



Senate

General Assembly

File No. 85

February Session, 2022

Senate Bill No. 160

Senate, March 23, 2022

The Committee on Public Safety and Security reported through SEN. OSTEN of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING INTEREST ON LOTTERY SALES AGENT DELINQUENCY ASSESSMENTS AND LOTTERY ADVERTISING.

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

1 Section 1. Section 12-569 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2022*):

3 (a) (1) If the president of the Connecticut Lottery Corporation
4 determines that any lottery sales agent has breached such agent's
5 fiduciary responsibility to the corporation in that the account of such
6 lottery sales agent with respect to moneys received from the sale of
7 lottery tickets has become delinquent in accordance with regulations
8 adopted [as provided in] under section 12-568a, the president shall
9 notify the commissioner of the breach of fiduciary duty and the
10 commissioner shall impose a delinquency assessment upon such
11 account equal to ten per cent of the amount due or ten dollars,
12 whichever amount is greater, plus simple interest at the rate of one and
13 one-half per cent of such amount for each month or fraction of a month
14 from the date such amount is due to the date of payment.

15 (2) A lottery sales agent whose account was delinquent prior to July
16 1, 2022, and whose delinquency assessment was subject to
17 compounding interest on June 30, 2022, may apply to the commissioner
18 on or after July 1, 2022, for a hardship waiver to reduce the amount of
19 interest delinquent, outstanding and payable to an amount based on
20 simple interest.

21 (3) Subject to the provisions of section 12-3a, the commissioner may
22 waive all or part of the penalties provided under this subsection when
23 it is proven to the commissioner's satisfaction that the failure to pay such
24 moneys to the state within the time allowed was due to reasonable cause
25 and was not intentional or due to neglect.

26 (4) Any such delinquent lottery sales agent shall be notified of such
27 delinquency assessment and shall be afforded an opportunity to contest
28 the validity and amount of such assessment before the commissioner
29 who may conduct such hearing. Upon request of the president of the
30 Connecticut Lottery Corporation, the commissioner may prepare and
31 sign a warrant directed to any state marshal, constable or any collection
32 agent employed by the Connecticut Lottery Corporation for distraint
33 upon any property of such delinquent lottery sales agent within the
34 state, whether personal or real property. An itemized bill shall be
35 attached to the warrant certified by the commissioner as a true
36 statement of the amount due from such lottery sales agent. Such warrant
37 shall have the same force and effect as an execution issued in accordance
38 with chapter 906. Such warrant shall be levied on any real, personal,
39 tangible or intangible property of such agent and sale made pursuant to
40 such warrant in the same manner and with the same force and effect as
41 a levy and sale pursuant to an execution.

42 (b) The commissioner shall adopt regulations in accordance with
43 chapter 54 to carry out the purposes of this section.

44 Sec. 2. Section 12-814 of the 2022 supplement to the general statutes
45 is repealed and the following is substituted in lieu thereof (*Effective July*
46 *1, 2022*):

47 (a) In each advertisement intended to promote the purchase of lottery
48 tickets issued for games authorized under sections 12-563a, [and] 12-800
49 to 12-818, inclusive, and 12-850 to 12-872, inclusive, the corporation shall
50 include a prominent and clear statement of the average chances of
51 winning per specific lottery ticket. A prominent and clear statement in
52 any written digital or print advertising shall mean a type font no smaller
53 than ten per cent of the largest font included in such advertisement,
54 provided, for digital advertising posted in a physical retail location, the
55 type font shall be no smaller than ten per cent of the largest font
56 displayed that is applicable to the specific game to which the odds
57 apply.

58 (b) The provisions of subsection (a) of this section shall apply [only]
59 to (1) digital or print advertisements [in] including, but not limited to,
60 social media, electronic mail communications, newspapers, magazines
61 and brochures and on posters, [and] (2) [television and radio
62 advertisements thirty seconds or longer for one game] video
63 advertisements, and (3) audio-only advertisements, except those that
64 are less than thirty seconds for (A) the sale of tickets for lottery draw
65 games through the Internet, an online service or a mobile application, or
66 (B) keno through the Internet, an online service or a mobile application.

67 (c) On or before October 1, 1999, the corporation shall implement a
68 code of standards for all advertisements and other activities intended to
69 promote the purchase of lottery tickets for games authorized pursuant
70 to this chapter. The code of standards shall include the requirement that
71 no advertisement or promotion shall denigrate the character or conduct
72 of nonlottery players or praise the character or conduct of lottery
73 players.

74 (d) The corporation shall not publish the photograph of any person
75 who redeems a winning lottery ticket on the corporation's Internet web
76 site without the prior written consent of such person.

77 (e) If a person who redeems a winning lottery ticket requests to be
78 excluded from the list of winners published on the corporation's
79 Internet web site, the corporation shall remove such person's name from

80 such list not later than five days after receiving such request.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2022</i>	12-569
Sec. 2	<i>July 1, 2022</i>	12-814

PS *Joint Favorable*

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 23 \$	FY 24 \$
Resources of the General Fund	GF - Potential Revenue Loss	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill requires interest charged on lottery sales agent's delinquency assessments to be calculated using simple interest rather than compound interest resulting in a potential revenue loss to the state to the extent delinquencies occur and accrue interest. There are currently 61 delinquent lottery sales agents with interest balances ranging from under \$1,000 to \$150,000.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of delinquencies.

OLR Bill Analysis**SB 160*****AN ACT CONCERNING INTEREST ON LOTTERY SALES AGENT DELINQUENCY ASSESSMENTS AND LOTTERY ADVERTISING.*****SUMMARY**

This bill requires that the interest charged on lottery sales agents' (i.e., licensed lottery ticket retailers') delinquency assessments be calculated using simple rather than compound interest, which is the current practice (see BACKGROUND). By law, delinquency assessments are equal to 10% of the amount due or \$10, whichever is greater, plus interest at a rate of 1.5% per month or part of a month that elapses between the due date and payment date.

For delinquency assessments outstanding on June 30, 2022, the bill allows sales agents to request a hardship waiver from the Department of Consumer Protection (DCP) commissioner to reduce what is owed, by recalculating the interest owed using simple interest. Sales agents can apply beginning July 1, 2022.

Additionally, the bill makes several changes concerning advertising by the Connecticut Lottery Corporation (CLC). Current law requires CLC to include a prominent and clear statement of the average chances of winning in each advertisement promoting lottery ticket purchases for its retail draw games. The bill extends this requirement to its online lottery draw games and requires that the type font for this statement in any written digital or print advertising generally be at least 10% the size of the largest font included in the advertisement. For digital advertising posted in a physical retail location however, the bill requires the statement to be at least 10% the size of the largest font displayed that applies to the specific game related to the statement.

Current law limits the above statement requirement to

advertisements (1) in newspapers, magazines, and brochures; (2) on posters; and (3) on TV and radio that are at least 30 seconds long for one game. The bill changes this limitation so that the following must include the odds statement: (1) digital and print advertisements, including social media and email communications; (2) video advertisements; and (3) audio-only advertisements, except for ones that are less than 30 seconds involving the sale of tickets for online lottery draw games or online keno.

Lastly, the bill makes technical changes.

EFFECTIVE DATE: July 1, 2022

BACKGROUND

Current Practice Regarding Interest Charged

A May 5, 2010, declaratory ruling interpreting CGS § 12-569 issued by the executive director for the former Division of Special Revenue held that the statute supports imposing delinquency assessments using compound interest calculations. (PA 11-51 eliminated the division and transferred its responsibilities to DCP.) DCP currently uses compound interest calculations on delinquency assessments.

Delinquency Assessments

By law, lottery sales agents are delinquent when they fail to remit money due from their lottery ticket sales by the settlement dates established by CLC. The CLC president is responsible for making delinquency determinations and notifying the DCP commissioner, who in turn must impose the delinquency assessments (CGS § 12-569; Conn. Agencies Regs. §§ 12-568a-1 and -12).

COMMITTEE ACTION

Public Safety and Security Committee

Joint Favorable

Yea 23 Nay 0 (03/08/2022)