

# OFFICE OF FISCAL ANALYSIS

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sHB-5284

AN ACT REVISING VARIOUS GAMING STATUTES.

## **OFA Fiscal Note**

### **State Impact:**

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
Connecticut Lottery Corporation	Lottery Enterprise Fund - Cost	1-3 million	1-3 million
Resources of the General Fund	GF - Revenue Gain	200,000 to 1 million	200,000 to 1 million
Resources of the General Fund	GF - Potential Revenue Loss	20,000	20,000
Emergency Services and Public Protection, Dept.	Applicant Fingerprint Card Submission Account - Potential Revenue Loss	Up to 4,000	Up to 4,000
Judicial Dept. (Probation)	GF - Potential Cost	Minimal	Minimal
Resources of the General Fund	GF - Potential Revenue Gain	Minimal	Minimal

Note: GF=General Fund

### **Municipal Impact:**

Municipalities	Effect	FY 25 \$	FY 26 \$
Municipal Police Departments	Potential Revenue Loss	See Below	See Below

### **Explanation**

The bill makes various changes to the gaming statutes resulting in the costs and revenue gains described below.

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Reviewer: PR

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**Section 2** requires lottery gaming systems, lottery draw games, and keno to be tested and certified by a gaming laboratory in a manner and frequency determined by the Department of Consumer Protection (DCP) resulting in a cost to the Connecticut Lottery Corporation (CLC). The total cost is dependent on the testing standards and frequency which will be developed by DCP and is estimated to cost the CLC \$1 to \$3 million per year.

**Section 4** requires contractors that supply certain services related to the secure operation of CLC's activities to be licensed as an affiliate licensee by DCP resulting in a potential revenue gain to the state to the extent additional licenses are applied for. There is an application fee of \$250 for an affiliate license.

**Section 5**, which expands sports betting with regard to intercollegiate sports, results in a revenue gain of between \$200,000 and \$1 million annually beginning in FY 25. This estimate assumes a net increase in gross gaming revenue of between 1% and 5% as a result of the expansion.

**Section 8** potentially reduces the number of lottery sales agent license applicants required to submit to fingerprint-based state criminal history records checks, resulting in a potential revenue loss to the General Fund of up to approximately \$20,000<sup>1</sup> and a potential revenue loss to the Applicant Fingerprint Card Submission Account in the Department of Emergency Services and Public Protection (DESPP) and municipal police departments of up to a total of \$4,000<sup>2</sup> beginning in FY 25.

**Sections 15 and 16** prohibit a fish from being used for solicitation or as a gaming prize, which results in a potential cost to the Judicial

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<sup>1</sup>DESPP conducts state criminal history records checks for a fee of \$75, and the revenue that is collected from this fee is deposited into the General Fund. In FY 23, DCP received 276 applications for the lottery sales agent license.

<sup>2</sup>DESPP conducts fingerprinting for a fee of \$15 fee per person paid to the non-lapsing Applicant Fingerprint Card Submission Account. Funds in this account are used for IT support and maintenance for the fingerprinting systems. Municipal police departments may also conduct required fingerprinting and generally charge a fee of \$10 to \$15.

Department for probation and a potential revenue gain from fines. On average, the marginal cost for supervision in the community is less than \$800<sup>3</sup> each year for adults and \$1,000 each year for juveniles. As of 2014, there have been no charges for this violation and no fine revenue. Few, if any, violations are expected going forward.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to testing costs, license applications, increase in sports betting, number of background checks, and violations.

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<sup>3</sup>Probation marginal cost is based on services provided by private providers and only includes costs that increase with each additional participant. This does not include a cost for additional supervision by a probation officer unless a new offense is anticipated to result in enough additional offenders to require additional probation officers.