



Substitute Senate Bill No. 971

Public Act No. 23-54

AN ACT REVISING VARIOUS GAMING STATUTES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 12-850 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

For the purposes of this section, [and] sections 12-851 to 12-871, inclusive, and section 2 of this act:

(1) "Business entity" means any partnership, limited liability company, society, association, joint stock company, corporation, estate, receiver, trustee, assignee, referee or any other legal entity and any other person acting in a fiduciary or representative capacity, whether appointed by a court or otherwise, and any combination thereof;

(2) "Commissioner" means the Commissioner of Consumer Protection or the commissioner's designee;

(3) "Connecticut intercollegiate team" means any team associated with an intercollegiate program of a university or college of the state system of public higher education, as described in section 10a-1, an independent institution of higher education, as defined in section 10a-173, or a for-profit college or university physically located in the state that offers in-person classes within the state;

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(4) "Consumables" means nondurable items, including, but not limited to, dice, playing cards and roulette balls used in live online casino gaming;

[(4)] (5) "Department" means the Department of Consumer Protection;

[(5)] (6) "Electronic wagering platform" means the combination of hardware, software and data networks used to manage, administer, offer or control Internet games or retail sports wagering at a facility in this state;

[(6)] (7) "E-bingo machine" means an electronic device categorized as a class II machine under the federal Indian Gaming Regulatory Act, P.L. 100-497, 25 USC 2701 et seq. used to play bingo that is confined to a game cabinet and is substantially similar in appearance and play to a class III slot machine. "E-bingo machine" does not include any other electronic device, aid, instrument, tool or other technological aid used in the play of any in-person class II bingo game;

[(7)] (8) "Entry fee" means the amount of cash or cash equivalent that is required to be paid by an individual to a master wagering licensee in order for such individual to participate in a fantasy contest;

[(8)] (9) "E-sports" means electronic sports and competitive video games played as a game of skill;

[(9)] (10) "Fantasy contest" means any fantasy or simulated game or contest with an entry fee, conducted over the Internet, including through an Internet web site or a mobile device, in which: (A) The value of all prizes and awards offered to a winning fantasy contest player is established and made known to the players in advance of the game or contest; (B) all winning outcomes reflect the knowledge and skill of the players and are determined predominantly by accumulated statistical results of the performance of participants in events; and (C) no winning

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outcome is based on the score, point spread or any performance of any single team or combination of teams or solely on any single performance of a contestant or player in any single event. "Fantasy contest" does not include lottery games;

(11) "Handling consumables" means physical contact with, or supervisory oversight over the acceptance, inventory, storage or destruction of, consumables, as well as being responsible for card inspection, counting and shuffling;

[(10)] (12) "Internet games" means (A) online casino gaming; (B) online sports wagering; (C) fantasy contests; (D) keno through the Internet, an online service or a mobile application; and (E) the sale of tickets for lottery draw games through the Internet, an online service or a mobile application;

[(11)] (13) "Keno" has the same meaning as provided in section 12-801;

[(12)] (14) "Key employee" means an individual with the following position or an equivalent title associated with a master wagering licensee or a licensed online gaming service provider, online gaming operator or sports wagering retailer: (A) President or chief officer, who is the top ranking individual of the licensee and is responsible for all staff and the overall direction of business operations; (B) financial manager, who is the individual who reports to the president or chief officer who is generally responsible for oversight of the financial operations of the licensee, including, but not limited to, revenue generation, distributions, tax compliance and budget implementation; [or] (C) compliance manager, who is the individual that reports to the president or chief officer and who is generally responsible for ensuring the licensee complies with all laws, regulations and requirements related to the operation of the licensee; (D) chief information officer, who is the individual generally responsible for establishing policies or

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procedures on, or making management decisions related to, information systems; or (E) chief data security officer, who is the individual generally responsible for establishing policies or procedures on, or making management decisions related to, technical systems. "Key employee" includes an individual (i) who [exercises control over technical systems;] is responsible for establishing the policies or procedures on, or making management decisions related to, wagering structures or outcomes for a licensee; or (ii) who has an ownership interest, provided the interest held by such individual and such individual's spouse, parent and child, in the aggregate, is five per cent or more of the total ownership or interest rights in the licensee. [; or (iii) who, in the judgment of the commissioner, exercises sufficient control in, or over, a licensee as to require licensure.] Tribal membership in and of itself shall not constitute ownership for purposes of this subdivision;

(15) "Live game employee" means an employee of a master wagering licensee or a licensed online gaming operator or online gaming service provider that is operating live online casino gaming who is (A) responsible for handling consumables in a live online casino authorized under chapter 229b, (B) responsible for presenting live online casino gaming in a live online 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;

[(13)] (16) "Lottery draw game" means any game in which one or more numbers, letters or symbols are randomly drawn at predetermined times, but not more frequently than once every four minutes, from a range of numbers, letters or symbols, and prizes are paid to players possessing winning plays, as set forth in each game's official game rules. "Lottery draw game" does not include keno, any game for which lottery draw tickets are not available through a lottery sales agent or any game that simulates online casino gaming;

[(14)] (17) "Mashantucket Pequot memorandum of understanding"

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means the memorandum of understanding entered into by and between the state and the Mashantucket Pequot Tribe on January 13, 1993, as amended from time to time;

[(15)] (18) "Mashantucket Pequot procedures" means the Final Mashantucket Pequot Gaming Procedures prescribed by the Secretary of the United States Department of the Interior pursuant to 25 USC 2710(d)(7)(B)(vii) and published in 56 Federal Register 24996 (May 31, 1991), as amended from time to time;

[(16)] (19) "Master wagering licensee" means (A) the Mashantucket Pequot Tribe, or an instrumentality of or an affiliate wholly-owned by said tribe, if licensed to operate online sports wagering, online casino gaming and fantasy contests pursuant to section 12-852, as amended by this act; (B) the Mohegan Tribe of Indians of Connecticut, or an instrumentality of or an affiliate wholly-owned by said tribe, if licensed to operate online sports wagering, online casino gaming and fantasy contests pursuant to section 12-852, as amended by this act; or (C) the Connecticut Lottery Corporation, if licensed pursuant to section 12-853 to operate retail sports wagering, online sports wagering, fantasy contests and keno and to sell tickets for lottery draw games through the Internet, an online service or a mobile application;

[(17)] (20) "Mohegan compact" means the Tribal-State Compact entered into by and between the state and the Mohegan Tribe of Indians of Connecticut on May 17, 1994, as amended from time to time;

[(18)] (21) "Mohegan memorandum of understanding" means the memorandum of understanding entered into by and between the state and the Mohegan Tribe of Indians of Connecticut on May 17, 1994, as amended from time to time;

[(19)] (22) "Occupational employee" means an employee of a master wagering licensee or a licensed online gaming operator, online gaming

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service provider or sports wagering retailer;

[(20)] (23) "Off-track betting system licensee" means the person or business organization licensed to operate the off-track betting system pursuant to chapter 226;

[(21)] (24) "Online casino gaming" means (A) slots, blackjack, craps, roulette, baccarat, poker and video poker, bingo, live dealer and other peer-to-peer games and any variations of such games, and (B) any games authorized by the department, conducted over the Internet, including through an Internet web site or a mobile device, through an electronic wagering platform that does not require a bettor to be physically present at a facility;

[(22)] (25) "Online gaming operator" means a person or business entity that operates an electronic wagering platform and contracts directly with a master wagering licensee to offer (A) one or more Internet games on behalf of such licensee, or (B) retail sports wagering on behalf of such licensee at a facility in this state;

[(23)] (26) "Online gaming service provider" means a person or business entity, other than an online gaming operator, that provides goods or services to, or otherwise transacts business related to Internet games or retail sports wagering with, a master wagering licensee or a licensed online gaming operator, online gaming service provider or sports wagering retailer;

[(24)] (27) "Online sports wagering" means sports wagering conducted over the Internet, including through an Internet web site or a mobile device, through an electronic wagering platform that does not require a sports bettor to be physically present at a facility that conducts retail sports wagering;

[(25)] (28) "Retail sports wagering" means in-person sports wagering requiring a sports bettor to be physically present at one of the up to

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fifteen facility locations of the Connecticut Lottery Corporation or a licensed sports wagering retailer in this state;

[(26)] (29) "Skin" means the branded or cobranded name and logo on the interface of an Internet web site or a mobile application that bettors use to access an electronic wagering platform for Internet games;

[(27)] (30) "Sporting event" means any (A) sporting or athletic event at which two or more persons participate, individually or on a team, and may be eligible to receive compensation in excess of actual expenses for such participation in such sporting or athletic event; (B) sporting or athletic event sponsored by an intercollegiate athletic program of an institution of higher education or an association of such programs, except for those in which one of the participants is a Connecticut intercollegiate team and the event is not in connection with a permitted intercollegiate tournament; (C) Olympic or international sports competition event; or (D) e-sports event, except for those in which one of the participants is a Connecticut intercollegiate team and the event is not in connection with a permitted intercollegiate tournament. As used in this subdivision, "permitted intercollegiate tournament" means an intercollegiate e-sports, sporting or athletic event involving four or more intercollegiate teams that involves one or more Connecticut intercollegiate teams and the wager on the tournament is based on the outcome of all games within the tournament. "Sporting event" does not include horse racing, jai alai or greyhound racing;

[(28)] (31) "Sports governing body" means the organization that prescribes final rules and enforces codes of conduct with respect to a sporting event and participants in the sporting event;

[(29)] (32) "Sports wagering" means risking or accepting any money, credit, deposit or other thing of value for gain contingent in whole or in part, (A) by any system or method of wagering, including, but not limited to, in person or through an electronic wagering platform, and

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(B) based on (i) a live sporting event or a portion or portions of a live sporting event, including future or propositional events during such an event, or (ii) the individual performance statistics of an athlete or athletes in a sporting event or a combination of sporting events. "Sports wagering" does not include the payment of an entry fee to play a fantasy contest or a fee to participate in e-sports; and

[(30)] (33) "Sports wagering retailer" means a person or business entity that contracts with the Connecticut Lottery Corporation to facilitate retail sports wagering operated by said corporation through an electronic wagering platform at up to fifteen facilities in this state.

Sec. 2. (NEW) (*Effective from passage*) (a) 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.

(b) (1) A live game employee shall apply for a live game employee license on a form and in a manner prescribed by the commissioner. Such form shall require the applicant to: (A) Submit to a fingerprint-based state and national criminal history records check conducted in accordance with section 29-17a of the general statutes, which may include a financial history check if requested by the commissioner, to determine the character and fitness of the applicant for the license, (B) provide information related to other business affiliations, and (C) provide, or allow the department to obtain, such other information as the department determines is consistent with the requirements of this section in order to determine the fitness of the applicant to hold a license.

(2) In place of the criminal history records check described in subparagraph (A) of subdivision (1) of this subsection, the commissioner may accept from a live game employee applicant the

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submission of a third-party local and national criminal background check that includes a multistate and multijurisdictional criminal record locator or other similar commercial nation-wide database with validation, and other such background screening as the commissioner may require. Any such third-party criminal background check shall be conducted by a third-party consumer reporting agency or background screening company that is in compliance with the federal Fair Credit Reporting Act and accredited by the Professional Background Screening Association.

(c) A live game employee license shall be renewed every two years. The initial license application fee for a live game employee licensee shall be two hundred dollars and the biennial renewal fee shall be one hundred dollars. The initial application fee shall be waived for a live game employee who holds an active occupational employee license issued by the department, and a licensed live game employee shall not be required to obtain an occupational employee license. The licensee shall be responsible for the payment of any fees incurred for the criminal background check associated with the biennial renewal of the applicant's license.

(d) The department shall transfer any licensing fee collected pursuant to subsection (c) of this section for a live game employee of the holder of a master wagering license under section 12-852 of the general statutes, as amended by this act, or of an online gaming operator or an online gaming service provider that is affiliated with such a holder of a master wagering license, to the State Sports Wagering and Online Gaming Regulatory Fund established under section 12-869 of the general statutes, as amended by this act.

Sec. 3. Subsection (c) of section 12-852 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

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(c) (1) A master wagering license issued pursuant to subsection (a) of this section shall expire (A) upon the expiration of any new compact or amendment, or renewal thereof, entered into pursuant to section 12-851, (B) if the tribe holding such license operates E-bingo machines at a casino on the tribe's reservation in this state at any time during the ten-year initial term of any amendment or new compact, as described in subdivision (3) of subsection (a) of section 12-851, or (C) if the holder of such master wagering license ceases to be a tribe, or an instrumentality of or an affiliate wholly-owned by a tribe.

(2) Upon the expiration of a master wagering license pursuant to subdivision (1) of this subsection, all other licenses associated with the expired master wagering license, including licenses for an online gaming operator or online service provider, and all corresponding key employee, live game employee or occupational employee licenses, shall expire without the need for any further action by the department.

Sec. 4. Subsections (c) and (d) of section 12-859 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective from passage*):

(c) (1) A key employee shall apply for a license on a form and in a manner prescribed by the commissioner. Such form [may] shall require the applicant to: (A) Submit to a fingerprint-based state and national criminal history records check conducted in accordance with section 29-17a, which may include a financial history check if requested by the commissioner, to determine the character and fitness of the applicant for the license, (B) provide information related to other business affiliations, and (C) provide or allow the department to obtain such other information as the department determines is consistent with the requirements of this section in order to determine the fitness of the applicant to hold a license.

(2) In place of the criminal history records check described in

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subparagraph (A) of subdivision (1) of this subsection, the commissioner may accept from an applicant for an initial key employee license the submission of a third-party local and national criminal background check that includes a multistate and multijurisdictional criminal record locator or other similar commercial nation-wide database with validation, and other such background screening as the commissioner may require. Any such third-party criminal background check shall be conducted by a third-party consumer reporting agency or background screening company that is in compliance with the federal Fair Credit Reporting Act and accredited by the Professional Background Screening Association.

(d) A key employee license shall be renewed annually. The initial license application fee for a key employee licensee shall be two hundred dollars and the annual renewal fee shall be two hundred dollars. The initial application fee shall be waived for a key employee who holds an active live game employee or occupational [gaming] employee license issued by the department. The holder of a key employee license shall not be required to obtain a live game employee or occupational employee license.

Sec. 5. Section 12-860 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

Any individual who is a key employee, a live game employee or an occupational employee of a master wagering licensee described in section 12-852, as amended by this act, or of an online gaming operator or online gaming service provider that is an Indian tribe or an instrumentality of or affiliate wholly-owned by an Indian tribe shall not be permitted to raise sovereign immunity as a defense to any action to enforce applicable provisions of sections 12-850 to 12-871, inclusive, as amended by this act, or, as applicable, sections 12-578f, 12-586f, 12-586g, 12-806c, 52-553, 52-554, 53-278a or 53-278g and regulations adopted under said sections against such individual in his or her capacity as a

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key, live game or occupational employee to the extent that such action may be brought against a key, live game or occupational employee under any provision of the general statutes or the regulations of Connecticut state agencies.

Sec. 6. Section 12-862 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) For sufficient cause found pursuant to subsection (b) of this section, the commissioner may suspend or revoke a license issued pursuant to section 12-852, as amended by this act, or 12-853 or sections 12-855 to 12-859, inclusive, as amended by this act, or section 2 of this act, issue fines of not more than twenty-five thousand dollars per violation, accept an offer in compromise or refuse to grant or renew a license issued pursuant to section 12-852, as amended by this act, or 12-853 or sections 12-855 to 12-859, inclusive, as amended by this act, or section 2 of this act, place the holder of a license issued pursuant to section 12-852, as amended by this act, or 12-853 or sections 12-855 to 12-859, inclusive, as amended by this act, or section 2 of this act on probation, place conditions on such license or take other actions permitted by the general statutes or the regulations of Connecticut state agencies.

(b) [Any of the following may constitute sufficient] Sufficient cause for such action by the commissioner [, including, but] includes, but is not limited to:

(1) Furnishing [of] false or fraudulent information in any license application or failure to comply with representations made in any application;

(2) A civil judgment against, or criminal conviction of, a licensee or key employee of an applicant or licensee;

(3) Discipline by, or a pending disciplinary action or an unresolved

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complaint against, an owner, key employee or applicant regarding any professional license or registration [of] issued by any federal, state or local government;

(4) Denial, suspension or revocation of a license or registration, or the denial of a renewal of a license or registration, by any federal, state or local government or a foreign jurisdiction;

(5) False, misleading or deceptive representations to the public or the department;

(6) Involvement in a fraudulent or deceitful practice or transaction;

(7) Performance of negligent work that involves a substantial monetary loss or a significant lack of sound judgment;

(8) Permitting another person to use the licensee's license;

(9) Failure to properly license key employees, live game employees or occupational employees; [, or failure]

(10) Failure to notify the department of a change in key employees or owners;

[(10)] (11) An adverse administrative decision or delinquency assessment against the licensee from the Department of Revenue Services;

[(11)] (12) Failure to cooperate or give information to the department, local law enforcement authorities or any other enforcement agency upon any matter related to [the licensee's credential] a license or gaming [operations] operation; or

[(12)] (13) Failure to comply with any provision of sections 12-850 to 12-871, inclusive, as amended by this act, corresponding regulations or any other provision of the general statutes that has an impact on the

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integrity of gaming in this state, including, but not limited to, failure of an online gaming operator who contracts with the Connecticut Lottery Corporation to abide by the conditions for operation set forth in subparagraph (B), (C) or (E) of subdivision (2) of subsection (a) of section 12-853.

(c) Upon refusal to issue or renew a license, the commissioner shall notify the applicant of the denial and of the applicant's right to request a hearing not later than ten days after the date of receipt of the notice of denial. If the applicant requests a hearing within such ten-day period, the commissioner shall give notice of the grounds for the commissioner's refusal and shall conduct a hearing concerning such refusal in accordance with the provisions of chapter 54 concerning contested cases. If the commissioner's denial of a license is sustained after such hearing, an applicant shall not apply for a new license issued pursuant to section 12-852, as amended by this act, or 12-853 or sections 12-855 to 12-859, inclusive, as amended by this act, or section 2 of this act for a period of at least one year after the date on which such denial was sustained.

(d) No person whose license has been revoked under this section may apply for another license issued pursuant to section 12-852, as amended by this act, or 12-853 or sections 12-855 to 12-859, inclusive, as amended by this act, or section 2 of this act for a period of at least one year after the date of such revocation.

(e) The voluntary surrender or failure to renew a license or registration shall not prevent the commissioner from suspending or revoking such license or registration or imposing other penalties permitted by this section.

Sec. 7. Section 12-869 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

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(a) (1) At the commencement of operating online sports wagering or online casino gaming pursuant to section 12-852, as amended by this act, in any fiscal year, and on or before September thirtieth in each fiscal year thereafter that such wagering and gaming is conducted, the commissioner shall estimate and assess, after consultation with each holder of a master wagering license under section 12-852, as amended by this act, the reasonable and necessary costs that will be incurred by the department to regulate the operation of such wagering or gaming under sections 12-852, as amended by this act, and 12-855 to 12-865, inclusive, and section 2 of this act by each such licensee, (A) in the next fiscal year; and (B) in the case of the initial fiscal year of operating such wagering and gaming, in the current fiscal year.

(2) The estimated costs under subdivision (1) of this subsection shall not exceed the estimate of expenditure requirements transmitted by the commissioner pursuant to section 4-77. The assessment for any fiscal year shall be: (A) Reduced pro rata by the amount of any surplus from the assessment of the prior fiscal year, which shall be maintained in accordance with subsection (d) of this section, or (B) increased pro rata by the amount of any deficit from the assessment of the prior fiscal year.

(3) The assessment under subdivision (1) of this subsection for the holder of a master wagering license issued under section 12-852, as amended by this act, shall be reduced by the amount of any licensing fees paid to the department for a license for an online gaming operator, an online gaming service provider and any corresponding key employee, live game employee and occupational employee affiliated with such holder of a master wagering license during the prior fiscal year.

(b) Each holder of a master wagering license under section 12-852, as amended by this act, shall pay to the commissioner the amount assessed to such licensee pursuant to subsection (a) of this section not later than the date specified by the commissioner for payment, provided such date

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is not less than thirty days from the date of such assessment and no payment shall be due prior to the commencement of wagering and gaming operations by such licensee. The commissioner shall remit to the State Treasurer all funds received pursuant to this section.

(c) (1) There is established a fund to be known as the "State Sports Wagering and Online Gaming Regulatory Fund". The fund shall contain any moneys required or permitted to be deposited in the fund, including licensing fees transferred by the department under the provisions of sections 12-855 and 12-857 to 12-859, inclusive, as amended by this act, and section 2 of this act and shall be held by the Treasurer separate and apart from all other moneys, funds and accounts. Any balance remaining in said fund at the end of any fiscal year shall be carried forward in said fund for the fiscal year next succeeding. Moneys in the fund shall be expended by the Treasurer for the purposes of paying the costs incurred by the department to regulate online sports wagering and online casino gaming authorized under section 12-852, as amended by this act.

(2) The Treasurer shall deposit all funds received pursuant to subsection (b) of this section in the State Sports Wagering and Online Gaming Regulatory Fund.

(d) On or before September thirtieth, annually, the Comptroller shall calculate the actual reasonable and necessary costs incurred by the department to regulate such online sports wagering and online casino gaming authorized under section 12-852, as amended by this act, during the prior fiscal year. The Treasurer shall set aside amounts received pursuant to subsection (b) of this section in excess of such actual costs. Such excess amounts shall be considered a surplus for the purposes of subsection (a) of this section.

(e) If the holder of a master wagering license under section 12-852, as amended by this act, is aggrieved by an assessment under the provisions

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of this section, the licensee may request a hearing before the commissioner not later than thirty days after such assessment. The commissioner shall hold such hearing in accordance with the provisions of chapter 54 not later than thirty days after receiving such request, and the decision of the commissioner may be appealed in accordance with the provisions of section 4-183.

Sec. 8. Section 29-18c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

The Commissioner of Emergency Services and Public Protection may appoint not more than four persons employed as investigators in the security unit of the Department of Consumer Protection, upon the nomination of the Commissioner of Consumer Protection, to act as special [policemen] police officers in said unit. Such appointees shall serve at the pleasure of the Commissioner of Emergency Services and Public Protection. During such tenure, they shall have all the powers conferred on state [policemen] police officers while investigating or making arrests for any offense arising from the operation of any off-track betting system, retail sports wagering, as defined in section 12-850, as amended by this act, or the conduct of any lottery game. Such special [policemen] police officers shall be certified under the provisions of sections 7-294a to 7-294e, inclusive.