



**CONNECTICUT DEPARTMENT OF CONSUMER PROTECTION**

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MICHELLE H. SEAGULL | COMMISSIONER

**Testimony of Michelle Seagull  
Commissioner of Consumer Protection**

**Public Safety and Security Committee  
Public Hearing, March 2, 2021**

**SENATE BILL 573 “AN ACT REPEALING THE PROHIBITION AGAINST  
ACCEPTING ADVANCED DEPOSIT WAGERS”**

**HOUSE BILL 6394 “AN ACT CONCERNING INTEREST ON LOTTERY SALES  
AGENT DELINQUENCY ASSESSMENTS”**

**HOUSE BILL 6451 “AN ACT CONCERNING GAMING AGREEMENTS WITH THE  
MASHANTUCKET PEQUOT TRIBE AND THE MOHEGAN TRIBE OF INDIANS OF  
CONNECTICUT ONLINE LOTTERY GAMES IN THE STATE”**

Senator Bradley, Senator Champagne, Representative Horn, Representative Green and Honorable members of the Public Safety and Security Committee, thank you for the opportunity to offer testimony regarding several bills on your agenda today.

*SENATE BILL 573 “AN ACT REPEALING THE PROHIBITION AGAINST ADVANCED  
DEPOSIT WAGERING”*

Connecticut General Statutes (CGS) Chapter 226 requires the Department of Consumer Protection (DCP) to regulate off-track betting in the State of Connecticut and very clearly requires that wagers originating from within this state cannot be accepted unless such transaction

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is conducted, and accepted, by an operator licensed by DCP. While this regulatory framework has been amended for various reasons since the early 1970's, the required state regulation of wagers on races originating from Connecticut has been consistent. In the early 1990's the statutes were amended several times, and ultimately, the state was required to negotiate and enter into a licensing agreement with a single entity to operate this industry. By virtue of a certain agreement with the State entitled State of Connecticut Off-Track Betting System Purchase Agreement dated as of June 30, 1993 ("OTB Agreement") and Chapter 226 of the Connecticut General Statutes, Sportech Venues, Inc. ("Sportech") is the State's exclusive off-track betting association licensee. Pursuant to the OTB Agreement, Sportech is expressly and exclusively authorized to accept wagers on horse racing events originating or placed from within the boundaries of the State of Connecticut.

Two years ago, Sections 358 and 359 of Public Act 19-117 reiterated that "No person or business organization, other than the authorized operator of the off-track betting system, shall conduct off-track betting in the state or accept off-track betting wagers or advance deposit wagers originating or placed from within the boundaries of the state." This language updated the statutes to address advances in technology whereby more wagers are being placed via telephone or through the internet. It did not, however, add regulatory requirements to this form of gaming because those requirements already existed. The Public Act also added more teeth to the enforcement of these statutory requirements by clarifying penalties associated with any violation of the law by any entity conducting off-track betting or accepting advance deposit wagers.

Since the enactment of PA 19-117, DCP has worked with Sportech to allow out-of-state business entities to solicit, collect and route wagers originating from the State of Connecticut to Sportech for acceptance and processing. Such activity is consistent with state and federal law and allows the state to collect tax revenue from the out-of-state operators that legally enter into advance deposit wager agreements with Sportech. Sportech has entered into an agreement with one operator, bringing them into compliance with Connecticut's gaming and tax laws, and generating over \$378,000 in state revenue so far, this fiscal year.

The proponents of this bill have suggested that the Interstate Horseracing Act ("IHA") somehow renders the need for a state gaming license to accept advance deposit wagers moot. It,

in fact, does the opposite. Section 15 U.S. Code § 3004 (Regulation of interstate off-track wagering) states that “an interstate off-track wager may be accepted by an off-track betting system only if consent is obtained from... the off-track racing commission.” The “off-track racing commission” is defined as the entity designated by State statute or regulation with jurisdiction to regulate off-track betting. In this instance, that is DCP. Based on the IHA, state law and the OTB Agreement, Sportech is the only authorized entity to conduct off-track betting, including transactions that originate, or are placed from, within the bounds of the State of Connecticut.

PA 19-117 did not give Sportech the exclusive rights to accept advance deposit wagers originating from Connecticut, they already had that exclusivity under CGS Chapter 226 and the OTB Agreement.

*HOUSE BILL 6394 “AN ACT CONCERNING INTEREST ON LOTTERY SALES AGENT  
DELINQUENCY ASSESSMENTS”*

The Department of Consumer Protections (DCP) appreciates the Public Safety and Security Committee’s willingness to raise this bill. This bill, which was requested by DCP, would clarify that when the Connecticut Lottery Corporation (CLC) is calculating delinquency assessments on retailers, the interest calculation applied must be simple rather than compound.

Currently, the statute is not clear and, as such, the state has been imposing delinquency assessments using compound interest calculations based on an advisory opinion issued by the former Division of Special Revenue. The application of compound interest calculations makes it prohibitive, if not impossible, for some lottery sales agents in breach of their fiduciary duty to pay off their debt, and thus for the state to collect revenue owed.

DCP appreciates the Committee’s consideration of this proposed statutory change and respectfully requests a favorable report for this bill.

*HOUSE BILL 6451 “AN ACT CONCERNING AN ACT CONCERNING GAMING  
AGREEMENTS WITH THE MASHANTUCKET PEQUOT TRIBE AND THE MOHEGAN TRIBE  
OF INDIANS OF CONNECTICUT ONLINE LOTTERY GAMES IN THE STATE”*

This proposal from the Governor would allow him to modify current agreements with the Mashantucket Pequot Tribe and the Mohegan Tribe of Indians of Connecticut to expand gaming to include sports wagering, online casino gaming, and online keno.

DCP currently regulates gaming activity conducted through CLC and Sportech, along with the slot activity at the two tribal casinos. Should this bill pass, and the Governor reach an agreement with the tribal casinos, an entirely new arena of gaming activity would be permitted in Connecticut. DCP will be ready to work with the Office of the Governor, Legislative Leaders, this Committee and our tribal partners and other stakeholders to ensure a safely regulated market.