

Public Safety and Security Committee JOINT FAVORABLE REPORT

Bill No.: SB-1015

Title: AN ACT CONCERNING ONLINE LOTTERY DRAW GAMES 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:

Public Safety Committee

REASONS FOR BILL:

The bill requires the Connecticut Lottery Commission to establish a program to sell lottery tickets for lottery draw games through its Internet website, an online service, or mobile application, as long as doing so does not violate any compact, Memorandum Of Understanding (MOU), or agreement between the state and the Mashantucket Pequot or Mohegan tribes. A "lottery draw game" is any draw game that is available for purchase through a lottery sales agent.

*****Proposed Substitute language*****

Increases the CT Lottery's contribution to problem gambling treatment***

RESPONSE FROM ADMINISTRATION/AGENCY:

None

NATURE AND SOURCES OF SUPPORT:

Greg Smith, President & CEO, Connecticut Lottery Corporation

He testifies that Connecticut residents have been placing online bets through horse racing for years already. He states that carrying cash has become outdated and people use their mobile phones for payment often. The average online gaming player is significantly younger than a retail buyer and therefore would increase the market. He also testifies that responsible gaming provisions they have in place are industry leading. Lastly, he states that there has been an increase in retail establishment's sales in states that have approved internet lottery.

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

He testifies that by adding iLottery it will bring needed revenue to the state, shown by their success in Michigan. At the end of 2018 the Michigan iLottery generated \$100 million in net revenue. He states that the success of iLottery can be attributed to; flexibility, ease of use, and game variety of the platform. Lastly, the iLottery program was recently implemented in New Hampshire as well and has seen success.

Freedom of Information Commission

They believe that the narrowly crafted language is acceptable.

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 Gaming Technology

He testifies that the overall access to mobile devices combined with consumers' willingness to make transactions electronically has created a market specifically for lottery online. The International Gaming Technology company has been adopted in several states (Georgia, Illinois, Kentucky, and Michigan) currently. He states that based on the numbers that have been coming in from other states the online lottery numbers do not take away from in store sales. Lastly, he states that the Know-your-customer information process is a great way to run the informational section of this program.

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

He testifies that European and Canadian lotteries have been selling over the internet for years and earn approximately \$5.4 billion annually. He states that almost everyone in the U.S. owns a phone or at least uses the internet. He states that the Connecticut Lottery Corporation is the most suited to run this program because of the existing structures they have in place and how much more revenue it would bring to the state.

NATURE AND SOURCES OF OPPOSITION:

Chuck Bunnell, Chief of Staff, Mohegan Tribe

He testifies that this bill would violate the compact made with the tribes.

Chris Herb, President, Connecticut Energy Marketers Association

He testifies that any loss of revenue, which has been affected negatively recently already, to lottery locations from online sales could be detrimental to the businesses that sell lottery products. He proposed some items to be added to the bill; prohibit exclusive online games, require that winning tickets be cashed at retail locations, instant games be exclusively sold at retail locations, prepaid card used to access online lottery games are linked to the retailer, and increase the commission to 6%.

Wayne Pesce, Connecticut Food Association

He testifies that this bill could take away much needed business from local retailers. He then cites polls from Massachusetts residents opposing the idea of lottery being available online.

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

He testifies that the New England Convenience Store & Energy Marketers Association will oppose this bill until it is proven that retail establishment will not lose business. He states four reasons why this will negatively affect them; It will harm business of convenience stores, online lotteries have not produced expected revenues, Millennials are visiting convenience stores, and online lottery is illegal under the Wire Act.

Reported by: Assistant Clerk Don Cretella

Date: 4/5/19