



March 1, 2021

Testimony of Jonathan Shaer

Executive Director, New England Convenience Store & Energy Marketers Association

Connecticut General Assembly
Public Safety and Security Committee
(By Email)

RE: SB 146 An Act Authorizing Sports Wagering, Online Casino Gaming, Online Lottery and Online Keno

Chairman Bradley, Chairwoman Horn, Vice Chairwoman Osten, Vice Chairman Paolillo, Ranking Member Champagne, and Ranking Member Green:

The New England Convenience Store & Energy Marketers Association (NECSEMA) represents the interests of independent and chain convenience store owners and operators throughout New England. NECSEMA members own, operate and/or supply the nearly 1,700 convenience stores in Connecticut which employ over 25,000 people and generate billions in annual sales.

For the past several years, NECSEMA has conveyed several serious retail lottery agent concerns of what online lottery would mean to their businesses. Because convenience stores depend on the commissions and foot traffic lottery sales bring to their stores, the threat of the Connecticut Lottery Corporation (CLC) creating an online competitor for many of the products is frightening. Despite an excellent working relationship with the CLC and frequent communication, our suggestions of tangible ways our concerns about online lottery could be mitigated have not been acted upon. This inaction has left retailers with the feeling the CLC is so desirous of online lottery that the concerns are secondary and not worth addressing in advance. We strongly disagree. As the de-facto *sales arm* of the CLC, agents prominently display lottery products and marketing material in some of the most valuable retail real-estate that could be better utilized with higher margin products. We simply ask the legislature to require the CLC to grant some of the requests we have laid out to them the Public Safety Committee in our joint letter with CEMA dated January 20, 2021. The balance of this testimony can best be articulated with a summary of that January 20th letter.

NECEMA does not oppose sports wagering; in fact, we look forward to a role for licensed lottery agents in this emergent industry. Our concern is SB146 does not adequately protect lottery agents from an unfair playing field being formed for the benefit of online lottery. The good news is there are several ways an online ecosystem can be developed to moderate our apprehension of online lottery, but as mentioned above, so far none of those requests have been granted or included in prior legislation. If SB146 is to proceed, the time is now for the legislature to support lottery agents' request for enhancements to the lottery program so brick and mortar agents are not left behind as the state

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develops its gaming ecosystem including online lottery. Following are several requests which would help keep agents engaged and viable. We welcome the opportunity to develop several of these further.

1. Any and all payment types the CLC accepts for online lottery transactions will be available for acceptance at brick and mortar lottery agents, and all associated transactions fees will be paid by the CLC.
2. An *Online Lottery Advisory Group* will be formed and be accountable for developing the online lottery program including available games, payment acceptance, coordination with brick and mortar agents, etc. No less than 25% of the seats on the committee will be held by NECSEMA or CEMA (or its designees) and brick and mortar lottery agents.
3. Should Connecticut legalize sports wagering, the CLC will be provided a license for which it will be authorized to utilize at brick and mortar lottery agents. A set of rules and qualifications to select these stores will be established. The number of sports betting lottery agent facilities will be determined by the qualifications, and not restricted by total number of sites.
4. Current funding for marketing of lottery products at brick and mortar agents will be reduced from current funding levels and will not fall below 50% of overall marketing expenditure.
5. Programs will be developed to encourage online lottery players to visit brick and mortar agents
6. Instant tickets will not be sold online and will be exclusively sold at brick and mortar agent stores (SB 146 addresses this issue).
7. A baseline of the lottery's net profit will be established and on the 3rd anniversary in which online lottery is introduced and each 3rd subsequent year, thereafter, the CLC will increase lottery agent commissions relative to the total increase in profit the lottery experienced attributable to online lottery. Lottery commissions may increase, but not decrease from their current level effective January 1, 2021.
8. Upon registration, online lottery players will select a brick and mortar agent with a zip-code radius which will receive commissions for tickets purchased by that player online.
9. On an annual basis, the CLC will distribute 10% of online lottery sales to brick and mortar agents on the basis of store's percent contribution to brick and mortar lottery sales.
10. Negotiate a straight-line increase to the current lottery commission structure

Respectfully submitted,



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