CONNECTICUT DEPARTMENT OF CONSUMER PROTECTION

MICHELLE H. SEAGULL | COMMISSIONER

Testimony of Michelle Seagull
Commissioner of Consumer Protection

Public Safety and Security Committee
Public Hearing, March 3, 2022

Senator Osten, Senator Champagne, Representative Horn, Representative Howard 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 140 "AN ACT CONCERNING STUDIES OF THE EFFECT OF LEGALIZED GAMBLING IN THE STATE"

This bill would update in Connecticut General Statutes (CGS) section 12-564 to require that the Department of Consumer Protection (DCP) conduct the next study regarding legalized gambling in Connecticut by January 1, 2023. Depending on when this proposal is enacted, the January 1, 2023 deadline might not be achievable. Additionally, the last gaming study conducted pursuant to this statute was done by the Division of Special Revenue (DOSR) in 2008. That amount appropriated for that study was just under $700,000. Funds have not been appropriated to DOSR or DCP since the previous study. DCP does not know the current cost to conduct such a study but would need resources allocated in order implement this proposal. We are happy to work with this Committee on this issue.

SENATE BILL 160 "AN ACT CONCERNING INTEREST ON LOTTERY SALES AGENT DELINQUENCY ASSESSMENTS AND LOTTERY ADVERTISING"

DCP appreciates the Public Safety and Security Committee's willingness to raise this bill. The language in this bill, which was drafted in consultation with the Connecticut Lottery Corporation (CLC), would clarify that when calculating delinquency assessments on retailers, the interest calculation applied must be simple rather than compound, and update the statutory provisions regarding CLC's advertising.

It is unclear in CGS section 12-569 whether simple or compound interest should be used to calculate the delinquency assessments imposed on lottery sales agents who fall behind on their payments to CLC. The state has been using compound interest calculations based on an advisory opinion issued by the former Division of Special Revenue several years ago. 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.

Additionally, CGS section 12-814 provides the regulatory framework for CLC's advertising, which has not been updated since 1999. This statute needs to be revised to address the substantial advances in technology over the last 20 years as well as last year's expansion of gaming in Connecticut. Section 2 of this proposal would specify the font size required in lottery advertising statements of the average chances of winning per specific lottery ticket and expand the types of lottery advertisements that are subject to advertising requirements.

DCP appreciates the Committee's consideration of these proposed statutory changes and respectfully requests a favorable report for this bill.