

Public Safety and Security Committee

JOINT FAVORABLE REPORT

Bill No.: SB-971

Title: AN ACT REVISING VARIOUS GAMING STATUTES.

Vote Date: 3/16/2023

Vote Action: Joint Favorable Substitute

PH Date: 2/14/2023

File No.: 378

***Disclaimer:** The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

SPONSORS OF BILL:

Public Safety and Security Committee
Sen. Herron Gaston, 23rd District
Rep. Tony J Scott, 112th District

REASONS FOR BILL:

The proposed bill encompasses a multitude of changes to the gaming statutes proposed by the Department of Consumer Protection (DCP), involving various facets such as the creation of a license for live game employees and revisions to licensing prerequisites. Provisions are included to authorize special officers from DCP to investigate violations associated with retail sports betting. The raised bill included three provisions that were removed from adopted amendment including restrictions on the utilization of credit or debit cards to finance online gaming accounts will only be permitted if the user is the exclusive account holder, the prohibition of advertisements that advertise or encourage financial incentives for engaging in online gaming or sports betting, and the clarification on the prohibition on using animals as prizes. This bill aims to address concerns identified by the DCP since the implementation of sports wagering and online gambling and incorporate their suggested solutions. The introduction of new licensing requirements for game employees and the employment of special police officers aims to ensure more thorough licensure requirements. The authorization to hire special officers charged with overseeing retail sports betting will better equip the DCP to investigate crimes that occur within this new sports betting arena, as they currently are lacking sufficient ability to do such.

SUBSTITUTE LANGUAGE:

- In Section 1, Subsection 15, the definition of "Live game employee" was amended in subsection (A) to say "responsible for handling consumables in a live casino authorized under chapter 229b (B) responsible for presenting live online casino

gaming in a live casino authorized under chapter 229b, or (C) a direct manager of an individual who is a live game employee under subparagraph (A) or (B) of this subdivision." This was made for clarity and consistency in the definition of "Live game employee."

- In Section 2, Subsection (a) was removed and replaced with "A live game employee, other than an individual who holds a key employee license, who will be directly or substantially involved in the operation of live online casino gaming in a manner impacting the integrity of such gaming, shall obtain a live game employee license prior to commencing such employment" to clarify the definition of live game employees and defines the need to obtain licensure prior to employment.
- Section 7 of the raised bill was removed in the adopted amendment, which would have restricted the ability by a person to fund an account using a credit or debit card that was not of the person named on the account and prohibit advertisements giving financial or other incentive to encourage online gambling or sports betting. These changes were incorporated following testimony describing the infeasibility of requiring payments funding online betting accounts to be made by the sole account holder. Further, the restriction on advertisements was purported to limit the online gambling and sports betting industry's ability to properly develop in the new market.
- Section 9 of the raised bill was amended on line 592, to include "as defined in section 12-850 as amended by this act" to properly reference and define "retail sports wagering"
- Section 10 of the raised bill, which would have clarified that "a fish or reptile" is subject to the ban on using animals as a prize in any game was removed in the adopted amendment.

RESPONSE FROM ADMINISTRATION/AGENCY:

Department of Consumer Protection (DCP), Deputy Commissioner, Maureen Magnan: appreciates the Committee's inclusion of DCP's requested Sections 1 through 6, and sections 8 and 9, in this bill to amend new sports wagering and online gaming laws to address issues that have emerged since the implementation of these new areas of gaming. It is stated that the proposed language would clarify that a sporting event includes an event in which participants "may be eligible" to receive compensation, but don't have to be compensated, and would also amend provisions regarding background checks to clarify that key employees must submit to fingerprint-based background checks. Further, it is explained that proposed language would also create a new category of licensing for "live gaming employees" and expand the jurisdiction for special police officers employed as investigators in the security unit of DCP.

NATURE AND SOURCES OF SUPPORT:

Connecticut General Assembly, Deputy Republican Leader, 123rd Assembly District, Representative Dave Rutigliano: is supportive of provisions in the bill to ban advertisements for online gambling and sports betting but feels that the opportunity to protect vulnerable cardholders from potential crushing debt was lost during the legalization process. It is stated

that some online betting accounts have high interest rates, and that these rates are usurious and target vulnerable and uninformed individuals. It is also stated that advertising and promotional enticements for online gambling should not be allowed, especially for young people who cannot afford to gamble or should not be gambling. It is stated that the proof of this can be seen in the overwhelming response to the problem gambling hotline being overwhelmed within weeks of the gambling expansion.

[Connecticut General Assembly, 112th Assembly District, Representative Tony Scott](#): supports this bill revising various gaming statutes and is specifically supportive of Section 10, which clarifies that fish cannot be given away as a prize. It is stated that they were motivated by their daughter's experience over the summer where fellow students won fish as a prize but not treated well. It is stated that while using fish as a prize is already illegal, this clarification would make it clear to any organization. Rep. Scott thanked the Public Safety and Security Committee for considering the bill and supporting animal welfare in Connecticut.

[Lauren Scott](#): support of this bill which clarifies the prohibition on using animals as prizes. It is stated last summer at a carnival their sister won a fish as a prize and noted that many of these "prize" fish are mistreated and often die. It is also stated that they have heard of instances where people were dared to swallow the fish or drop them off rides when high up in the air. It is argued that subjecting animals to such mistreatment is cruel, and therefore the Committee should support clarification on the prohibition of using animals, including fish, as prizes.

NATURE AND SOURCES OF OPPOSITION:

[Capital Region Development Authority \(CRDA\), Executive Director, Michael Freimuth](#): opposes this bill, in particular the provision in Section 7 of that would prohibit advertisements offering financial incentives to participate in online gaming or retail sports wagering. It is stated that the CRDA operates the XL Center in Hartford and is working with the Connecticut Lottery Corporation (CLC) to develop a sports betting lounge at XL. It is further stated that this bill would tie the CLC and the XL Center's hands by limiting how they can generate revenue. It is stated that the CRDA hopes that the prohibition will be removed or limited in scope. **The adopted amendment addresses this concern.*

[Connecticut Lottery Corporation \(CLC\), Government Relations and Responsible Gaming Manager, Christopher Davis](#): supports sections 1, 5, 6, 8, and 9 of this bill as they relate to their online gaming and retail sports wagering operations. However, it is stated their opposition to Section 7(2) of the proposed bill, which places restrictions on the use of joint accounts for online gaming, citing difficulty in detecting if a card is associated with a joint account. It is also stated that CLC opposes the proposed change to Section 7(e), which prohibits the advertisement or offering of a financial enticement to participate in gaming or wagering, stating that this would have a negative impact on player acquisition, retention, and overall revenue. **The adopted amendment addresses this concern.*

[DraftKings, Government Affairs Manager, David Prestwood](#): opposes two provisions in this bill. It is stated that the first provision would prohibit individuals from funding their online wagering account with a joint bank or credit card account, which DraftKings argues is not possible for sports wagering operators to comply with and would have negative effects on individuals with responsible gaming problems. It is also stated that the second provision

would prohibit operators from offering or advertising "financial enticement" to participate in gaming or wagering, which DraftKings argues would cripple the ability of legal operators to compete with illegal offshore operators and hinder the goal of protecting consumers. It is respectfully requested that these two provisions be removed from the bill. **The adopted amendment addresses this concern.*

[FanDuel, State Government Relations Lead for the Northeast, Michael Ventre](#): is concerned about two provisions included in this bill the first being a requirement that individual online sports betting account holders be the sole owner of a credit or debit card associated with the account. It is stated that compliance with this provision is nearly impossible and unnecessary, given the company's robust internal controls to ensure authorized users are wagering on the platform. It is also stated their opposition to the proposed ban on advertising promotional offers, citing that it could lead to incentivizing more Connecticut residents to use illegal sports betting apps, which are unregulated and do not contribute tax revenue to the state. **The adopted amendment addresses this concern.*

[Mashantucket Pequot Tribal Nation, Tribal Chairman, Rodney Butler](#): provides an update on the efficacy of the sports betting and iGaming legislation so far, citing revenue generated from these activities exceeded initial projections, with \$471M in gross gaming revenue and \$62.1M in tax revenue to the state of Connecticut. It is stated that they are investing in the expansion of their property, with a new casino and a Great Wolf Lodge water park and entertainment center set to open in 2025. In regard to this bill, it is stated that they are working with the DCP on technical revisions and that their comments on the legislation are similar to those made by DraftKings and other gaming experts in regards to Section 7. **The adopted amendment addresses this concern.*

[Rush Street Initiative \(RSI\), Chief Compliance Officer, Laura McAllister Cox](#): expresses concern over proposed amendments that would ban "financial enticements" in sports wagering advertising and restrict the use of debit and credit cards to fund online wagering accounts to only the "sole account holder." It is stated that these restrictions could push gaming activity towards illegal operators and harm the state's revenue and responsible gaming conduct. It is also highlighted RSI has a succinct commitment to responsible gaming and player protection, including the adoption of real-time data analysis player protection software. It is suggested that the DCP already has oversight authority to establish relevant marketing and advertising standards for promotional communications and address problematic advertising. It is also recommended that the proposed amendment to limit the use of debit and credit cards to one card should allow players to use multiple cards to fund their accounts to avoid unintended consequences. **The adopted amendment addresses this concern.*

[Sightline Payments, SVP of Strategic Development & Government Affairs, Jonathan Michaels](#): opposes the provisions amending section 7, and section 12 to add limitations on payments methods to accounts with a sole holder and prohibit individuals from establishing multiple account because they cannot be feasibly implemented from a payment's perspective. It is stated this is because the necessary information to determine if an account is held by a sole person or multiple individuals is only held by the card holder and the issuing bank. It is further stated that there no current verification method available for an acquirer to confirm that there is only one authorized account holder, making it impossible to implement the proposed limitation. **The adopted amendment addresses this concern.*

Reported by: Lukas Houle

Date: 3/24/2023