
OLR Bill Analysis

sSB 146

AN ACT CONCERNING REVENUE FROM GAMING ACTIVITIES, GRANTS IN LIEU OF TAXES FOR TRIBAL LANDS AND SALE OF ALCOHOL BY CASINO PERMITTEES.

SUMMARY

This bill makes several changes related to existing and prospective gaming in Connecticut. Principally, it expands (1) grants to municipalities from the Mashantucket Pequot and Mohegan Fund and (2) funding for the state's debt-free community college program. These expansions are contingent on the legalization of and revenue generated from, respectively, (1) sports wagering and online casino gaming outside of Indian lands and (2) online lottery draw games. The bill itself does not legalize those games but conditions its revenue provisions on certain executive actions and other legislation taking effect.

Additionally, the bill increases the payment in lieu of taxes (PILOT) reimbursement rate for certain tribal land, increases the amount of money in the chronic gamblers treatment rehabilitation account, and expands the hours of casino alcohol sales. It also makes other minor, technical, and conforming changes.

EFFECTIVE DATE: July 1, 2021, except the repealer section and provisions on the chronic gamblers treatment rehabilitation account and hours of casino alcohol sales are effective upon passage.

§§ 1-5 & 14-16 — MUNICIPAL GRANTS AND TOURISM FUNDING

The bill makes several changes to existing state accounts, including renaming the Tourism Fund as the Arts, Culture and Tourism Fund. It also prospectively allocates funds received from sports wagering or online casino gaming outside of tribal lands if they are authorized in certain ways. Specifically, they must be authorized by (1) amendments to the existing Mashantucket Pequot procedures, Mohegan compact,

and related memorandums of understanding (MOUs) with each tribe; new compacts with the tribes; or both; and (2) the general statutes or a public or special act.

The bill requires funds received from authorized sports wagering and online casino gaming operators to be deposited in the General Fund. Then, beginning FY 24 and each fiscal year after, transfers must be made annually from those deposited funds as follows:

1. \$20 million to the statewide tourism marketing account;
2. \$10 million to the Arts, Culture and Tourism fund; and
3. a variable amount to the Mashantucket Pequot and Mohegan Fund.

Under current law, the Mashantucket Pequot and Mohegan Fund receives transfers from the General Fund each fiscal year, based on deposits from tribal casino video facsimile revenue that the state receives pursuant to MOUs with each tribe. The transfers must equal the amount appropriated for specific grants to municipalities. Money from the fund must then be distributed to municipalities according to various statutory formulas or amounts and grant criteria.

The bill sunsets the current transfer and distribution methodologies associated with the Mashantucket Pequot and Mohegan Fund as of June 30, 2023. Beginning FY 24 and each of the following fiscal years, the bill requires that \$139.38 million be transferred from the General Fund to the Mashantucket Pequot and Mohegan Fund based on the revenues from (1) sports wagering and online casino gaming and (2) tribal casino video facsimiles. Under the bill, this transfer amount may only be reduced by (1) an emergency certification from the governor requiring a reduction and (2) a vote of at least two-thirds of each General Assembly chamber approving the reduction.

Also beginning FY 24 and each fiscal year after, the bill allocates a total of \$139.38 million to municipalities and specifies the grant amounts payable to each one. Under existing law and unchanged by the bill, the Office of Policy and Management must distribute the funds

according to those specified amounts, reducing them proportionally if the grant total exceeds the amount of funds available for a year. By law, the amounts are paid in three installments on or before January 1, April 1, and June 30.

§ 6 — TRIBAL LANDS PILOT

The bill increases the statutory PILOT reimbursement rate, from 45% to 100%, of the property taxes that would have been paid for (1) Mashantucket Pequot reservation land designated within the 1983 settlement boundary and taken into trust by the federal government before June 8, 1999, and (2) Mohegan reservation land taken into trust by the federal government. By law, the assessed value must be of the land only and exclude any structures, buildings, or other improvements on the land.

§§ 7-10 — DEBT-FREE COMMUNITY COLLEGE

The 2019 state budget implementer established a debt-free community college program for certain Connecticut high school graduates who enroll as first-time, full-time regional community-technical college students (PA 19-117, § 362). The bill establishes a “debt-free community college account” as a separate, nonlapsing account within the General Fund.

Relatedly, the bill prospectively directs funds received from an online lottery program the Connecticut Lottery Corporation (CLC) establishes if it is authorized by (1) amendments to the existing Mashantucket Pequot procedures, Mohegan compact, and related MOUs with each tribe; new compacts with the tribes; or both; and (2) the general statutes or a public or special act. The bill contemplates that under the program, CLC would sell lottery tickets for lottery draw games through CLC’s website, an online service, or a mobile application.

Under the bill, all revenue from the online lottery program must be deposited into a fund CLC must establish to specifically collect that revenue, separate from all other CLC revenues. The bill requires the CLC president, on a weekly basis, to estimate and certify to the state

treasurer the portion of the balance in this fund that exceeds CLC's current needs for paying prizes and current operating expenses and funding approved CLC reserves. Under the bill, CLC must transfer the certified amount to the debt-free community college account after being notified that the state treasurer received the certification.

The bill requires the Board of Regents for Higher Education (BOR) to spend the money in the debt-free community college account on the debt-free community college program. Additionally, within 30 days after the online lottery program starts, and on each January 1 thereafter, the CLC president must estimate and report to BOR the anticipated amount to be deposited in the account or the anticipated net revenue during the current and next fiscal year.

§ 11 — CHRONIC GAMBLERS TREATMENT REHABILITATION ACCOUNT

Beginning FY 22 and each fiscal year after, the bill doubles, from \$2.3 million to \$4.6 million, the amount that CLC must transfer to the chronic gamblers treatment rehabilitation account from revenue it received from selling lottery tickets. By law, the account supports prevention, treatment, and rehabilitation services for chronic gamblers (CGS § 17a-713).

§§ 12 & 13 — CASINO ALCOHOL SALES

The bill prohibits casino permittees from selling alcoholic liquor on Christmas unless food is also available at the same time. It also allows them to sell alcohol until 4:00 a.m. during weekdays and weekends, instead of 1:00 a.m. and 2:00 a.m. respectively under current law, if they are selling to a customer who is staying on casino property.

Additionally, the bill requires casino permittees to maintain a written alcohol service policy that provides for the safe sale and dispensing of alcohol under its permit. Under the bill, each casino permittee must review its policy at least once each year.

§ 17 — REPEALER

The bill repeals provisions requiring (1) the Department of Consumer Protection (DCP) to adopt regulations to regulate wagering

on sporting events to the extent permitted by state and federal law (CGS § 12-565a) and (2) MMCT Venture, LLC to provide a \$30 million interest-free advance to the state by June 30, 2019 (CGS § 12-578j). (MMCT is a company jointly owned and operated by the Mashantucket Pequot and Mohegan tribes and authorized to operate an off-reservation commercial casino in East Windsor.) To date, DCP has not adopted the regulations and MMCT has not submitted the advance.

BACKGROUND

Related Bills

sHB 6451, reported favorably by the Public Safety and Security Committee, among other things, establishes or modifies current frameworks for legalizing and regulating (1) online sports wagering; (2) retail sports wagering (i.e., wagering while physically present at a facility); (3) online casino gaming; (4) online keno; (5) online lottery draw games other than keno; and (6) fantasy contests.

sSB 570, reported favorably by the Public Safety and Security Committee, contains many of the same provisions in this bill, sSB 146, and sHB 6451 but also (1) authorizes a request for proposals to establish a casino gaming facility in Bridgeport; (2) requires that online casino gaming or sports wagering equipment must be in a facility located in Bridgeport; and (3) prevents the tribes from using a third-party vendor to operate their skins for online sports wagering and casino gaming unless the legislature approves the contract.

sHB 6512, reported favorably by the Public Safety and Security Committee, regulates sports wagering contingent upon it becoming legal in the state. The bill includes provisions that restrict who is permitted to wager on sports and place a number of requirements on sports wagering operators.

COMMITTEE ACTION

Public Safety and Security Committee

Joint Favorable Substitute

Yea 21 Nay 3 (03/24/2021)

