

OFFICE OF FISCAL ANALYSIS

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sSB-1463

AN ACT CONCERNING DISCLOSURES, PAYMENTS AND REVENUE TRANSFERS BY THE CONNECTICUT LOTTERY CORPORATION.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Connecticut Lottery Corporation	GF - Revenue Loss	23.4 million	28.9 million
Connecticut Lottery Corporation	ECCEF - Revenue Gain	16.4 million	21.9 million
Connecticut Lottery Corporation	Lottery Enterprise Fund - Cost	7 million	7 million
Resources of the Youth Sports Grant Account	YSGR - See Below	See Below	See Below

Note: GF=General Fund; ECCEF=Early Childhood Care and Education Fund; YSGR=Youth Sports Grant Account

Municipal Impact: None

Explanation

The bill, which establishes certain transfers of lottery revenues and makes various changes to the Connecticut Lottery Corporation's (CLC) policies and procedures, results in (1) a General Fund revenue loss of \$23.4 million in FY 26 and \$28.9 million in FY 27, (2) an Early Childhood Care and Education Fund (ECCEF) revenue gain of \$16.4 million in FY 26 and \$21.9 million in FY 27, (3) a cost to the Lottery Enterprise Fund of \$7 million annually beginning in FY 26, and (4) an uncertain impact to the Youth Sports Grant Account beginning in FY 26. Details of these impacts are outlined below.

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Sections 1-4 divert CLC's online lottery ticket revenue from the General Fund to the ECCEF. This results in an estimated General Fund (GF) revenue loss, and a commensurate ECCEF revenue gain, of \$3.9 million in FY 26 and \$8.8 million in FY 27.

Section 3 increases the average commission of lottery sales agents from 4% to 5.5% resulting in (1) an annual cost to the Connecticut Lottery Corporation of \$7 million and (2) a commensurate revenue loss to the General Fund.¹

Sections 5 & 6 transfer all CLC online sports wagering gross gaming revenue from the GF to the ECCECF.² This results in an estimated GF revenue loss, and a commensurate ECCEF revenue gain, of \$12.5 million in FY 26 and \$13.1 million in FY 27. This also results in an uncertain impact to the Youth Sports Grant Account beginning in FY 26.³

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to fluctuation in CLC gaming activity in the state.

¹ It is anticipated that the additional cost to the CLC would be borne by the agency in the form of reduced revenue transfers to the GF.

² To the extent that the transfer of the full amount of gross gaming revenue associated with online sports betting causes CLC to be unable to cover its online sports betting costs, it is assumed that other CLC revenues (draw tickets, keno, retail sports betting, etc.) would be used to make up any deficit (and therefore be unavailable for transfer to the GF).

³ Under current law, two percent of sports betting revenue is to be transferred to a Youth Sports Grant Account beginning in FY 26. It is unclear how the bill's provisions interact with this requirement.