



Senate

General Assembly

File No. 378

January Session, 2023

Substitute Senate Bill No. 971

Senate, April 3, 2023

The Committee on Public Safety and Security reported through SEN. GASTON of the 23rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT REVISING VARIOUS GAMING STATUTES.

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

1 Section 1. Section 12-850 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 For the purposes of this section, [and] sections 12-851 to 12-871,
4 inclusive, and section 2 of this act:

5 (1) "Business entity" means any partnership, limited liability
6 company, society, association, joint stock company, corporation, estate,
7 receiver, trustee, assignee, referee or any other legal entity and any other
8 person acting in a fiduciary or representative capacity, whether
9 appointed by a court or otherwise, and any combination thereof;

10 (2) "Commissioner" means the Commissioner of Consumer
11 Protection or the commissioner's designee;

12 (3) "Connecticut intercollegiate team" means any team associated
13 with an intercollegiate program of a university or college of the state

14 system of public higher education, as described in section 10a-1, an
15 independent institution of higher education, as defined in section 10a-
16 173, or a for-profit college or university physically located in the state
17 that offers in-person classes within the state;

18 (4) "Consumables" means nondurable items, including, but not
19 limited to, dice, playing cards and roulette balls used in live online
20 casino gaming;

21 ~~[(4)]~~ (5) "Department" means the Department of Consumer
22 Protection;

23 ~~[(5)]~~ (6) "Electronic wagering platform" means the combination of
24 hardware, software and data networks used to manage, administer,
25 offer or control Internet games or retail sports wagering at a facility in
26 this state;

27 ~~[(6)]~~ (7) "E-bingo machine" means an electronic device categorized as
28 a class II machine under the federal Indian Gaming Regulatory Act, P.L.
29 100-497, 25 USC 2701 et seq. used to play bingo that is confined to a
30 game cabinet and is substantially similar in appearance and play to a
31 class III slot machine. "E-bingo machine" does not include any other
32 electronic device, aid, instrument, tool or other technological aid used
33 in the play of any in-person class II bingo game;

34 ~~[(7)]~~ (8) "Entry fee" means the amount of cash or cash equivalent that
35 is required to be paid by an individual to a master wagering licensee in
36 order for such individual to participate in a fantasy contest;

37 ~~[(8)]~~ (9) "E-sports" means electronic sports and competitive video
38 games played as a game of skill;

39 ~~[(9)]~~ (10) "Fantasy contest" means any fantasy or simulated game or
40 contest with an entry fee, conducted over the Internet, including
41 through an Internet web site or a mobile device, in which: (A) The value
42 of all prizes and awards offered to a winning fantasy contest player is
43 established and made known to the players in advance of the game or
44 contest; (B) all winning outcomes reflect the knowledge and skill of the

45 players and are determined predominantly by accumulated statistical
46 results of the performance of participants in events; and (C) no winning
47 outcome is based on the score, point spread or any performance of any
48 single team or combination of teams or solely on any single performance
49 of a contestant or player in any single event. "Fantasy contest" does not
50 include lottery games;

51 (11) "Handling consumables" means physical contact with, or
52 supervisory oversight over the acceptance, inventory, storage or
53 destruction of, consumables, as well as being responsible for card
54 inspection, counting and shuffling;

55 [(10)] (12) "Internet games" means (A) online casino gaming; (B)
56 online sports wagering; (C) fantasy contests; (D) keno through the
57 Internet, an online service or a mobile application; and (E) the sale of
58 tickets for lottery draw games through the Internet, an online service or
59 a mobile application;

60 [(11)] (13) "Keno" has the same meaning as provided in section 12-
61 801;

62 [(12)] (14) "Key employee" means an individual with the following
63 position or an equivalent title associated with a master wagering
64 licensee or a licensed online gaming service provider, online gaming
65 operator or sports wagering retailer: (A) President or chief officer, who
66 is the top ranking individual of the licensee and is responsible for all
67 staff and the overall direction of business operations; (B) financial
68 manager, who is the individual who reports to the president or chief
69 officer who is generally responsible for oversight of the financial
70 operations of the licensee, including, but not limited to, revenue
71 generation, distributions, tax compliance and budget implementation;
72 [or] (C) compliance manager, who is the individual that reports to the
73 president or chief officer and who is generally responsible for ensuring
74 the licensee complies with all laws, regulations and requirements
75 related to the operation of the licensee; (D) chief information officer,
76 who is the individual generally responsible for establishing policies or
77 procedures on, or making management decisions related to,

78 information systems; or (E) chief data security officer, who is the
79 individual generally responsible for establishing policies or procedures
80 on, or making management decisions related to, technical systems. "Key
81 employee" includes an individual (i) who [exercises control over
82 technical systems;] is responsible for establishing the policies or
83 procedures on, or making management decisions related to, wagering
84 structures or outcomes for a licensee; or (ii) who has an ownership
85 interest, provided the interest held by such individual and such
86 individual's spouse, parent and child, in the aggregate, is five per cent
87 or more of the total ownership or interest rights in the licensee. [; or (iii)
88 who, in the judgment of the commissioner, exercises sufficient control
89 in, or over, a licensee as to require licensure.] Tribal membership in and
90 of itself shall not constitute ownership for purposes of this subdivision;

91 (15) "Live game employee" means an employee of a master wagering
92 licensee or a licensed online gaming operator or online gaming service
93 provider that is operating live online casino gaming who is (A)
94 responsible for handling consumables in a live online casino authorized
95 under chapter 229b, (B) responsible for presenting live online casino
96 gaming in a live online casino authorized under chapter 229b, or (C) a
97 direct manager of an individual who is a live game employee under
98 subparagraph (A) or (B) of this subdivision;

99 [(13)] (16) "Lottery draw game" means any game in which one or
100 more numbers, letters or symbols are randomly drawn at
101 predetermined times, but not more frequently than once every four
102 minutes, from a range of numbers, letters or symbols, and prizes are
103 paid to players possessing winning plays, as set forth in each game's
104 official game rules. "Lottery draw game" does not include keno, any
105 game for which lottery draw tickets are not available through a lottery
106 sales agent or any game that simulates online casino gaming;

107 [(14)] (17) "Mashantucket Pequot memorandum of understanding"
108 means the memorandum of understanding entered into by and between
109 the state and the Mashantucket Pequot Tribe on January 13, 1993, as
110 amended from time to time;

111 [(15)] (18) "Mashantucket Pequot procedures" means the Final
112 Mashantucket Pequot Gaming Procedures prescribed by the Secretary
113 of the United States Department of the Interior pursuant to 25 USC
114 2710(d)(7)(B)(vii) and published in 56 Federal Register 24996 (May 31,
115 1991), as amended from time to time;

116 [(16)] (19) "Master wagering licensee" means (A) the Mashantucket
117 Pequot Tribe, or an instrumentality of or an affiliate wholly-owned by
118 said tribe, if licensed to operate online sports wagering, online casino
119 gaming and fantasy contests pursuant to section 12-852, as amended by
120 this act; (B) the Mohegan Tribe of Indians of Connecticut, or an
121 instrumentality of or an affiliate wholly-owned by said tribe, if licensed
122 to operate online sports wagering, online casino gaming and fantasy
123 contests pursuant to section 12-852, as amended by this act; or (C) the
124 Connecticut Lottery Corporation, if licensed pursuant to section 12-853
125 to operate retail sports wagering, online sports wagering, fantasy
126 contests and keno and to sell tickets for lottery draw games through the
127 Internet, an online service or a mobile application;

128 [(17)] (20) "Mohegan compact" means the Tribal-State Compact
129 entered into by and between the state and the Mohegan Tribe of Indians
130 of Connecticut on May 17, 1994, as amended from time to time;

131 [(18)] (21) "Mohegan memorandum of understanding" means the
132 memorandum of understanding entered into by and between the state
133 and the Mohegan Tribe of Indians of Connecticut on May 17, 1994, as
134 amended from time to time;

135 [(19)] (22) "Occupational employee" means an employee of a master
136 wagering licensee or a licensed online gaming operator, online gaming
137 service provider or sports wagering retailer;

138 [(20)] (23) "Off-track betting system licensee" means the person or
139 business organization licensed to operate the off-track betting system
140 pursuant to chapter 226;

141 [(21)] (24) "Online casino gaming" means (A) slots, blackjack, craps,

142 roulette, baccarat, poker and video poker, bingo, live dealer and other
143 peer-to-peer games and any variations of such games, and (B) any
144 games authorized by the department, conducted over the Internet,
145 including through an Internet web site or a mobile device, through an
146 electronic wagering platform that does not require a bettor to be
147 physically present at a facility;

148 [(22)] (25) "Online gaming operator" means a person or business
149 entity that operates an electronic wagering platform and contracts
150 directly with a master wagering licensee to offer (A) one or more
151 Internet games on behalf of such licensee, or (B) retail sports wagering
152 on behalf of such licensee at a facility in this state;

153 [(23)] (26) "Online gaming service provider" means a person or
154 business entity, other than an online gaming operator, that provides
155 goods or services to, or otherwise transacts business related to Internet
156 games or retail sports wagering with, a master wagering licensee or a
157 licensed online gaming operator, online gaming service provider or
158 sports wagering retailer;

159 [(24)] (27) "Online sports wagering" means sports wagering
160 conducted over the Internet, including through an Internet web site or
161 a mobile device, through an electronic wagering platform that does not
162 require a sports bettor to be physically present at a facility that conducts
163 retail sports wagering;

164 [(25)] (28) "Retail sports wagering" means in-person sports wagering
165 requiring a sports bettor to be physically present at one of the up to
166 fifteen facility locations of the Connecticut Lottery Corporation or a
167 licensed sports wagering retailer in this state;

168 [(26)] (29) "Skin" means the branded or cobranded name and logo on
169 the interface of an Internet web site or a mobile application that bettors
170 use to access an electronic wagering platform for Internet games;

171 [(27)] (30) "Sporting event" means any (A) sporting or athletic event
172 at which two or more persons participate, individually or on a team, and

173 may be eligible to receive compensation in excess of actual expenses for
174 such participation in such sporting or athletic event; (B) sporting or
175 athletic event sponsored by an intercollegiate athletic program of an
176 institution of higher education or an association of such programs,
177 except for those in which one of the participants is a Connecticut
178 intercollegiate team and the event is not in connection with a permitted
179 intercollegiate tournament; (C) Olympic or international sports
180 competition event; or (D) e-sports event, except for those in which one
181 of the participants is a Connecticut intercollegiate team and the event is
182 not in connection with a permitted intercollegiate tournament. As used
183 in this subdivision, "permitted intercollegiate tournament" means an
184 intercollegiate e-sports, sporting or athletic event involving four or more
185 intercollegiate teams that involves one or more Connecticut
186 intercollegiate teams and the wager on the tournament is based on the
187 outcome of all games within the tournament. "Sporting event" does not
188 include horse racing, jai alai or greyhound racing;

189 [(28)] (31) "Sports governing body" means the organization that
190 prescribes final rules and enforces codes of conduct with respect to a
191 sporting event and participants in the sporting event;

192 [(29)] (32) "Sports wagering" means risking or accepting any money,
193 credit, deposit or other thing of value for gain contingent in whole or in
194 part, (A) by any system or method of wagering, including, but not
195 limited to, in person or through an electronic wagering platform, and
196 (B) based on (i) a live sporting event or a portion or portions of a live
197 sporting event, including future or propositional events during such an
198 event, or (ii) the individual performance statistics of an athlete or
199 athletes in a sporting event or a combination of sporting events. "Sports
200 wagering" does not include the payment of an entry fee to play a fantasy
201 contest or a fee to participate in e-sports; and

202 [(30)] (33) "Sports wagering retailer" means a person or business
203 entity that contracts with the Connecticut Lottery Corporation to
204 facilitate retail sports wagering operated by said corporation through an
205 electronic wagering platform at up to fifteen facilities in this state.

206 Sec. 2. (NEW) (*Effective from passage*) (a) A live game employee, other
207 than an individual who holds a key employee license, who will be
208 directly or substantially involved in the operation of live online casino
209 gaming in a manner impacting the integrity of such gaming, shall obtain
210 a live game employee license prior to commencing such employment.

211 (b) (1) A live game employee shall apply for a live game employee
212 license on a form and in a manner prescribed by the commissioner. Such
213 form shall require the applicant to: (A) Submit to a fingerprint-based
214 state and national criminal history records check conducted in
215 accordance with section 29-17a of the general statutes, which may
216 include a financial history check if requested by the commissioner, to
217 determine the character and fitness of the applicant for the license, (B)
218 provide information related to other business affiliations, and (C)
219 provide, or allow the department to obtain, such other information as
220 the department determines is consistent with the requirements of this
221 section in order to determine the fitness of the applicant to hold a
222 license.

223 (2) In place of the criminal history records check described in
224 subparagraph (A) of subdivision (1) of this subsection, the
225 commissioner may accept from a live game employee applicant the
226 submission of a third-party local and national criminal background
227 check that includes a multistate and multijurisdictional criminal record
228 locator or other similar commercial nation-wide database with
229 validation, and other such background screening as the commissioner
230 may require. Any such third-party criminal background check shall be
231 conducted by a third-party consumer reporting agency or background
232 screening company that is in compliance with the federal Fair Credit
233 Reporting Act and accredited by the Professional Background Screening
234 Association.

235 (c) A live game employee license shall be renewed every two years.
236 The initial license application fee for a live game employee licensee shall
237 be two hundred dollars and the biennial renewal fee shall be one
238 hundred dollars. The initial application fee shall be waived for a live

239 game employee who holds an active occupational employee license
240 issued by the department, and a licensed live game employee shall not
241 be required to obtain an occupational employee license. The licensee
242 shall be responsible for the payment of any fees incurred for the criminal
243 background check associated with the biennial renewal of the
244 applicant's license.

245 (d) The department shall transfer any licensing fee collected pursuant
246 to subsection (c) of this section for a live game employee of the holder
247 of a master wagering license under section 12-852 of the general statutes,
248 as amended by this act, or of an online gaming operator or an online
249 gaming service provider that is affiliated with such a holder of a master
250 wagering license, to the State Sports Wagering and Online Gaming
251 Regulatory Fund established under section 12-869 of the general
252 statutes, as amended by this act.

253 Sec. 3. Subsection (c) of section 12-852 of the general statutes is
254 repealed and the following is substituted in lieu thereof (*Effective from*
255 *passage*):

256 (c) (1) A master wagering license issued pursuant to subsection (a) of
257 this section shall expire (A) upon the expiration of any new compact or
258 amendment, or renewal thereof, entered into pursuant to section 12-851,
259 (B) if the tribe holding such license operates E-bingo machines at a
260 casino on the tribe's reservation in this state at any time during the ten-
261 year initial term of any amendment or new compact, as described in
262 subdivision (3) of subsection (a) of section 12-851, or (C) if the holder of
263 such master wagering license ceases to be a tribe, or an instrumentality
264 of or an affiliate wholly-owned by a tribe.

265 (2) Upon the expiration of a master wagering license pursuant to
266 subdivision (1) of this subsection, all other licenses associated with the
267 expired master wagering license, including licenses for an online
268 gaming operator or online service provider, and all corresponding key
269 employee, live game employee or occupational employee licenses, shall
270 expire without the need for any further action by the department.

271 Sec. 4. Subsections (c) and (d) of section 12-859 of the general statutes
272 are repealed and the following is substituted in lieu thereof (*Effective*
273 *from passage*):

274 (c) (1) A key employee shall apply for a license on a form and in a
275 manner prescribed by the commissioner. Such form [may] shall require
276 the applicant to: (A) Submit to a fingerpr**int**-based state and national
277 criminal history records check conducted in accordance with section 29-
278 17a, which may include a financial history check if requested by the
279 commissioner, to determine the character and fitness of the applicant for
280 the license, (B) provide information related to other business affiliations,
281 and (C) provide or allow the department to obtain such other
282 information as the department determines is consistent with the
283 requirements of this section in order to determine the fitness of the
284 applicant to hold a license.

285 (2) In place of the criminal history records check described in
286 subparagraph (A) of subdivision (1) of this subsection, the
287 commissioner may accept from an applicant for an initial key employee
288 license the submission of a third-party local and national criminal
289 background check that includes a multistate and multijurisdictional
290 criminal record locator or other similar commercial nation-wide
291 database with validation, and other such background screening as the
292 commissioner may require. Any such third-party criminal background
293 check shall be conducted by a third-party consumer reporting agency or
294 background screening company that is in compliance with the federal
295 Fair Credit Reporting Act and accredited by the Professional
296 Background Screening Association.

297 (d) A key employee license shall be renewed annually. The initial
298 license application fee for a key employee licensee shall be two hundred
299 dollars and the annual renewal fee shall be two hundred dollars. The
300 initial application fee shall be waived for a key employee who holds an
301 active live game employee or occupational [gaming] employee license
302 issued by the department. The holder of a key employee license shall
303 not be required to obtain a live game employee or occupational

304 employee license.

305 Sec. 5. Section 12-860 of the general statutes is repealed and the
306 following is substituted in lieu thereof (*Effective from passage*):

307 Any individual who is a key employee, a live game employee or an
308 occupational employee of a master wagering licensee described in
309 section 12-852, as amended by this act, or of an online gaming operator
310 or online gaming service provider that is an Indian tribe or an
311 instrumentality of or affiliate wholly-owned by an Indian tribe shall not
312 be permitted to raise sovereign immunity as a defense to any action to
313 enforce applicable provisions of sections 12-850 to 12-871, inclusive, as
314 amended by this act, or, as applicable, sections 12-578f, 12-586f, 12-586g,
315 12-806c, 52-553, 52-554, 53-278a or 53-278g and regulations adopted
316 under said sections against such individual in his or her capacity as a
317 key, live game or occupational employee to the extent that such action
318 may be brought against a key, live game or occupational employee
319 under any provision of the general statutes or the regulations of
320 Connecticut state agencies.

321 Sec. 6. Section 12-862 of the general statutes is repealed and the
322 following is substituted in lieu thereof (*Effective from passage*):

323 (a) For sufficient cause found pursuant to subsection (b) of this
324 section, the commissioner may suspend or revoke a license issued
325 pursuant to section 12-852, as amended by this act, or 12-853 or sections
326 12-855 to 12-859, inclusive, as amended by this act, or section 2 of this
327 act, issue fines of not more than twenty-five thousand dollars per
328 violation, accept an offer in compromise or refuse to grant or renew a
329 license issued pursuant to section 12-852, as amended by this act, or 12-
330 853 or sections 12-855 to 12-859, inclusive, as amended by this act, or
331 section 2 of this act, place the holder of a license issued pursuant to
332 section 12-852, as amended by this act, or 12-853 or sections 12-855 to 12-
333 859, inclusive, as amended by this act, or section 2 of this act on
334 probation, place conditions on such license or take other actions
335 permitted by the general statutes or the regulations of Connecticut state
336 agencies.

337 (b) [Any of the following may constitute sufficient] Sufficient cause
338 for such action by the commissioner [, including, but] includes, but is
339 not limited to:

340 (1) Furnishing [of] false or fraudulent information in any license
341 application or failure to comply with representations made in any
342 application;

343 (2) A civil judgment against, or criminal conviction of, a licensee or
344 key employee of an applicant or licensee;

345 (3) Discipline by, or a pending disciplinary action or an unresolved
346 complaint against, an owner, key employee or applicant regarding any
347 professional license or registration [of] issued by any federal, state or
348 local government;

349 (4) Denial, suspension or revocation of a license or registration, or the
350 denial of a renewal of a license or registration, by any federal, state or
351 local government or a foreign jurisdiction;

352 (5) False, misleading or deceptive representations to the public or the
353 department;

354 (6) Involvement in a fraudulent or deceitful practice or transaction;

355 (7) Performance of negligent work that involves a substantial
356 monetary loss or a significant lack of sound judgment;

357 (8) Permitting another person to use the licensee's license;

358 (9) Failure to properly license key employees, live game employees
359 or occupational employees; [, or failure]

360 (10) Failure to notify the department of a change in key employees or
361 owners;

362 [(10)] (11) An adverse administrative decision or delinquency
363 assessment against the licensee from the Department of Revenue
364 Services;

365 [(11)] (12) Failure to cooperate or give information to the department,
366 local law enforcement authorities or any other enforcement agency
367 upon any matter related to [the licensee's credential] a license or gaming
368 [operations] operation; or

369 [(12)] (13) Failure to comply with any provision of sections 12-850 to
370 12-871, inclusive, as amended by this act, corresponding regulations or
371 any other provision of the general statutes that has an impact on the
372 integrity of gaming in this state, including, but not limited to, failure of
373 an online gaming operator who contracts with the Connecticut Lottery
374 Corporation to abide by the conditions for operation set forth in
375 subparagraph (B), (C) or (E) of subdivision (2) of subsection (a) of section
376 12-853.

377 (c) Upon refusal to issue or renew a license, the commissioner shall
378 notify the applicant of the denial and of the applicant's right to request
379 a hearing not later than ten days after the date of receipt of the notice of
380 denial. If the applicant requests a hearing within such ten-day period,
381 the commissioner shall give notice of the grounds for the
382 commissioner's refusal and shall conduct a hearing concerning such
383 refusal in accordance with the provisions of chapter 54 concerning
384 contested cases. If the commissioner's denial of a license is sustained
385 after such hearing, an applicant shall not apply for a new license issued
386 pursuant to section 12-852, as amended by this act, or 12-853 or sections
387 12-855 to 12-859, inclusive, as amended by this act, or section 2 of this
388 act for a period of at least one year after the date on which such denial
389 was sustained.

390 (d) No person whose license has been revoked under this section may
391 apply for another license issued pursuant to section 12-852, as amended
392 by this act, or 12-853 or sections 12-855 to 12-859, inclusive, as amended
393 by this act, or section 2 of this act for a period of at least one year after
394 the date of such revocation.

395 (e) The voluntary surrender or failure to renew a license or
396 registration shall not prevent the commissioner from suspending or
397 revoking such license or registration or imposing other penalties

398 permitted by this section.

399 Sec. 7. Section 12-869 of the general statutes is repealed and the
400 following is substituted in lieu thereof (*Effective from passage*):

401 (a) (1) At the commencement of operating online sports wagering or
402 online casino gaming pursuant to section 12-852, as amended by this act,
403 in any fiscal year, and on or before September thirtieth in each fiscal year
404 thereafter that such wagering and gaming is conducted, the
405 commissioner shall estimate and assess, after consultation with each
406 holder of a master wagering license under section 12-852, as amended
407 by this act, the reasonable and necessary costs that will be incurred by
408 the department to regulate the operation of such wagering or gaming
409 under sections 12-852, as amended by this act, and 12-855 to 12-865,
410 inclusive, and section 2 of this act by each such licensee, (A) in the next
411 fiscal year; and (B) in the case of the initial fiscal year of operating such
412 wagering and gaming, in the current fiscal year.

413 (2) The estimated costs under subdivision (1) of this subsection shall
414 not exceed the estimate of expenditure requirements transmitted by the
415 commissioner pursuant to section 4-77. The assessment for any fiscal
416 year shall be: (A) Reduced pro rata by the amount of any surplus from
417 the assessment of the prior fiscal year, which shall be maintained in
418 accordance with subsection (d) of this section, or (B) increased pro rata
419 by the amount of any deficit from the assessment of the prior fiscal year.

420 (3) The assessment under subdivision (1) of this subsection for the
421 holder of a master wagering license issued under section 12-852, as
422 amended by this act, shall be reduced by the amount of any licensing
423 fees paid to the department for a license for an online gaming operator,
424 an online gaming service provider and any corresponding key
425 employee, live game employee and occupational employee affiliated
426 with such holder of a master wagering license during the prior fiscal
427 year.

428 (b) Each holder of a master wagering license under section 12-852, as
429 amended by this act, shall pay to the commissioner the amount assessed

430 to such licensee pursuant to subsection (a) of this section not later than
431 the date specified by the commissioner for payment, provided such date
432 is not less than thirty days from the date of such assessment and no
433 payment shall be due prior to the commencement of wagering and
434 gaming operations by such licensee. The commissioner shall remit to the
435 State Treasurer all funds received pursuant to this section.

436 (c) (1) There is established a fund to be known as the "State Sports
437 Wagering and Online Gaming Regulatory Fund". The fund shall contain
438 any moneys required or permitted to be deposited in the fund, including
439 licensing fees transferred by the department under the provisions of
440 sections 12-855 and 12-857 to 12-859, inclusive, as amended by this act,
441 and section 2 of this act and shall be held by the Treasurer separate and
442 apart from all other moneys, funds and accounts. Any balance
443 remaining in said fund at the end of any fiscal year shall be carried
444 forward in said fund for the fiscal year next succeeding. Moneys in the
445 fund shall be expended by the Treasurer for the purposes of paying the
446 costs incurred by the department to regulate online sports wagering and
447 online casino gaming authorized under section 12-852, as amended by
448 this act.

449 (2) The Treasurer shall deposit all funds received pursuant to
450 subsection (b) of this section in the State Sports Wagering and Online
451 Gaming Regulatory Fund.

452 (d) On or before September thirtieth, annually, the Comptroller shall
453 calculate the actual reasonable and necessary costs incurred by the
454 department to regulate such online sports wagering and online casino
455 gaming authorized under section 12-852, as amended by this act, during
456 the prior fiscal year. The Treasurer shall set aside amounts received
457 pursuant to subsection (b) of this section in excess of such actual costs.
458 Such excess amounts shall be considered a surplus for the purposes of
459 subsection (a) of this section.

460 (e) If the holder of a master wagering license under section 12-852, as
461 amended by this act, is aggrieved by an assessment under the provisions
462 of this section, the licensee may request a hearing before the

463 commissioner not later than thirty days after such assessment. The
 464 commissioner shall hold such hearing in accordance with the provisions
 465 of chapter 54 not later than thirty days after receiving such request, and
 466 the decision of the commissioner may be appealed in accordance with
 467 the provisions of section 4-183.

468 Sec. 8. Section 29-18c of the general statutes is repealed and the
 469 following is substituted in lieu thereof (*Effective from passage*):

470 The Commissioner of Emergency Services and Public Protection may
 471 appoint not more than four persons employed as investigators in the
 472 security unit of the Department of Consumer Protection, upon the
 473 nomination of the Commissioner of Consumer Protection, to act as
 474 special [policemen] police officers in said unit. Such appointees shall
 475 serve at the pleasure of the Commissioner of Emergency Services and
 476 Public Protection. During such tenure, they shall have all the powers
 477 conferred on state [policemen] police officers while investigating or
 478 making arrests for any offense arising from the operation of any off-
 479 track betting system, retail sports wagering, as defined in section 12-850,
 480 as amended by this act, or the conduct of any lottery game. Such special
 481 [policemen] police officers shall be certified under the provisions of
 482 sections 7-294a to 7-294e, inclusive.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	12-850
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	12-852(c)
Sec. 4	<i>from passage</i>	12-859(c) and (d)
Sec. 5	<i>from passage</i>	12-860
Sec. 6	<i>from passage</i>	12-862
Sec. 7	<i>from passage</i>	12-869
Sec. 8	<i>from passage</i>	29-18c

PS Joint Favorable Subst.

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 24 \$	FY 25 \$
Consumer Protection, Dept.; Emergency Services and Public Protection, Dept.	Various - Potential Revenue Gain	See Below	See Below

Note: Various=Various

Municipal Impact: None

Explanation

The bill makes various revisions to the gaming statutes resulting in the potential revenue gains described below.

Sections 2 and 4 require applicants for live game employee and key employee licenses to submit to a fingerprint-based state background check or a background check conducted by an approved third-party, resulting in a potential revenue gain to the state. The Department of Emergency Services and Public Protection (DESPP) conducts state background checks for a \$75 fee per person. DESPP may conduct fingerprinting for a \$15 fee per person, paid to the Applicant Fingerprint Card Submission Account.¹

Section 2 also creates a live game employee license resulting in a potential revenue gain to the State Sports Wagering and Online Gaming Regulatory Fund to the extent these licenses are applied for. A live game employee license has an initial application fee of \$200, a renewal fee of

¹ Funds in the non-lapsing Applicant Fingerprint Card Submission Account are used for IT support and maintenance for the fingerprinting systems.

\$100, and expires biennially.

The bill also makes various minor technical and conforming changes to the gaming statutes resulting in no fiscal impact to the state.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of license applications and renewals and the number of background checks conducted.

OLR Bill Analysis**sSB 971*****AN ACT REVISING VARIOUS GAMING STATUTES.*****SUMMARY**

PA 21-23 established new frameworks for legalizing and regulating, among other things, in-person and online sports wagering and online casino gaming. It also assigned several regulatory responsibilities to the Department of Consumer Protection (DCP), including establishing and maintaining multiple new gaming licenses and investigating and enforcing the act's provisions.

This bill creates a new license class ("live game employee") under which certain people associated with live online casino gaming must be licensed. It also makes several changes for "key employees," including specifying that the term, for licensure purposes, includes certain chief information and data security officers and waives other licensing requirements that may apply to their positions.

Additionally, the bill expands what is a "sporting event" for sports wagering purposes so that it includes any sporting or athletic event where two or more people participate, individually or on a team, and may be eligible to receive more compensation than the actual expenses for their participation (rather than, as under current law, requiring that the participants actually receive more compensation than their expenses) (§ 1).

The bill also expands the jurisdiction of certain DCP investigators appointed by the Department of Emergency Services and Public Protection commissioner to act as special police officers. It specifically allows them to investigate and make arrests for any offense arising from operating "retail sports wagering" (i.e., in-person sports wagering done

in connection with the Connecticut Lottery Corporation (CLC)), which is in addition to their authority under current law over the off-track betting system and lottery games (§ 8).

Lastly, the bill makes conforming and technical changes.

EFFECTIVE DATE: Upon passage

§§ 1-3 — LIVE GAME EMPLOYEES

Definitions (§ 1)

Under the bill, a “live game employee” is first an employee of a(n) (1) master wagering licensee, (2) licensed online gaming operator, or (3) online gaming service provider that is operating live online casino gaming (see BACKGROUND). They must also be (1) responsible for, in a live online casino authorized under state law, (a) handling consumables or (b) presenting live online casino gaming; or (2) a direct manager of those responsible employees.

“Consumables” are nondurable items, including dice, playing cards, and roulette balls used in live online casino gaming. “Handling consumables” is physical contact with, or supervisory oversight over the acceptance, inventory, storage, or destruction of, consumables, as well as being responsible for card inspection, counting, and shuffling.

Licensure (§§ 2 & 3)

Before starting their employment, the bill requires live game employees, other than key employee license holders, to get a live game employee license if they will be directly or substantially involved in operating live online casino gaming in a way that impacts its integrity.

The bill allows the DCP commissioner to determine the application process and forms for the live game employee license. However, under the bill, the license application form must require an applicant to do the following:

1. submit to a (a) fingerprint-based state and national criminal history records check done by the State Police under state law,

which may include a financial history check if requested by the DCP commissioner, to determine the applicant's character and fitness for the license or (b) DCP-acceptable third-party local and national criminal background check and other background screening the DCP commissioner may require;

2. give information about the applicant's other business affiliations; and
3. give, or allow DCP to get, any other information the department determines is consistent with the bill's other requirements for determining the applicant's fitness to hold the license.

Under the bill, a third-party local and national criminal background check must include a multistate and multijurisdictional criminal record locator or other similar commercial nationwide database with validation. This check must also be done by a third-party consumer reporting agency or background screening company that complies with the federal Fair Credit Reporting Act and is accredited by the Professional Background Screening Association.

The bill requires live game employee licenses to be renewed every two years. It sets the initial license application fee at \$200 and the renewal fee at \$100. However, the initial fee must be waived for live game employees who hold active DCP-issued occupational employee licenses (see BACKGROUND). The bill makes licensees responsible for paying any fees incurred for the criminal background check associated with their license renewals.

The bill prohibits DCP from requiring that licensed live game employees get occupational employee licenses. It also requires the department to transfer the licensing fees for live game employees of the Mashantucket Pequot and Mohegan tribes, and of the tribes' affiliated online gaming operators and online gaming service providers, to the State Sports Wagering and Online Gaming Regulatory Fund.

Upon the expiration of a tribe's master wagering license, existing law

requires that all other licenses associated with it expire without the need for any further action by DCP. This includes licenses for an online gaming operator, online service provider, or sports wagering retailer and all corresponding key and occupational employee licenses. The bill adds licenses for live game employees to this list.

§§ 1 & 4 — KEY EMPLOYEES

Definition (§ 1)

By law, a “key employee” is generally someone with a specified position (e.g., president, chief officer, financial manager, or compliance manager) or an equivalent title with specified responsibilities who is associated with a master wagering licensee or a licensed online gaming service provider, online gaming operator, or sports wagering retailer. The bill additionally includes someone with the following position or an equivalent title: (1) chief information officer, who is the person generally responsible for establishing policies or procedures on, or making management decisions related to, information systems; and (2) chief data security officer, who is the person generally responsible for establishing policies or procedures on, or making management decisions related to, technical systems.

Current law further provides three other types of people that are included as “key employees.” The bill eliminates two of these types: individuals who exercise (1) control over technical systems and (2) enough control in, or over, a licensee as to require licensure in the DCP commissioner’s judgment. The bill instead includes, as a “key employee,” an individual who is responsible for establishing the policies or procedures on, or making management decisions related to, wagering structures or outcomes for a licensee.

Licensure (§ 4)

As part of a key employee license application, the bill requires, rather than authorizes, the DCP commissioner to require applicants to:

1. submit to a state and national criminal history records check done through the State Police under state law, which may include

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- a financial history check if requested by the DCP commissioner, to determine the applicant's character and fitness for the license;
2. give information related to other business affiliations; and
 3. give, or allow DCP to get, other information in order to determine the applicant's fitness to hold the license.

It also specifies that the records check through the State Police must be fingerprint-based. Though, by law, the DCP commissioner may accept certain third-party local and national criminal background checks instead.

Under existing law, the initial application fee for a key employee license is waived for any key employee who holds an active occupational employee license issued by DCP. The bill extends this waiver to key employees who hold an active live game employee license.

The bill also prohibits DCP from requiring that licensed key employees get a live game employee or occupational employee license.

§§ 5-7 — CONFORMING AND MINOR CHANGES AFFECTING LIVE GAME AND KEY EMPLOYEES

The bill makes conforming changes to the gaming laws that apply to the Mashantucket Pequot and Mohegan tribes and their affiliates and employees by:

1. extending to their live game employees the existing law barring certain key and occupational employees from raising the defense of sovereign immunity for actions brought against them in their employee capacities (§ 5);
2. including the cost of regulating their live game employees in the calculation for DCP's annual regulatory assessments on the tribes (§ 7); and
3. allowing the tribes to reduce their DCP regulatory assessments

by the amounts paid for their live game employee fees, just as current law allows for their other licensing fees paid (§ 7).

The bill also extends to live game employee licenses existing law that authorizes the DCP commissioner to issue suspensions and fines and impose other penalties when there is sufficient cause found. By law, sufficient cause includes, among other things, failure to properly license occupational employees. The bill adds failure to properly license key employees and live game employees as a type of sufficient cause (§ 6).

Additionally, the bill extends to live game employee licensees existing law's notice and hearing procedures when the DCP commissioner refuses to issue or renew a license. It also applies to live game employee licensees a prohibition on anyone whose license has been revoked from applying for another license issued under the act for at least one year after the date of the revocation (§ 6).

BACKGROUND

Additional Definitions

By law and under the bill, a "master wagering licensee" is generally the Mashantucket Pequot or Mohegan tribes or the CLC.

An "online gaming operator" is a person or business entity that operates an electronic wagering platform and contracts directly with a master wagering licensee to provide (1) one or more Internet games or (2) retail sports wagering.

An "online gaming service provider" is a person or business entity, other than an online gaming operator, that provides goods or services to, or otherwise transacts business related to, Internet games or retail sports wagering with a master wagering licensee or a licensed online gaming operator, online gaming service provider, or sports wagering retailer.

"Online casino gaming" means the following games conducted over the Internet: (1) slots, blackjack, craps, roulette, baccarat, poker and video poker, bingo, live dealer, other peer-to-peer games, and any

variations of these games and (2) any games authorized by DCP.

An “occupational employee” is an employee of a master wagering licensee or a licensed online gaming service provider, online gaming operator, or sports wagering retailer.

A “sports wagering retailer” is a person or business entity that contracts with CLC to facilitate retail sports wagering operated by CLC through an electronic wagering platform at up to 15 facilities in the state.

Related Bill

sSB 992, § 4, favorably reported by the Public Safety and Security Committee, explicitly requires key and occupational employees employed by CLC to annually renew their employee licenses, as existing law requires, but waives their annual license renewal fees.

COMMITTEE ACTION

Public Safety and Security Committee

Joint Favorable Substitute

Yea 24 Nay 1 (03/16/2023)