



# House of Representatives

General Assembly

**File No. 389**

January Session, 2021

Substitute House Bill No. 6512

*House of Representatives, April 12, 2021*

The Committee on Public Safety and Security reported through REP. HORN of the 64th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING CONSUMER PROTECTIONS FOR SPORTS WAGERING.**

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

1 Section 1. (NEW) (*Effective from passage*) (a) For purposes of this  
2 section:

3 (1) "Electronic wagering platform" means the combination of  
4 hardware, software and data networks used to manage, administer,  
5 offer or control online sports wagering, including through an Internet  
6 web site or a mobile device application;

7 (2) "Sporting event" means (A) any sporting or athletic event at which  
8 two or more persons participate and receive compensation in excess of  
9 actual expenses for such participation in such sporting or athletic event,  
10 (B) any sporting or athletic event sponsored by an intercollegiate athletic  
11 program of an institution of higher education, or (C) e-sports. "Sporting  
12 event" does not include horse racing or any sporting or athletic event  
13 sponsored by a minor league or high school;

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

17 (4) "Sports wagering" means risking or accepting any money, credit,  
18 deposit or other thing of value for gain contingent in whole or in part  
19 on (A) a sporting event or a portion of a sporting event, or (B) the  
20 individual performance statistics of an athlete in a sporting event or a  
21 combination of sporting events. "Sports wagering" does not include the  
22 payment of an entry fee to play fantasy contests, as defined in section  
23 12-578aa of the general statutes.

24 (b) (1) No individual shall place a wager on a sporting event with an  
25 operator of sports wagering unless such individual is at least twenty-  
26 one years of age and is physically present in this state when placing such  
27 wager.

28 (2) No individual who is an operator of sports wagering or an  
29 electronic wagering platform or an officer, a director, an owner or an  
30 employee with the ability to influence the sports wagering operations of  
31 such an operator, and no family member of such individual who resides  
32 in the same household as such individual, shall place any wager on a  
33 sporting event with an operator of sports wagering.

34 (3) No athlete, coach or referee who takes part in a sporting event  
35 overseen by a sports governing body; employee of a sports governing  
36 body holding a position that may allow such employee to exert  
37 influence over participants in a sporting event; owner or employee of a  
38 sports governing body's member teams; or personnel of any bargaining  
39 unit of a sports governing body's athletes or referees, shall place a wager  
40 on any sporting event overseen by such governing body or hold an  
41 ownership interest in, or exert control over, any operator of sports  
42 wagering. In determining which individuals are prohibited from  
43 placing a wager under this subdivision, an operator of sports wagering  
44 shall use any information known by the operator, including any lists  
45 provided by the relevant sports governing body or the Department of  
46 Consumer Protection.

47 (4) No individual with access to nonpublic, confidential information  
48 that could affect the outcome of a sporting event shall place any wager  
49 on such sporting event with any operator of sports wagering.

50 (5) No individual shall place any sports wager as an agent or a proxy  
51 for another individual.

52 (6) No operator of sports wagering may pay a prize to any individual  
53 who such operator knows is prohibited from placing a wager pursuant  
54 to this subsection.

55 (c) Each operator of sports wagering shall:

56 (1) Verify that an individual placing a wager on a sporting event  
57 through an electronic wagering platform is not prohibited from doing  
58 so pursuant to subsection (b) of this section;

59 (2) Prohibit an individual from establishing more than one account  
60 and establish commercially and technologically reasonable measures to  
61 verify identity and ensure compliance with the provisions of this  
62 section;

63 (3) Allow an individual to withdraw funds from such individual's  
64 account, and, at the individual's request, permanently close the account;

65 (4) Publish all contractual terms, conditions and rules applicable to  
66 sports wagering (A) on such operator's sports wagering Internet web  
67 site or mobile application, if conducting online sports wagering, and (B)  
68 at any of such operator's facilities where sports wagering in person is  
69 conducted;

70 (5) Develop and publish procedures allowing an individual to file a  
71 complaint with the operator in person, in writing, online or by other  
72 means about any aspect of the sports wagering conducted by such  
73 operator;

74 (6) If conducting online sports wagering, conspicuously display on  
75 such operator's sports wagering Internet web site or mobile application:

76 (A) A link to the protections afforded individuals by the provisions  
77 of this section;

78 (B) A link to responsible gambling information;

79 (C) A toll-free telephone number an individual may use to obtain  
80 information about problem gambling;

81 (D) A link to information about the self-exclusion process described  
82 in subsection (f) of this section;

83 (E) A clear display or periodic pop-up message of the amount of time  
84 an individual has spent on the operator's Internet web site or mobile  
85 application;

86 (F) A means to initiate a break in play to discourage excessive play;  
87 and

88 (G) A clear display of the amount of money available in the account  
89 of the individual who is placing wagers.

90 (d) Each operator of sports wagering shall maintain the security of  
91 wagering data, data concerning individuals placing wagers on sporting  
92 events and other confidential information to prevent unauthorized  
93 access to, and dissemination of, such data and information. An operator  
94 of sports wagering shall not disclose or sell any wagering information  
95 concerning an individual placing wagers on sporting events with such  
96 operator, and shall not disclose records that directly or indirectly  
97 identify such an individual or such individual's gambling habits, except  
98 that such operator shall regularly share records, at the account level and  
99 in pseudonymous form, with the Department of Consumer Protection  
100 with respect to wagers on sporting events placed with such operator.

101 (e) Each operator of sports wagering shall develop and publish a  
102 policy on responsible gambling, which shall, at a minimum, require the  
103 operator to:

104 (1) Track its sports wagering activity at the account level;

105 (2) Provide training to employees to allow them to identify  
106 individuals placing sports wagers who have problems with gambling;  
107 and

108 (3) Provide guidelines on how employees can respond appropriately  
109 to an individual who (A) is in crisis or distress due to problem gambling,  
110 (B) discloses that he or she may have a problem with gambling, and (C)  
111 shares information about another individual who may have a problem  
112 with gambling.

113 (f) (1) Each operator of sports wagering shall allow any individual to  
114 exclude himself or herself from placing a sports wager or limit the  
115 amount of money such individual may use to place sports wagers with  
116 such operator, and, on and after the date the operator is notified by such  
117 individual of such exclusion or limit, shall take reasonable steps to  
118 prevent such individual from placing sports wagers or exceeding such  
119 limit, as the case may be. During the time period applicable to any such  
120 exclusion from placing a sports wager or limit on the amount of money  
121 an individual may use to place sports wagers with an operator of sports  
122 wagering, such operator, (A) may, at the request of the individual,  
123 extend the time period of such exclusion or limit, or decrease the amount  
124 of such limit, and (B) may not reduce the time period of such exclusion  
125 or limit or increase the amount of such limit.

126 (2) Each operator of sports wagering shall publish information on the  
127 provisions of this subsection and how an individual may exclude  
128 himself or herself from placing a sports wager or limit the amount of  
129 money such individual may use to place sports wagers with such  
130 operator. The operator shall conspicuously display such information (A)  
131 at any facility where such operator conducts sports wagering in person,  
132 and (B) on the operator's sports wagering Internet web site or mobile  
133 application, if the operator conducts online sports wagering.

134 (g) No operator of sports wagering may, as a condition of placing a  
135 wager with such operator, require any individual to waive any  
136 provision of this section or the right to pursue legal action or file a  
137 complaint with the Department of Consumer Protection.

138 (h) No advertisement of sports wagering may: (1) Depict an  
139 individual under twenty-one years of age, unless such individual is a  
140 professional athlete or a collegiate athlete who, pursuant to an  
141 agreement with the advertiser, is able to profit from the use of his or her  
142 name and likeness; (2) be aimed exclusively or primarily at individuals  
143 under twenty-one years of age; (3) promote irresponsible or excessive  
144 participation in sports wagering; or (4) misrepresent the chances of  
145 winning or be misleading about the outcomes of sports wagering. Each  
146 advertisement of sports wagering shall include information concerning  
147 assistance that is available for individuals who have, or are at risk of  
148 having, problems with gambling.

149 (i) Each operator of sports wagering shall take reasonable steps to  
150 prevent the conduct prohibited under this section and to comply with  
151 any regulations adopted pursuant to subsection (k) of this section.

152 (j) (1) Each operator of sports wagering shall immediately report to  
153 the Commissioner of Consumer Protection any information relating to  
154 (A) criminal or disciplinary proceedings commenced against such  
155 operator or an employee of such operator in connection with its  
156 operations, (B) abnormal wagering activity or patterns that the operator  
157 believes may indicate a concern with the integrity of a sporting event,  
158 (C) any other conduct that corrupts the wagering outcome of a sporting  
159 event for purposes of financial gain, including match-fixing, and (D)  
160 suspicious or illegal wagering activities, including the use of funds  
161 derived from illegal activity to place a wager, the placing of a wager to  
162 conceal funds derived from illegal activity, the use of an agent or a proxy  
163 to place a wager or the use of false identification to place a wager.

164 (2) The Commissioner of Consumer Protection may share with the  
165 relevant sports governing body any information relating to conduct  
166 described under subparagraphs (B) and (C) of subdivision (1) of this  
167 subsection.

168 (k) The Commissioner of Consumer Protection shall adopt  
169 regulations, in accordance with the provisions of chapter 54 of the  
170 general statutes, including emergency regulations pursuant to section 4-

171 168 of the general statutes, to implement the provisions of this section  
172 and as necessary to protect the public interest in the integrity of sports  
173 wagering and reduce the dangers of unsuitable, unfair or illegal  
174 practices, methods and activities in the conduct of sports wagering.  
175 Such regulations shall include, but need not be limited to, provisions  
176 regarding: (1) The types of sporting events upon which sports wagers  
177 may be placed or accepted; (2) the minimum amount of cash reserves to  
178 be maintained by operators of sports wagering; (3) the acceptance of  
179 wagers on a series of sporting events; (4) the maximum wagers which  
180 may be accepted by an operator of sports wagering from any one  
181 individual on any one sporting event; (5) the type of wagering tickets  
182 which shall be used; (6) the method of issuing tickets; (7) minimum  
183 accounting standards for an operator of sports wagering; (8) the types  
184 of records which shall be maintained by an operator of sports wagering  
185 and available for inspection upon the request of the commissioner; (9)  
186 requirements for information and reports from an operator of sports  
187 wagering to enable effective auditing of such an operator; (10)  
188 requirements for establishing and funding a sports wagering account;  
189 (11) minimum qualifications for a provider of sporting events data; (12)  
190 minimum requirements to ensure the security and integrity of an  
191 electronic wagering platform and collection of information and reports  
192 to enable effective oversight; (13) the regular sharing of account level  
193 records with the department; (14) displays and messages on an  
194 operator's sports wagering Internet web site or mobile application  
195 aimed at combatting problem gambling; and (15) the advertising of  
196 sports betting, including to ensure compliance with the requirements of  
197 subsection (h) of this section and to require inclusion of information  
198 about gambling addiction or links to Internet web sites to resources  
199 related to gambling addiction.

200 (l) The provisions of this section shall not be effective until (1) an  
201 authorization to operate sports wagering outside of Indian lands, as  
202 defined in the Indian Gaming Regulatory Act, 25 USC 2703(4), is  
203 effective pursuant to any provision of the general statutes or a public or  
204 special act, and (2) the regulations required by subsection (k) of this  
205 section are effective.

206       Sec. 2. (*Effective from passage*) (a) The Department of Consumer  
207 Protection shall, not later than October 1, 2021, issue a request for  
208 proposals for a consultant to conduct a study of the Connecticut Lottery  
209 Corporation, established pursuant to section 12-802 of the general  
210 statutes. The study shall include an examination of the organizational  
211 structure, operations and finances of the corporation and the regulatory  
212 relationship between the corporation, the corporation's board of  
213 directors and the department. The consultant's report may include  
214 recommendations to:

215       (1) Improve the security and integrity of lottery games and any other  
216 forms of gaming conducted by the corporation;

217       (2) Create a culture within the corporation that encourages  
218 compliance with the statutes and regulations governing the corporation  
219 and its activities;

220       (3) Promote transparency and accountability to the public in the  
221 corporation's operations and activities;

222       (4) Improve the corporation's internal operations, in order to enhance  
223 revenue, promote innovation, appropriately invest in staff development  
224 and focus on technological enhancements, security and gaming  
225 integrity and customer service;

226       (5) Use metrics to regularly review the performance of the president  
227 and other executive staff of the corporation to promote transparency,  
228 improved communications, customer service and regulatory  
229 compliance in the corporation's operations;

230       (6) Strengthen and improve the regulatory oversight of the  
231 department;

232       (7) Strengthen communication and transparency between the board,  
233 corporation and department; and

234       (8) Develop a strategic plan focusing on the corporation's internal  
235 operations, investment in technology and system security, revenue

236 growth, customer service, relationships with lottery retailers, portfolio  
237 of gaming activities, responsible gambling education and outreach,  
238 innovation, gaming integrity and regulatory compliance.

239 (b) In selecting a consultant, the department shall give preference to  
240 a person responding to the request for proposals who has:

241 (1) A demonstrated understanding of how laws and regulations  
242 affect corporate culture and operations;

243 (2) Experience in creating and maintaining a business culture that  
244 ensures regulatory compliance, including an understanding of how  
245 corporate managers and board members can use different strategies to  
246 encourage such a culture;

247 (3) Familiarity with lottery operations; and

248 (4) Experience analyzing business management and operational  
249 structures, including an ability to assess a corporation's financial  
250 commitment to staff development, security and technological  
251 safeguards and innovation.

252 (c) Not later than October 1, 2022, the consultant shall submit a report  
253 of its recommendations to the department, the corporation and, in  
254 accordance with the provisions of section 11-4a of the general statutes,  
255 the joint standing committee of the General Assembly having  
256 cognizance of matters relating to public safety and security.

257 Sec. 3. Section 12-565a of the general statutes is repealed. (*Effective*  
258 *from passage*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	Repealer section

**Statement of Legislative Commissioners:**

In Section 1(e)(3), "person" was changed to "individual" for consistency with the other provisions of the subdivision.

**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 22 \$	FY 23 \$
Consumer Protection, Dept.	GF - Cost	Up to 500,000	None
Consumer Protection, Dept.	GF - Potential Cost	Up to 100,000	None
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Potential Cost	Up to 43,100	None

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill requires the Department of Consumer Protection (DCP) to conduct a study on the Connecticut Lottery Corporation resulting in a cost in FY 22 of up to \$500,000 and to write regulations if sports wagering is legalized resulting in a potential cost of up to \$143,100 in FY 22.

To meet the requirements of the bill DCP will need to hire a consultant to conduct the study for a cost of up to \$500,000 and a durational project manager to write the sports wagering regulations for a cost of up to \$143,100 (cost includes salary and fringe benefits). The final costs will depend on the contract between DCP and the consultant for the study, if sports waging is legalized in the state and DCP is required to adopt regulations, and how long the durational project

<sup>1</sup>The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.3% of payroll in FY 22 and FY 23.

manager is needed.

***The Out Years***

None.

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**OLR Bill Analysis****sHB 6512*****AN ACT CONCERNING CONSUMER PROTECTIONS FOR SPORTS WAGERING.*****SUMMARY**

This bill regulates sports wagering contingent upon it becoming legal in the state. The bill expressly provides that its sports wagering provisions are not effective until (1) sports wagering outside of Indian lands is permitted under the general statutes or a public or special act and (2) the Department of Consumer Protection (DCP) commissioner adopts specific regulations required by the bill.

Under the bill, “sports wagering” means risking or accepting money, credit, deposit, or other thing of value for gain contingent in whole or in part on (1) a sporting event or a portion of a sporting event, or (2) the individual performance statistics of an athlete in a sporting event or a combination of sporting events. It specifically excludes paying an entry fee to play fantasy contests as defined in state law.

The bill includes provisions restricting who may wager on sports and places a number of requirements on sports wagering operators including (1) requiring information in advertising for people who have problems with gambling and (2) data security and confidentiality requirements. It also requires operators to report to DCP, among other things, any criminal proceedings against them or their employees and information related to abnormal or illegal wagering activities.

The bill also requires DCP to hire a consultant to study the Connecticut Lottery Corporation (CLC) and issue recommendations. It also eliminates a requirement that DCP adopt regulations to regulate wagering on sporting events to the extent permitted by state and federal law (CGS § 12-565a).

EFFECTIVE DATE: Upon passage

### **RESTRICTIONS ON WAGERS**

The bill places several restrictions on who may place a sports wager and the circumstances for doing so. Specifically, the bill prohibits:

1. anyone from placing a wager unless he or she is at least age 21 and physically present in the state when placing the wager;
2. sports wagering and electronic wagering platform operators, their officers, directors, owners, and employees able to influence their operations, as well as their family members who reside with them, from placing any wager with the operator;
3. (a) athletes, coaches, and referees who take part in a sporting event overseen by a sports governing body; (b) a sports governing body's employees holding positions of influence over sporting events; (c) owners and employees of a sport governing body's member teams; and (d) bargaining unit personnel of a sports governing body's athletes or referees from placing a wager on any sporting event overseen by the sports governing body or holding an ownership interest in or exerting control over any sports wager operator;
4. anyone with access to nonpublic, confidential information that could affect a sporting event's outcome from placing a wager on that event;
5. anyone from placing a wager as an agent or a proxy for another; and
6. an operator from paying a prize to anyone the operator knows is prohibited from placing a wager based on the above restrictions.

The bill defines a "sports governing body" as an organization that prescribes final rules and enforces codes of conduct with respect to a sporting event and its participants. Additionally, a "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. It also includes e-sports but excludes horse racing and any minor league or high school-sponsored sporting or athletic event.

## **REQUIREMENTS FOR SPORTS WAGERING OPERATORS**

### ***General Responsibilities***

The bill requires each sports wagering operator to:

1. verify that anyone placing a wager through an electronic wagering platform is not prohibited from doing so based on the above restrictions (including by using any information known by an operator, such as lists provided by relevant sports governing bodies or DCP);
2. establish commercially and technologically reasonable measures to verify identities and prohibit individuals from establishing more than one account;
3. allow individuals to withdraw funds from their accounts and to permanently close them upon their request;
4. publish all contractual terms, conditions, and rules applicable to online wagering through the operator's website or mobile application and in-person wagering at the operator's facilities; and
5. develop and publish procedures allowing individuals to file complaints with the operator in person, in writing, online, or by other means about any aspect of the operator's sports wagering.

### ***Online Displays and Required Information in Advertising***

Additionally, operators conducting online sports wagering must conspicuously display on their website or mobile application:

1. links to (a) the protections afforded to them under the bill (the bill is not clear what exactly these are), (b) responsible gambling

information, and (c) information about the self-exclusion process that operators must provide (see below);

2. a toll-free telephone number for obtaining problem gambling information;
3. a clear display or periodic pop-up message of the amount of time an individual has spent on the operator's website or mobile application;
4. a means to initiate a break in play to discourage excessive play; and
5. a clear display of the amount of money available in individuals' accounts.

Under the bill, sports wagering advertisements must include information on available assistance for people who have, or are at risk of having, problems with gambling. Relatedly, advertisements must not:

1. depict someone younger than age 21, unless that person is a professional athlete or a collegiate athlete who, pursuant to an agreement with the advertiser, is able to profit from the use of his or her name and likeness;
2. be aimed exclusively or primarily at individuals younger than age 21;
3. promote irresponsible or excessive participation in sports wagering; or
4. misrepresent the chances of winning or be misleading about sports wagering outcomes.

### ***Data Security and Confidentiality***

The bill also requires operators to maintain the security of wagering data, data on individuals placing wagers, and other confidential

information to prevent unauthorized access to, and dissemination of, that data and information. Operators must not (1) disclose or sell any individual's wagering information and (2) disclose records that directly or indirectly identify an individual or his or her gambling habits. However, operators must regularly share their wager records, at the account level and in pseudonymous form, with DCP.

### ***Responsible Gaming Policy***

Under the bill, each operator must develop and publish a responsible gaming policy that, at a minimum, must require the operator to:

1. track its wagering activity at the account level;
2. provide training to employees to allow them to identify wagerers who have problems with gambling; and
3. provide guidelines on how employees can respond appropriately to an individual who (a) is in crisis or distress due to problem gambling, (b) discloses that he or she may have a problem with gambling, and (c) shares information about another individual who may have a problem with gambling.

### ***Self-Exclusion and Limitation Processes***

The bill requires operators to allow any individual for a period of time, presumably at the individual's direction, to (1) exclude himself or herself from placing a wager or (2) limit the amount of money he or she may use to place wagers with the operator. Once an operator is notified about an individual's exclusion or limit, the operator must take reasonable steps to prevent that person from placing a wager or exceeding his or her limit.

While an exclusion or limit is in place, an operator may, at the individual's request, extend the time period of his or her exclusion or limit or decrease the amount of the limit. An operator may not, presumably independently, reduce the time period of an exclusion or limit or increase the amount of a limit.

Under the bill, operators must (1) publish information on how an individual may exclude him or herself from betting or limit the amount of money he or she bets and (2) conspicuously display that information at any facility where they conduct in-person wagers and on their websites or mobile applications if they conduct online wagers.

### ***Reporting to DCP***

Under the bill, operators must immediately report to the DCP commissioner any information relating to:

1. criminal or disciplinary proceedings commenced against them or their employees in connection with their operations;
2. abnormal wagering activity or patterns that may indicate a concern with a sporting event's integrity;
3. any other conduct that corrupts a sporting event's wagering outcome for financial gain, including match-fixing; and
4. 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, using an agent or a proxy to place a wager, or using false identification to place a wager.

### ***Other Requirements***

The bill expressly prohibits operators from requiring an individual to waive, as a condition for placing a wager, (1) any of the bill's provisions regulating sports wagering or (2) the rights to pursue legal action or file a complaint with DCP. Lastly, operators must take reasonable steps to prevent the conduct prohibited by the bill's provisions regulating sports wagering and to comply with any regulations adopted by DCP (see below).

### **ACTIONS BY DCP**

The bill authorizes the DCP commissioner to share with relevant sports governing bodies any information it receives on abnormal

wagering activity or patterns and any other conduct that corrupts a sporting event's wagering outcome.

The bill also requires the DCP commissioner to adopt regulations, including emergency regulations (see BACKGROUND), to implement the bill's provisions and protect the public interest in the integrity of sports wagering and reduce the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of sports wagering. The regulations must include or address:

1. the types of sporting events that may be wagered on;
2. the minimum amount of cash reserves sports wagering operators must maintain;
3. the acceptance of wagers on a series of sporting events;
4. the maximum wagers acceptable from an individual on any one sporting event;
5. the type of wagering tickets that must be used;
6. the method of issuing tickets;
7. minimum accounting standards for operators;
8. the types of records an operator must maintain and make available for inspection upon the commissioner's request;
9. requirements for information and reports from operators to enable effective auditing;
10. requirements for establishing and funding a sports wagering account;
11. minimum qualifications for a provider of sporting events data;
12. minimum requirements to ensure the security and integrity of an electronic wagering platform and collection of information and reports to enable effective oversight;

13. the regular sharing of account level records with DCP;
14. displays and messages on an operator's sports wagering website or mobile application aimed at combatting problem gambling; and
15. the advertising of sports betting, including ensuring compliance with the bill's above advertising requirements and requiring information on gambling addiction or links to websites with resources related to gambling addiction be included.

### **CLC STUDY**

By October 1, 2021, DCP must issue a request for proposals for a consultant to study CLC. Under the bill, this study must examine (1) CLC's organizational structure, operations, and finances and (2) the regulatory relationship between the corporation, its board of directors, and DCP.

In selecting a consultant, the bill requires DCP to give preference to respondents who have:

1. a demonstrated understanding of how laws and regulations affect corporate culture and operations;
2. experience in creating and maintaining a business culture that ensures regulatory compliance, including an understanding of how corporate managers and board members can use different strategies to encourage such a culture;
3. familiarity with lottery operations; and
4. experience analyzing business management and operational structures, including an ability to assess a corporation's financial commitment to staff development, security, and technological safeguards and innovation.

The consultant must submit a report of recommendations to DCP, CLC, and the Public Safety and Security Committee by October 1, 2022.

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Under the bill, the report may include recommendations to:

1. improve the security and integrity of lottery games and any other forms of gaming conducted by CLC;
2. create a culture within CLC that encourages compliance with the law governing it and its activities;
3. promote transparency and accountability to the public in the CLC's operations and activities;
4. improve CLC's internal operations, in order to enhance revenue, promote innovation, appropriately invest in staff development, and focus on technological enhancements, security and gaming integrity, and customer service;
5. use metrics to regularly review the performance of the CLC's president and other executive staff to promote transparency, improved communications, customer service, and regulatory compliance in its operations;
6. strengthen and improve the regulatory oversight of DCP;
7. strengthen communication and transparency between CLC, its board, and DCP; and
8. develop a strategic plan focusing on CLC's internal operations, investment in technology and system security, revenue growth, customer service, relationships with lottery retailers, portfolio of gaming activities, responsible gambling education and outreach, innovation, gaming integrity, and regulatory compliance.

## **BACKGROUND**

### ***Emergency Regulations***

By law, an agency may adopt an emergency regulation either without prior notice and hearing or with an abbreviated notice and hearing process. The regulation is effective for up to 180 days from the date it is approved and posted online, with limited exceptions. Regulations,

including emergency regulations, are generally effective when the secretary of the state posts them on the eRegulations system (CGS § 4-168).

**Related Bills**

sHB 6451, reported favorably by the Public Safety and Security Committee, among other things, establishes or modifies current frameworks for legalizing and regulating (1) online sports wagering, (2) retail sports wagering (i.e., wagering while physically present at a facility), (3) online casino gaming, (4) online keno, (5) online lottery draw games other than keno, and (6) fantasy contests.

sSB 146, reported favorably by the Public Safety and Security Committee, among other things, expands (1) grants to municipalities from the Mashantucket Pequot and Mohegan Fund and (2) funding for the state’s debt-free community college program. These expansions are contingent on the legalization of and revenue generated from, respectively, (1) sports wagering and online casino gaming outside of Indian lands and (2) online lottery draw games.

sSB 570, reported favorably by the Public Safety and Security Committee, contains many of the same provisions in this bill, sSB 146, and sHB 6451 but also (1) authorizes a request for proposals to establish a casino gaming facility in Bridgeport, (2) requires that online casino gaming or sports wagering equipment must be in a facility located in Bridgeport, and (3) prevents the tribes from using a third-party vendor to operate their skins for online sports wagering and casino gaming unless the legislature approves the contract.

**COMMITTEE ACTION**

Public Safety and Security Committee

Joint Favorable Substitute

Yea 23 Nay 1 (03/24/2021)