in the U.S. on sports illegally, which can be remedied by having regulated betting programs in place. He states that customer service and product distribution are the key for a successful sports betting program. Lastly he states that Connecticut need to carefully consider taxation when contemplating this issue, that a heavy tax burden will not yield positive revenue results for any stakeholders.

George Henningsen, Chairman, Mashantucket Pequot Tribal Gaming Commission

He testifies that the language in the bill as drafted would conflict with interpretations of the tribal/state MOU's with respect to exclusivity. He then states that any sports wagering would be considered a casino game and a breach of the compact with the tribes if instituted by another vendor.

Chris Herb, President, Connecticut Energy Marketers Association

He testifies that the lottery is the most appropriate place for sports betting to be implemented. He states that by attracting new customers it will bring our state tax revenue from all gas station operations.

John Osenenko, Vice President of Business Development, Scientific Games International Inc.

He testifies that 79% of people in the state support legalizing sports betting. He lists three reasons why the Connecticut Lottery would be an ideal partner for sports gaming; they have responsible gaming controls with the state, the lottery would transfer all profits to the state, lastly they have widely distributed sales channel through their statewide retail network.

Rich Pingel, Chief Legal Officer, Sportech

He states that Sportech's relationship with the state and Department of Consumer protection will continue with sports betting. He testifies that the existing wagering locations in the state are best suited to take on the potential burden of sports betting. Lastly he states that the legislature not put any unnecessary roadblocks in the way of this bill, not prevent any similar situation to the litigation affecting the East Windsor casino project.

David Satz, Senior Vice President of Government Relations and Development, Caesars Entertainment Corporation

He testifies that if sports betting is to be legalized there are a few important areas they should focus on. One is to define the scope of licensed operators, making sure the operators have experience and training. Secondly, integrity should be focused on betting integrity and not untested mandates that either misplace tax revenue for 3rd parties or otherwise cost the taxpayer, improvements to transparency and cutting off illegal markets would help this.

Jonathan Shaer, Executive Director, New England Convenience Store & Energy Marketers Association

He testifies that legalizing sports betting could generate much needed revenue to Connecticut and phase out black market usage. He states that the New England Convenience Store & Energy Marketers Association would be eager to participate in sports betting only if the state and federal government can come to an agreement on its legality. He also states that sports wagering lottery sales agent licenses and sports wagering vendor licenses need to be clearly defined in the bill.

Greg Smith, President & CEO, Connecticut Lottery Corporation

He testifies that the lottery is the perfect partner for sports wagering for 2 reasons; the lottery projects to return 4-5 times as much revenue as any other operation, secondly they attest that the lottery is the only customizable option because they can offer it over several platforms. Lastly, lotteries have successfully run sports betting in 70% of jurisdictions worldwide.

Dan Spillane, Senior Vice President and Assistant General Counsel of League Governance & Policy, NBA

He testifies that betting in the U.S. brings in estimated \$100-200 billion a year. He then states five components that should be instituted in the bill. A provision should be in place to detect irregular betting habits, there should be an excess of consumer protection functions, work with the state to identify bets that are at a high risk for manipulation, make sports betting accessible on mobile platforms, and provide .25% royalty to sports leagues.

Ted Taylor, President, Sportech

He testifies that the positive relationship that Sportech has with the state will help them manage sports betting effectively. He states three items that should be addressed in regards to the bill; make sure that sports wagering locations will be required to go through a comprehensive approval process, employees are licensed by the Department of Consumer Protection and this is vital, and the policing of unlicensed and illegal betting operations is imperative.

Francis Mullen, Director, Mohegan Sun Gaming Commission

He testifies that if this bill were to pass there would need to be a gaming service registration for any interested electronic sports betting platforms, pursuant to the compact. He testifies to everything that would go into a sports wagering platform becoming certified. Lastly he states that Mohegan Gaming and Entertainment have the experience and devices in place to facilitate sports betting.

Richard Velky, Chief, Schaghticoke Tribal Nation

He testifies that sports gaming should not be exclusive to the Mashantucket and Mohegan Tribes. He believes that there should be an open bidding process for sports betting operators.

Andrew Winchell, Director of Government Affairs, FanDuel Group Inc.

He testifies that they have recently brought retail and mobile sportsbooks to New Jersey and Virginia. He states that in order to shift demand from black market betting to the legalized sector the state should create a free market with competition. Lastly he states that New Jersey saw \$184 million in wagers in the first month of mobile operations, those numbers have been rising exponentially since.

Richard McGuire, Executive Chairman, Sportech

He testifies that themselves as well as the tribes and lottery meet the suggested regulatory policies noted within the bill. He states that Sportech, with the operation already in place, would require no delay to producing a sports betting product. He also states that Greyhound racing, Harness racing, and Jai Alai be excluded from a sporting event definition. Lastly he testifies that the section of the bill requiring customers to sign up with sports betting accounts be removed, citing that having full access online will keep them competitive.

NATURE AND SOURCES OF OPPOSITION:

Mary Ellen Gillespie, Director of Athletics, University of Hartford

She requests that a provision be placed in the bill stating that any college or university sporting event associated with Connecticut be prohibited from participated in sport betting. She also testifies against the idea of "live" in-game betting.

Pamela Mautte, President, Connecticut Prevention Network

She testifies that youth gambling leads to more serious problems including, depression, marijuana use, medication misuse, illicit drugs besides marijuana, and alcohol use.

Michele Mudrick, Legislative Advocate, Coalition Against Casino Expansion in Connecticut

Christina Bennett and **Grace O'Connor** also testified for the Coalition Against Casino Expansion in Connecticut with similar testimony.

She testifies that sports' betting is extremely dangerous for children, that it makes gambling a normal activity for them. According to a study done by Quinnipiac University 75% of CT voters are opposed to having more casinos.

Deacon David Reynolds, Associate Director for Public Policy, Connecticut Catholic Public Affairs Conference

He testifies that this bill is not in the best interest of the citizen of Connecticut.

Reported by: Assistant Clerk Don Cretella

Date: 4/4/19