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## OLR Bill Analysis

### sSB 1237

#### ***AN ACT CONCERNING THE CONNECTICUT LOTTERY CORPORATION AND DELINQUENCY ASSESSMENTS, TICKET DISTRIBUTION SERVICES, OCCUPATIONAL LICENSES, PROHIBITED ADVERTISING PRACTICES AND LOTTERY TICKET REDEMPTION.***

#### **SUMMARY**

This bill makes several changes relating to the Connecticut Lottery Corporation (CLC) and its operations. Generally, it:

1. extends eligibility for hardship waivers to include lottery sales agents with delinquent accounts on or after July 1, 2025, rather than just those whose delinquency assessments were subject to compounding interest and were outstanding on June 30, 2022 (§ 1);
2. allows certain CLC employees to receive Department of Consumer Protection (DCP) endorsements for those who work on online lottery, online keno, or online or retail sports wagering, instead of having to get a separate DCP license (§§ 4 & 5);
3. requires these CLC employees to disclose to DCP when they have a criminal conviction or change in scope of employment requiring additional endorsements (§ 3);
4. exempts from licensure as a vendor a person or business that distributes tickets for the CLC (Generally, under existing law, a person or business awarded a primary contract to provide facilities, components, goods, or services necessary for and directly related to the CLC's secure operation of activities must receive a vendor license from DCP.) (§ 2);
5. permits the CLC, or someone on the CLC's behalf, to conduct certain advertising for online keno and online lottery draw games

with DCP-approved game features that increase the chances of winning (§ 7); and

6. requires the CLC, by July 1, 2026, to adopt procedures that allow a person at least 365 days to redeem a winning lottery ticket (existing regulations permit the CLC to set redemption periods in its procedures (Conn. Agencies Regs., §§ 12-568a-2(a)(4) & - 4(b)), which currently require people to redeem a winning lottery ticket within 180 calendar days) (§ 8).

The bill also makes minor, technical, and conforming changes.

EFFECTIVE DATE: January 1, 2026, except the provision on delinquency assessments is effective July 1, 2025, and the provisions on ticket distributors and advertising are effective upon passage.

## **§ 1 — DELINQUENCY ASSESSMENTS**

By law, lottery sales agents are delinquent when they fail to remit money due from their lottery ticket sales by the settlement dates set by CLC. The CLC president is responsible for making delinquency determinations and notifying the DCP commissioner. The DCP commissioner, in turn, must impose a penalty of 10% of the amount due or \$10, whichever is greater, plus interest of 1.5% per month or partial month from the due date to the payment date. The bill specifies that the (1) penalty and interest are calculated based on the principal amount due but unremitted and (2) penalty is effective when the agent's notice is delivered.

Current law refers to the penalty and interest as the delinquency assessment. The bill instead defines "delinquency assessment" as the (1) principal amount due but unremitted as of the stated past settlement date, (2) penalty imposed by the DCP commissioner, and (3) interest due and outstanding.

### ***Hardship Waivers***

Current law allowed lottery sales agents whose delinquency assessments were subject to compounding interest and were outstanding on June 30, 2022, to be eligible for hardship waivers. The

law allowed these agents to request the waiver from the DCP commissioner to reduce what they owe by recalculating the interest owed using simple interest.

Under the bill, sales agents with delinquent accounts on or after July 1, 2025, may apply to the CLC president for a hardship waiver to reduce the amount of interest owed. When applying for the waiver, they must pay any principal and penalties due as of the stated past settlement date. If the CLC president determines that an undue hardship prevents the agent from paying what he or she owes in principal and penalties, he may enter into a payment plan that allows the agent to pay CLC over a period of up to one year from the date the waiver is provisionally granted. If an agent is given a payment schedule and does not make payments, the agent is ineligible for a further waiver.

The bill authorizes the CLC president to reduce the amount of interest owed by the agent if he determines that doing so would be beneficial for the state. He must (1) establish procedures specifying requirements for these waiver applications and the availability of payment plans and (2) publish and maintain them on CLC's website. The bill prohibits any hardship waiver from resulting in a credit of any amount an agent previously paid.

### **§§ 3-5 — DCP LICENSING**

Under existing law, all CLC staff members must be licensed by DCP (i.e. class III and IV licensees). Current law also requires staff members who work on its "Internet games" (i.e. online lottery, online keno, or online sports wagering) or retail sports wagering to get additional licensing. The bill instead allows CLC employees and applicants for those jobs to instead receive endorsements on the CLC license, rather than having to get a separate DCP license.

The bill requires each applicant for a CLC staff position and each current CLC employee, as of January 1, 2026, to disclose in a DCP-prescribed way the required gaming forms the applicant or licensed employee will work on at CLC. For these individuals, the DCP commissioner may issue a separate endorsement allowing them to

operate CLC's Internet games or retail sports wagering. Under the bill, these employees are not required to apply for a separate DCP gaming license.

The bill requires these CLC staff members to report to DCP any criminal conviction within two business days of any conviction order or judgment. CLC and its employees must immediately report to DCP any change in an employee's scope of employment that would require the employee to get an additional endorsement.

## **§ 7 — ADVERTISING**

Current law prohibits gaming entity licensees including the CLC, or someone acting on their behalf, from conducting advertising that implies a greater chance of winning based on wagering a greater quantity or amount, except for a lottery draw game that (1) was approved before January 1, 2024; (2) was available on June 6, 2024; (3) has DCP-approved features that increase the chance of winning; and (4) is not exclusively sold by lottery sales agents. The bill eliminates this exception and instead exempts advertising relating to online keno and online lottery draw games with DCP-approved features that increase the chances of winning.

By law, gaming entity licensees are master wagering licensees (the CLC and the Mashantucket Pequot or Mohegan tribes), licensed online gaming operators, licensed online gaming service providers, and licensed sports wagering retailers.

## **BACKGROUND**

### ***Related Bills***

HB 5269, favorably reported by the General Law Committee, among other things, prohibits gaming entities and those acting on their behalf from advertising offers of a financial incentive to induce people to engage in gaming.

HB 5272, favorably reported by the General Law Committee, prohibits gaming entities and those acting on their behalf from advertising offers or providing bonuses, credits, or other inducements

to engage in or continue gaming.

**COMMITTEE ACTION**

General Law Committee

Joint Favorable Substitute

Yea    22    Nay   0    (03/24/2025)