

Public Safety and Security Committee
JOINT FAVORABLE REPORT

Bill No.: HB-6451

AN ACT CONCERNING GAMING AGREEMENTS WITH THE MASHANTUCKET PEQUOT TRIBE AND THE MOHEGAN TRIBE OF INDIANS OF

Title: CONNECTICUT.

Vote Date: 3/24/2021

Vote Action: Joint Favorable Substitute

PH Date: 3/2/2021

File No.:

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SPONSORS OF BILL:

Request of the Governor Pursuant to Joint Rule 9

REASONS FOR BILL:

This will allow the Governor to amend to the Mashantucket Pequot procedures and amend the Mohegan compact. The reason for this bill is to allow for the Governor's budget recommendations.

Substitute Language

The substitute language is as follows:

Sec. 1 (New) This section provides the meaning of terms used in this bill, for example what "Electronic wagering platform" means. (1) thru (19).

Sec. 2 (New) This section allows the Governor to enter amendments with Mashantucket Pequot procedures and to the Memorandum of understanding with the tribe and amendments to the Mohegan compact and to the Mohegan memorandum of understanding with the Mohegan Tribe of Indians of Connecticut, or new compacts with the Mashantucket Pequot Tribe or the Mohegan Tribe of Connecticut or both. (subsections for provisions and description of what the Mashantucket Pequot Tribe, Mohegan Tribe of Indians of Connecticut and the CT Lottery regarding online casino gambling, online sports wagering, fantasy contests and keno.) Any amendments or new compacts entered pursuant to Sec. 2 shall be effective once approved by the Secretary of the US Dept. of Interior as required by federal law. If the approval is overturned by a court of competent jurisdiction in the final judgement and cannot be appealed, Sec. 1-10 inclusive of this act and the amendments to the provisions of the general statutes pursuant to this act will cease to be effective.

Sec. 3 (New) The Commissioner of Consumer Protection may issue licenses permitting the Mashantucket Pequot Tribe to operate one skin for online sports wagering within the state and one skin for online casino gaming within the state with provisions. (subsections)

Sec. 4 (New)) If amendments to the Mashantucket Pequot procedures and to the Mashantucket Pequot memorandum of understanding with the Mashantucket Pequot Tribe and amendments to the Mohegan compact and to the Mohegan memorandum of understanding with the Mohegan Tribe of Indians of Connecticut, or new compacts with the Mashantucket Pequot Tribe, Mohegan Tribe of Indians of Connecticut, or both, pursuant to section 2 of this act, are effective, the Connecticut Lottery Corporation may operate under certain provisions. See Subsections.

Sec. 5: (New) If the Connecticut Lottery Corporation is authorized to conduct retail sports wagering pursuant to section 4 of this act, such corporation may enter into one or more agreements with a person or business organization licensed to operate the off-track betting system pursuant to chapter 226 of the general statutes to operate retail sports wagering at any of the system facilities authorized for off-track betting under section 12-571a of the general statutes provided the total number of facilities that may conduct retail sports wagering, whether operated directly by the corporation or by such person or business organization, shall not exceed fifteen. See subsections.

Sec. 6: (New) Gives detail on where a person places a sports wager, that they must be 21 years of age and be physically present in the state when placing the wager. Any electronic wagering platform used for conducting online sports wagering or online casino gaming shall be developed to verify the age of the individual wagering account, if the person is physically present in the state, provide a mechanism to prevent unauthorized use of a wagering account and maintain security of wagering data and other confidential information.

Sec. 7: (New) The Commissioner of Consumer Protection shall adopt regulations in accordance with the provisions of chapter 54 general statutes and the to extent not prohibited by federal law or any other gaming agreement or procedure entered pursuant to the Indian Gaming Regulatory Act. Such regulations shall address the operation of, participation in and advertisement of sports wagering, online casino gaming, keno and sales of lottery tickets for lottery draw games through an Internet website, online service or mobile application, selection of other games that may be permitted as online casino gaming and any other provisions to protect the public interest in the integrity of gaming.

Sec. 8: (New) The Mashantucket Pequot Tribe and the Mohegan Tribe Indians of Connecticut will each pay to the state a deposit to the General Fund, gross gaming revenue from online gaming revenue. CT Lottery will also pay a deposit into the state General Fund a percent of gaming revenue and any other person or business organization licensed to operate the off-track betting system pursuant to Chapter 226 of general statutes operating retail sports wagering at any system facilities authorized by off-track betting under sec. 12-571a pursuant to agreement with CT Lottery Corporation. (Amounts listed in subsections)

Sec. 9: (New) At the commencement of any fiscal year that online sports wagering or online casino gaming is conducted pursuant to sec. 3 of this act outside Indian Lands and on or before September 30th in each fiscal year thereafter, the Commissioner of Consumer Protection after consulting with Mashantucket Pequot Tribe and Mohegan Tribe of Indians of Connecticut, estimate and assess the reasonable and necessary costs that will be incurred by the department in the next fiscal year for regulating the operation of wagering and gaming under sec. 3, 6, and 7. The same applies to any person or business organization licensed to operate the off-track betting system pursuant to chapter 226 of general statutes operates retail sports betting pursuant to sec.5 and 7. There is established a fund to be known as

"State Sports Wagering and Online Gaming Regulatory Fund". (see subsections for details of fiscal year payments and information regarding the State Sports Wagering Fund.)

Sec. 10: (New) Any payment to the state made by the Mashantucket Pequot Tribe or the Mohegan Tribe of Indians of Connecticut under section 8 of this act during a 5-year period commencing on the date that such tribe began operating online sports wagering and online casino gaming pursuant to Sec. 3 of this act shall count toward the calculation of the minimum contribution for such tribe pursuant to their memorandum of understanding.

Sec.11: Section 12-586f of the general statute is repealed and is substituted. The Mashantucket Pequot Tribe and compact means Tribal-State Compact between the tribe and the state of Connecticut as incorporated and amended in the Final Mashantucket Gaming Procedures prescribed by Secretary of the US Dept. of the Interior pursuant to Sec. 2710(d)(7)(B)(vii) of Title 25 of the US Code and published in 56 Federal Register 24996 (May 31,1991), as amended from time to time.

Sec. 12: Section 12-586g of the general statute is repealed and the following is substituted lieu thereof. Mohegan Tribe of Indians of Connecticut's compact with the State of Connecticut dated May 17, 1994, as amended from time to time.

Sec. 13: Section 12-578aa of the general statute is repealed and substituted in lieu thereof. The meaning of terms in the section are listed. The amendments that the Governor enters with the Mashantucket Pequot Tribe and Mohegan compact described in subsections as well as the Commissioner of Consumer Protection issuing of license for the operation of fantasy contests outside Indian lands.

Sec. 14: Sec. 12-578f of the general statutes is repealed and substituted in lieu thereof. This section gives definition of terms in the section. It also permits MMCT Venture, LLC to conduct games at a casino gaming facility at 171 Bridge Street, East Windsor. Notwithstanding the provisions of subsections (b) and (c) the authorization to conduct approved games at a casino gaming facility pursuant to the subsections shall not take effect during the 10-year initial term that makes amendments to Mashantucket Pequot procedures and memorandum and Mohegan compact and memorandum or new compacts with either of the tribes as entered into pursuant to section 2 of the act and described in subdivision 3 of subsection (b) of section 2 of this act.

Sec. 15: Sec. 12-806c of the general statutes is repealed and substituted in lieu thereof. The provisions of the section will no longer be effective once amendments to the Mashantucket Pequot procedures and memorandum and amendments to the Mohegan compact and memorandum of understanding or new compacts with the tribes or both governing Keno by the Connecticut Lottery Corporation pursuant to Sec. 2 of this act are effective.

Sec. 16: Sec. 12-901 of general statutes is repealed and substituted in lieu thereof. As used in suction 12-563a as amended by this act and section 12-800 to 12-818 inclusive the following terms shall have the following meaning unless context indicates another meaning. (4) Section 12-563a is amended by this act, 12-800 to -12-818 inclusive and section 4 of this act. Keno by the corporation pursuant to section 12-806c is amended by section 4 of this act. Online sports wagering, retail sports wagering, and Skin has the same meaning as Section 1 of this act.

Section 17: Sec. 12-806 of the general statutes is repealed and substituted in lieu thereof. The corporation shall be to manage and operate the lottery and operate and manage retail sports wagering and online sports wagering if permitted under section 4 of this act. Subsections of this section outline the powers of corporation.

Sec. 18: Sec. 12-806a of the general statute is repealed and substituted in lieu thereof. The Dept. of Consumer Protection regulate the activities of the Connecticut Lottery Corporation in

order to assure the integrity of the state lottery and retail sports wagering and online wagering. In addition, the provisions of chapter 12, sec. 12-806 is amended by this act.

Sec. 19: Sec. 12-810 is repealed and substituted in lieu thereof. The Freedom of Information Act will apply to all aspects of the Connecticut Lottery including meetings, and records except where limitations in subsection (c) of this section is or otherwise limited by subsection (d). No personal information from someone who participates or has participated in the corporation's voluntary self-exclusion process shall be deemed public records, except that the president may reveal the name and any relevant records of the person other than such person's participation in the voluntary self-exclusion process if the winning lottery is from online lottery program.

Sec. 20: Sec. 12-811 of the general statutes is repealed and substituted in lieu thereof. The president, directors and everyone connected with the corporation shall be state employees. No employee, director or officer shall directly or indirectly participate or share in the winnings from a game conducted.

Sec. 21: Sec. 12-815 of the general statutes is repealed and substituted in lieu thereof. The corporation shall institute and adopt policies, rules and procedures on purchasing and contracting. The Corporation can enter into agreements pursuant to subdivision 1 of this subsection regarding vendors for the provisions of skin for online sports wagering, aren't branded by an operator of a casino in any jurisdiction. The vendor may not share any customer information for purposes of marketing, or any purposes related to acquiring customers. Agreement details continued in detail in the subsections. of Sec. 21.

Sec. 22: Sec. 12-186 of the general statutes is repealed and substituted in lieu thereof. The powers granted by sections 1-120, 1-121, 1-125, 12-563, 12-563a amended by this act 12-564, 12-566, 12-568a and 12-569 subsection of 12-574 and sections 12-800 to 12-818 inclusive and sections 4, and sections 6-8 inclusive of this act accounts for the performance of an essential government function and all operations of the corporation shall be free of state and federal taxation.

Sec. 23: Sec. 12-561 of the general statutes is repealed and substituted in lieu thereof. No commissioner or unit head will place a sports wager, participate in online casino gaming as defined in Section 1 of this act or have interest directly or indirectly as a member or partner in lottery, racing, fronton or betting enterprise.

Sec. 24: Sec. 12-563a of the general statutes is repealed and substituted in lieu thereof. The Department of Consumer Protection will include retail sports wagering when distributing and preparing information on programs for prevention, treatment and rehabilitation for compulsive gamblers in the state.

Sec. 25: Sec. 52-553 of the general statutes is repealed and substituted in lieu thereof. (3) apply to online casino gaming, online sports wagering and retail sports wagering, as such terms are defined in section 1 of this act, and conducted pursuant to sections 3 to 7 inclusive, of this act, as applicable, (4) apply to the participation in the program established by the Connecticut Lottery Corporation pursuant to section 4 of this act to sell lottery tickets for lottery draw games through the corporation's Internet web site, online service or mobile application

Sec. 26: Sec. 52-554 of the general statutes is repealed and substituted in lieu thereof. Nothing in this section shall prohibit use of a credit card to participate in online casino gambling, online sports wagering, and retail sports wagering as defined by sec. 1 of this act and conducted pursuant to sections 3 to 7 inclusive of this act as applicable or CT Lottery Corporation pursuant to Section 4 to sell lottery tickets through the corporations website, online service or mobile application.

Sec. 27: Subdivision (2) of section 53-278a of the general statutes is repealed and substituted in lieu thereof. As defined in sec. 1 of this act, online casino gambling, online sports wagering, and retail sports wagering shall not be considered gambling if it is conducted pursuant to sections 3 to 7, inclusive in of this act.

Sec. 28: Subdivision (4) of section 53-278a of the general statute is repealed and the following is substituted in lieu thereof. As amended by this act a device or equipment used for online casino gambling, online sports wagering or retail sports wagering as defined by section 1 of this act shall not be considered a gambling device, if the conditions in sections 3 to 7 inclusive of this act have been met.

Sec. 29: Sec. 53-278g of the general statutes is repealed and substituted in lieu thereof. Nothing in sections 53-278a to 53-278f inclusive, as amended by this act will now include online casino gambling, online sports wagering and retail sports wagering as authorized by sections 3 to 7, inclusive of this act.

Sec. 30: (New) Effective July 1, 2021, notwithstanding the provisions of section 1-3 of the general statutes, if any provisions of sections 1 to 10, inclusive of this act or any amendments made to the provisions of the general statutes pursuant to this act except regarding keno and lottery tickets for lottery draw games through the corporations Internet website, online services or mobile application is held invalid by a court of competent jurisdiction in a final judgement. Sec.1 to 10 will cease to be effective and amendments made to the provisions of the sections except keno and sale of lottery tickets online will be inoperative.

Sec. 31: Sec. 12-565a of the general statutes is repealed effective July 1, 2021.

RESPONSE FROM ADMINISTRATION/AGENCY:

Michelle Seagull, Commissioner, Department of Consumer Protection State of Connecticut

Commissioner Seagull states that this proposal allows the Governor to modify current agreements with the Mashantucket Pequot Tribe and the Mohegan Tribe of Indians of Connecticut to expand gaming which would include sports wagering, online casino and online keno. Currently DCP regulates gaming activity conducted through CLC and Sportech as well as the slot activity at the two tribal casinos This bill allows for a new arena of gaming activity in the state, DCP will be ready to work with the Office of the Governor, Legislative Leaders, Public Safety and Security Committee and the tribal partners to ensure a safely regulated market.

Melissa McCaw, Secretary, Office of Policy and Management, David Lehman, Commissioner and Governor's Senior Economic Advisor, Dept. of Economic and Community Development, State of Connecticut

States across the nation and states in the northeast region have either already implemented or proposed legislation to expand the gaming industry. This agreement allows for the Governor to amend agreements with the Mashantucket Pequot Tribe and the Mohegan Tribe of Indians of Connecticut regarding expansion of gaming in the state. Connecticut is at risk to fall behind this flourishing market and the Governor supports the expansion and modernization of our gaming industry. This bill will generate revenue in the General Fund for the state.

NATURE AND SOURCES OF SUPPORT:

Paul Formica, Senator, State of Connecticut

Senator Formica supports this bill. Our legislature has been having a lot of conversation about "getting with the times" and Sen. Formica urges support for this bill, so Connecticut can stay relevant. Connecticut is on the verge of being left in the dust of our neighbors in choosing whether to adapt alongside an industry who has had to move their operations from largely in-person to almost entirely online. Investing in this new online technology and continuing the partnership with the Tribal Nations will protect CT jobs, support our communities and continue to provide for all their employees in Southeastern Connecticut.

Fred Allyn III, Mayor, Chairman Southeastern Connecticut Council of Governments

Mr. Allyn is in support of this bill. In April 2020, The Southeastern CT Council of Governments advocated for allowing online gaming for our tribes through Executive Order as the journey ahead would be difficult due to the pandemic. This did not happen. We believe the state should expand gaming agreements with the Tribal Nations and it would include sports wagering, e-sports and fantasy, casino and keno within the state. This expansion would help the State and its regional partners reclaim revenue lost due to the COVID-19 pandemic. Other states and countries are already benefitting from this revenue stream and we would like to see this revenue stay in our state.

Rodney Butler, Tribal Chairman, Mashantucket Pequot Tribal Nation

Mr. Butler is in support of this bill. The Public Safety and Security Committee more than any other committee understands and appreciates the tribal/state relationship and its pertinence to Connecticut's overall gaming policy. Our compacts represent modern-day treaties and they are regarded by our nation with the same amount of reverence. This process has been a long process over many years and Mr. Butler appreciates the efforts. The Mashantucket Pequot Tribal Nations feel fortunate that they have such a widespread bipartisan policymakers, which indicates this issue is much more than about gaming. Mr. Butler urges support of HB6451.

Diane Goode, Executive Director, Connecticut Council on Problem Gambling

Ms. Goode supports this bill with changes. There are many positive factors that go into expansion of gaming, however it is important to understand the problem gambling can cause real people and their families. In the US approximately 1% of adults are estimated to meet the criteria of severe gambling problem. There needs to be a larger Problem Gambling Safety Net. Ms. Goode's testimony outlines those recommendations.

Tony Sheridan, President and CEO, Chamber of Commerce of Eastern Connecticut

Mr. Sheridan is in support of this bill. The pandemic brought significant hardship and discouraging changes for so many people and businesses throughout CT, but the southeastern portion of the state was hit particularly hard. Many of our small businesses closed and our largest employers, our casinos were forced to lay off thousands of workers. There was a significant reduction in revenue to our state. States like Pennsylvania saw a much smaller dip as their online gaming rocketed and was able to make up the difference. Our casinos operated by the Tribal Nations have been excellent partners and extraordinarily generous with their support to our many non-profits and tourism venues in the region and the state. We must not let this moment pass without coming together to support these initiatives to open markets for our gaming industry and we must do so with respect to our partnership with the Tribes.

Robert T. Simmelkjaer II, Chairperson, Board of Directors, Gregory Smith, President & CEO CT. Lottery

Mr. Simmelkjaer and Mr. Smith are in support of this bill. The time has come for CT to legalize sports betting and we ask the committee to include the lottery as a primary operator in sports wagering legislation. We believe CT Lottery would have a significant impact if they are substantially involved. We also appreciate the committee's consideration of the multiple bills that authorize internet lottery, or iLottery and iKeno programs in the state.

NATURE AND SOURCES OF OPPOSITION:

Jonathan Harrell II, Yoga Kammili, and Jacob Luecke, UConn School of Medicine

The above medical students acknowledge the benefits of gambling, however there is also a need to protect the future generations and how to safely integrate and educate a healthy understanding of gaming for them.

Reported by: Bonnie Gray, Asst. Clerk

Date: 4/6/2021