



House of Representatives

General Assembly

File No. 84

January Session, 2021

House Bill No. 6394

House of Representatives, March 18, 2021

The Committee on Public Safety and Security reported through REP. HORN of the 64th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING INTEREST ON LOTTERY SALES AGENT DELINQUENCY ASSESSMENTS.

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

1 Section 1. Section 12-569 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2021*):

3 (a) (1) If the president of the Connecticut Lottery Corporation
4 determines that any lottery sales agent has breached such agent's
5 fiduciary responsibility to the corporation in that the account of such
6 lottery sales agent with respect to moneys received from the sale of
7 lottery tickets has become delinquent in accordance with regulations
8 adopted [as provided in] under section 12-568a, the president shall
9 notify the commissioner of the breach of fiduciary duty and the
10 commissioner shall impose a delinquency assessment upon such
11 account equal to ten per cent of the amount due or ten dollars,
12 whichever amount is greater, plus simple interest at the rate of one and
13 one-half per cent of such amount for each month or fraction of a month
14 from the date such amount is due to the date of payment.

15 (2) A lottery sales agent whose account was delinquent prior to July
 16 1, 2021, and whose delinquency assessment was subject to
 17 compounding interest on June 30, 2021, may apply to the commissioner
 18 on or after July 1, 2021, for a hardship waiver to reduce the amount of
 19 interest delinquent, outstanding and payable to an amount based on
 20 simple interest.

21 (3) Subject to the provisions of section 12-3a, the commissioner may
 22 waive all or part of the penalties provided under this subsection when
 23 it is proven to the commissioner's satisfaction that the failure to pay such
 24 moneys to the state within the time allowed was due to reasonable cause
 25 and was not intentional or due to neglect.

26 (4) Any such delinquent lottery sales agent shall be notified of such
 27 delinquency assessment and shall be afforded an opportunity to contest
 28 the validity and amount of such assessment before the commissioner
 29 who may conduct such hearing. Upon request of the president of the
 30 Connecticut Lottery Corporation, the commissioner may prepare and
 31 sign a warrant directed to any state marshal, constable or any collection
 32 agent employed by the Connecticut Lottery Corporation for distraint
 33 upon any property of such delinquent lottery sales agent within the
 34 state, whether personal or real property. An itemized bill shall be
 35 attached to the warrant certified by the commissioner as a true
 36 statement of the amount due from such lottery sales agent. Such warrant
 37 shall have the same force and effect as an execution issued in accordance
 38 with chapter 906. Such warrant shall be levied on any real, personal,
 39 tangible or intangible property of such agent and sale made pursuant to
 40 such warrant in the same manner and with the same force and effect as
 41 a levy and sale pursuant to an execution.

42 (b) The commissioner shall adopt regulations in accordance with
 43 chapter 54 to carry out the purposes of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2021	12-569

PS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Resources of the General Fund	GF - Potential Revenue Loss	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill requires interest charged on lottery sales agent's delinquency assessments to be calculated using simple interest rather than compound interest resulting in a potential revenue loss to the state to the extent delinquencies occur and accrue interest. In FY 20, 512 retailers were delinquent (7 remain delinquent) and \$87,000 in interest was collected.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of delinquencies.

OLR Bill Analysis**HB 6394*****AN ACT CONCERNING INTEREST ON LOTTERY SALES AGENT DELINQUENCY ASSESSMENTS.*****SUMMARY**

This bill requires that the interest charged on lottery sales agents' (i.e., licensed lottery ticket retailers') delinquency assessments be calculated using simple rather than compound interest, which is the current practice (see BACKGROUND). By law, delinquency assessments are equal to 10% of the amount due or \$10, whichever is greater, plus interest at a rate of 1.5% per month or part of a month that elapses between the due date and payment date.

For delinquency assessments outstanding on June 30, 2021, the bill allows sales agents to request a hardship waiver from the Department of Consumer Protection (DCP) commissioner to reduce what is owed, by recalculating the interest owed using simple interest. Sales agents can apply beginning July 1, 2021.

EFFECTIVE DATE: July 1, 2021

BACKGROUND***Current Practice Regarding Interest Charged***

A May 5, 2010, declaratory ruling interpreting CGS § 12-569 issued by the executive director for the former Division of Special Revenue held that the statute supports imposing delinquency assessments using compound interest calculations. (PA 11-51 eliminated the division and transferred its responsibilities to DCP.) DCP currently uses compound interest calculations on delinquency assessments.

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 established by the Connecticut Lottery Corporation (CLC). The CLC president is responsible for making delinquency determinations and notifying the DCP commissioner, who in turn must impose the delinquency assessments (CGS § 12-569; Conn. Agencies Regs. §§ 12-568a-1 and -13).

COMMITTEE ACTION

Public Safety and Security Committee

Joint Favorable

Yea 23 Nay 0 (03/04/2021)