

**Gaming Expansion in  
Connecticut: What  
are the Odds?**

# Opening Trivia



# The Times They Are a-Changin’

## MLB, MGM announce gaming partnership



MLB.com

Nov. 27th, 2018



Major League Baseball and MGM Resorts International announced on Tuesday the formation of an all-inclusive partnership agreement that combines the MLB brand with MGM Resorts and playMGM brands across league and team sponsorships, data usage in gaming, promotion across MLB-owned media platforms, and domestic and international activations at MLB events.

The new multiyear agreement designates MGM Resorts as the first-ever "Official Gaming Partner of MLB" and "Official Entertainment Partner of MLB."

# Gaming Expansion in Connecticut: What are the Odds?

Casino  
Expansion

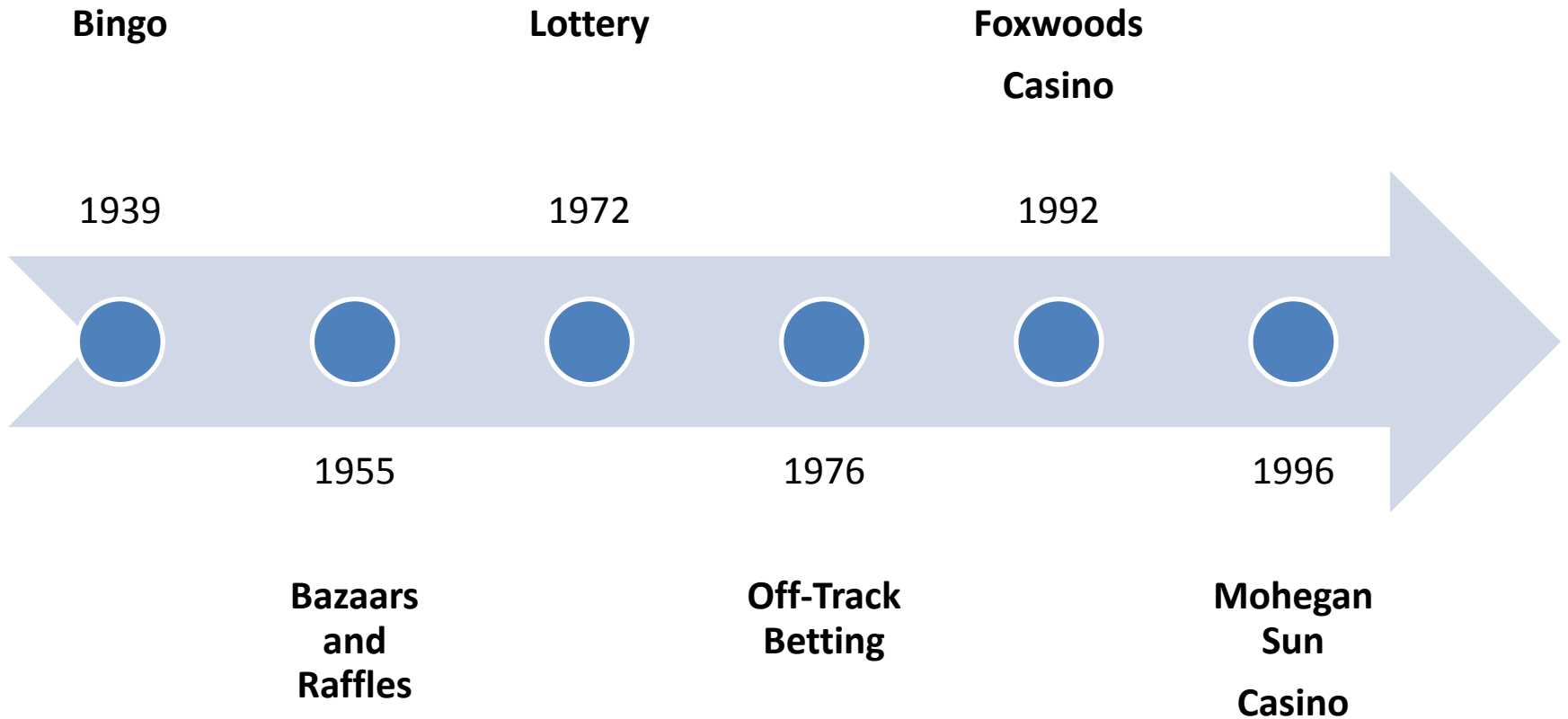
Sports  
Betting

# Agenda

- I. Overview of Legalized Gaming in Connecticut
- II. Expansion Considerations
- III. Legal Framework

# Overview of Legalized Gaming in Connecticut

# Gaming Timeline



# Expansion Considerations

## *Societal Impact*



# Arguments For and Against Expansion

Pros	Cons
<ul style="list-style-type: none"><li>• Increased state budget revenue</li></ul>	<ul style="list-style-type: none"><li>• Increased gambling addiction</li></ul>
<ul style="list-style-type: none"><li>• Increased consumer protection safeguards</li></ul>	<ul style="list-style-type: none"><li>• Increased societal costs (e.g., treating gambling)</li></ul>
<ul style="list-style-type: none"><li>• Markets already exist</li></ul>	<ul style="list-style-type: none"><li>• Oversaturation of gaming already</li></ul>
<ul style="list-style-type: none"><li>• Provides jobs</li></ul>	<ul style="list-style-type: none"><li>• Moral and ethical considerations</li></ul>

# CT Gambling Estimates

## 2009 Study

Connecticut	Past Year	Percent
Adult pop 18+	2,827,489	100.0%
Non-Gambler	257,301	9.1%
Non-Problem gambler	2,414,676	85.4%
At risk	115,927	4.1%
Problem/Disorder Gambler	39,585	1.4%

## 2016 Estimate Based on 2012 Study

Problem/Disorder Gambler: 30,961 (1.1%)

# Existing Resources and Programs Addressing Problem Gambling

## State

- Department of Mental Health and Addiction Services
  - Problem Gambling Services program

## Non-Profits

- Community Agencies
  - Bettor Choice treatment program
- Connecticut Council on Problem Gambling
  - Telephone helpline and online chat service

## Gaming Industry

- Facilities
  - Responsible gaming information displays

# Expansion Considerations

## *Gaming Contributions to the State Budget*

# General Fund Transfers from Gaming (FY 15-17 Totals)

## Charitable Games

- \$1.3 M

## Off-Track Betting

- \$10.4 M

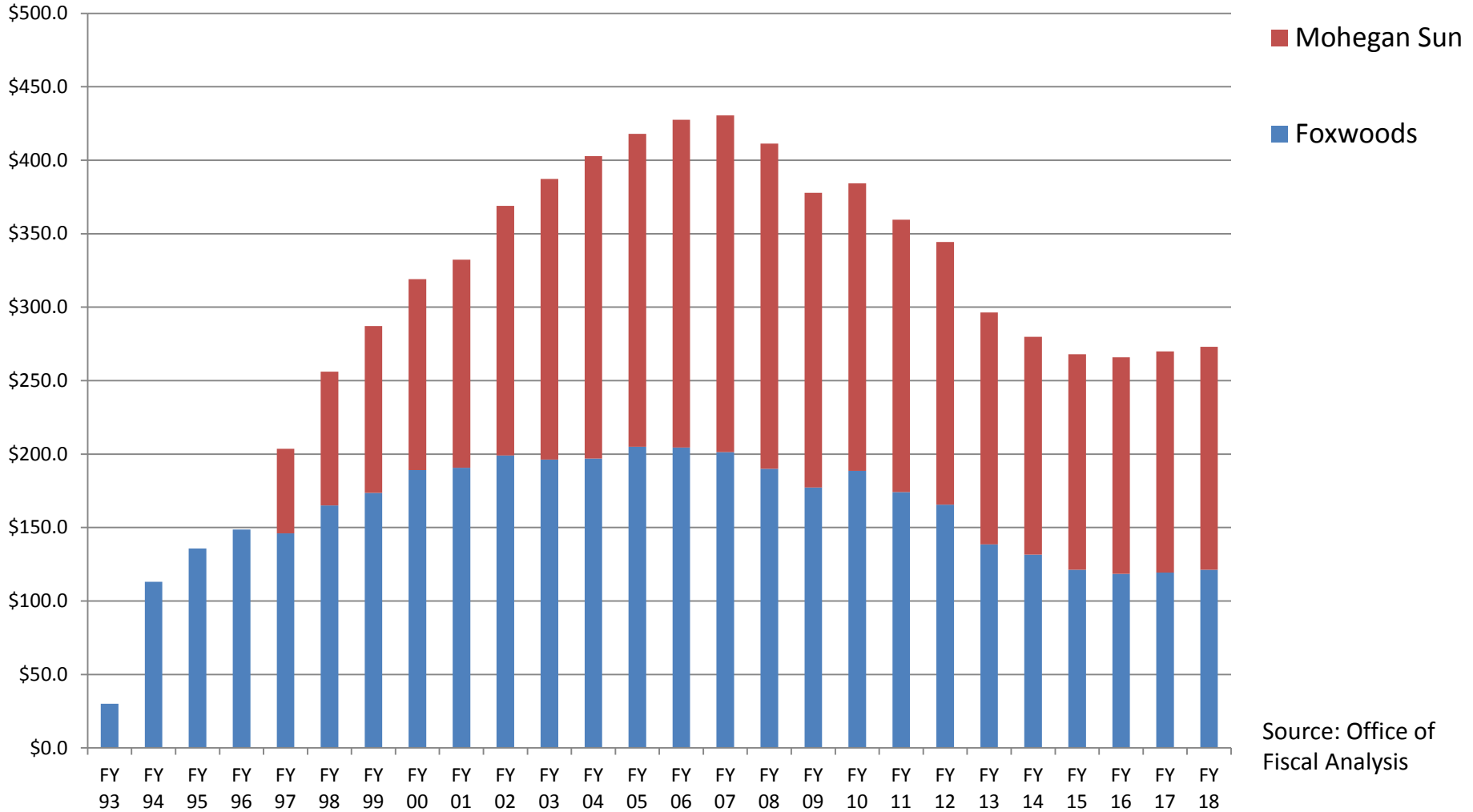
## Foxwoods and Mohegan Sun Casinos

- \$804.6 M

## Lottery

- \$1.0 B

# Casino General Fund Transfers (in millions)



Source: Office of Fiscal Analysis

# Casino General Fund Transfer Projections (in millions)

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$223.6
2020	\$201.2
2021	\$200.3
2022	\$199.3

Source: Office of Fiscal Analysis

# Legal Framework: Tribal Gaming Agreements, Off-Reservation Casinos, and Sports Betting



# Key Dates: Casinos

**1992** – Mashantucket Pequot Tribe opens Foxwoods Casino under Federal Procedures

**1996** – Mohegan Tribe opens Mohegan Sun Casino under a tribal-state compact

# Tribal Agreements: Procedures and Compact

- Video facsimile game moratorium (e.g., slot machines)
  - Currently allowed through memorandum of understandings (MOUs)
- Enforceable through federal law and they supersede state law
  - cannot be changed solely by state law
- Any gaming expansion should be considered with these gaming agreements in mind

# Tribal Agreements: Video Facsimile Moratorium

- Only allowed under certain conditions:
  - an agreement between the tribe and state (e.g., MOU)
  - court order
  - change in state law allowing others to operate video facsimile games
- Video facsimile games may encompass more than slot machines

# Tribal Agreements: MOUs

- Tribes generally contribute 25% of their gross video facsimile machine revenue to the state each month
- If the state allows others to operate video facsimile or casino games, the tribes would no longer need to pay the state

# Expansion Framework

Does the legislation involve a casino or video facsimile game?

No, does not affect gaming agreements (e.g., raffle)

Yes

Authorizes casino games (e.g., poker)

- violates the MOU
- potentially terminates the payments
- returns to moratorium where tribes do not pay the state or operate video facsimile games

Authorizes a video facsimile game

- ends the moratorium
- tribes can operate video facsimile games without paying the state

# Off-Reservation Casino: Attorney General Letter and Opinions

- Attorney general has raised concerns that passing legislation authorizing an off-reservation casino may:
  - eliminate the requirement that the tribes share video facsimile revenue with the state
  - lead to third-party challenges of the casino licensing process

# Off-Reservation Casino: Recently Enacted Legislation

## **Special Act 15-7**

Created a process for the tribes, through a business entity (i.e., the MMCT Venture, LLC), to issue a request for proposals (RFPs) to possibly establish an off-reservation casino

## **Public Act 17-89**

Authorized a casino in East Windsor if conditions are met (e.g., amendments preserving existing agreements must receive federal approval)

# Off-Reservation Casino: Status of Federal Authorization

- Mohegan amendments: Approved
- Mashantucket Pequot amendments: Not yet approved
  - Connecticut and the tribe sued the federal government for action
  - Federal district court dismissed the lawsuit in September 2018
  - State and tribe amended their lawsuit claiming the decision was made under undue political pressure



# Off-Reservation Casino: Alternative Proposals

- At least three recent proposals for an open RFP process to allow for another commercial casino
  - Minimum RFP requirements for responders (e.g., pay a \$5 million application fee, agree to make a \$500 million capital investment, and show the ability to pay a \$50 million license)
- Attorney General stated that legislation would not violate the gaming agreements if it does not authorize a casino

# Sports Betting: Key Dates

**1992** – Professional and Amateur Sports Protection Act (PAPSA) enacted (28 U.S.C. § 3701 et seq.)

**2018** – U.S. Supreme Court strikes down PAPSA  
In *Murphy v. NCAA et al.* (138 S. Ct. 1461)

# Sports Betting:

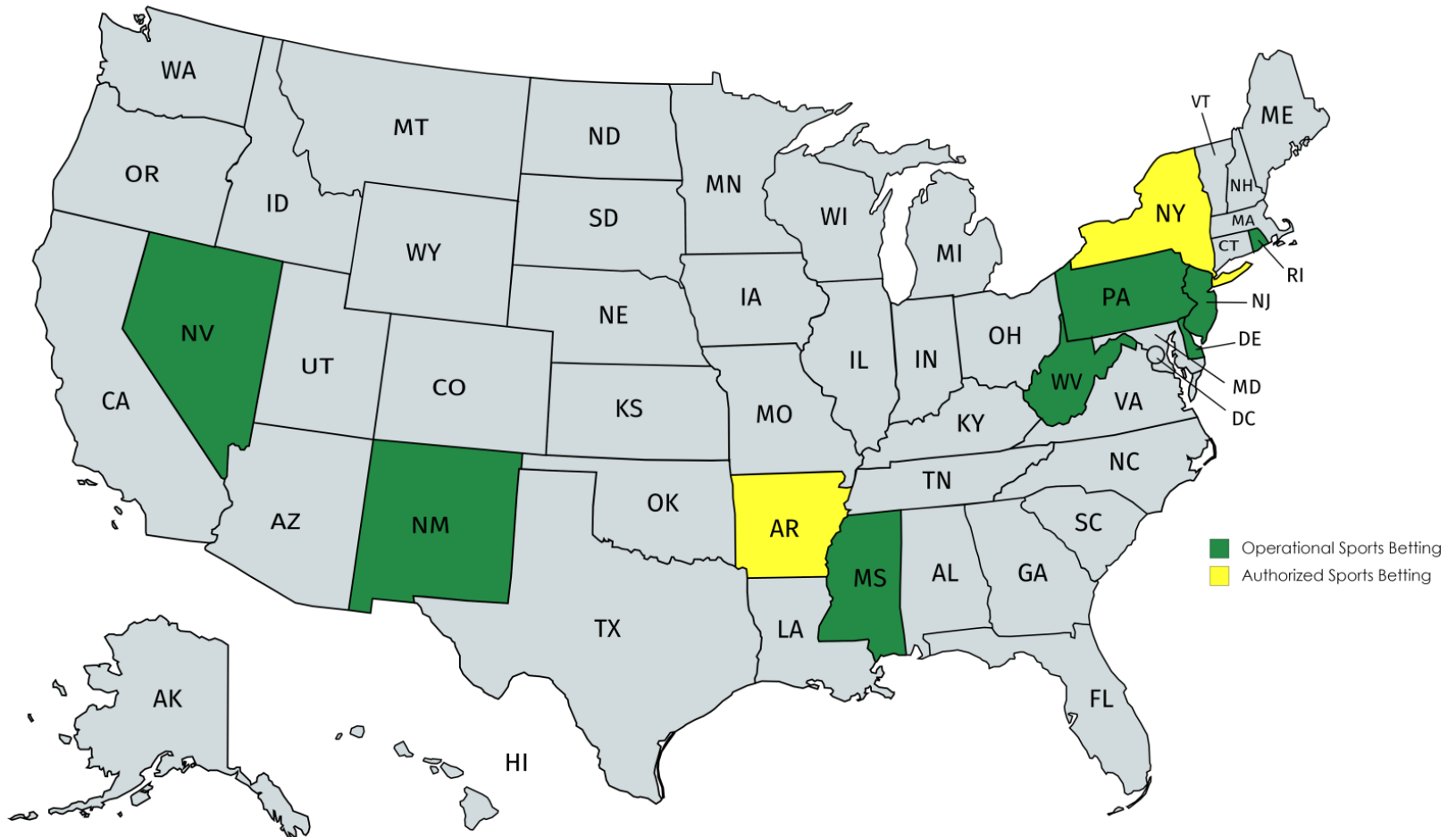
## Existing Law and Recent Legislation

- Connecticut law requires the Department of Consumer Protection to adopt regulations on sports betting to the extent allowed under state and federal law ([CGS § 12-565a](#))
  - However, state law does not authorize sports betting ([CGS §§ 53-278a\(2\)](#) & [53-278b](#))
- 2018: Sports Betting bills ([SB 540](#) & [HB 5307](#))

# Sports Betting: Attorney General Testimony

- Sports betting is not a video facsimile game
  - Open question if it is a commercial casino game
- Tribes are not authorized to offer sports betting under existing gaming agreements

# Sports Betting: National Landscape



# Sports Betting:

## Examples of Tax Revenue Estimates

Amount Bet	Gross Gaming Revenue (assuming 6% profit)	State Tax Rate (assuming 10% rate)
\$600 million* (Currently Illegally Bet)	\$36 million	\$3.6 million
\$2.2 billion** (Limited Availability)	\$132 million	\$13.2 million
\$3.0 billion** (Moderate Availability)	\$180 million	\$18 million
\$4.6 billion** (Convenient Availability)	\$276 million	\$27.6 million

\* Regulus Partners

\*\*Oxford Economics Study, commissioned by the American Gaming Association

# Sports Betting Considerations

- Tribal agreements
- Sports betting operators
- In-person or online
- Types of bets
- Tax rate
- Regulations
- Problem gamblers

# Questions?

Library Research Guide:

<https://wp.cga.ct.gov/lib/2018-issues-conference-gaming-expansion>





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Issues Conference  
2018