



# Senate

General Assembly

**File No. 381**

January Session, 2023

Substitute Senate Bill No. 992

*Senate, April 3, 2023*

The Committee on Public Safety and Security reported through SEN. GASTON of the 23rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

**AN ACT CONCERNING DELINQUENT LOTTERY SALES AGENTS,  
WAIVER OF LICENSE RENEWAL FEES FOR CERTAIN  
CONNECTICUT LOTTERY CORPORATION EMPLOYEES AND  
DISCLOSURE OF THE NAME AND ADDRESS OF LOTTERY AND  
SPORTS WAGERING WINNERS.**

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

1 Section 1. Section 12-557b of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2023*):

3 As used in this chapter, sections 12-578a to 12-578e, inclusive, 12-579  
4 and 12-580, chapter 226b [ ] and section 53-278g, unless the context  
5 otherwise requires:

6 (1) "Commissioner" means the Commissioner of Consumer  
7 Protection;

8 (2) "Department" means the Department of Consumer Protection;

9 (3) "Business organization" means a partnership, incorporated or

10 unincorporated association, firm, corporation, trust or other form of  
11 business or legal entity, other than a financial institution regulated by a  
12 state or federal agency which is not exercising control over an  
13 association licensee, but does not mean a governmental or sovereign  
14 entity;

15 (4) "Control" means the power to exercise authority over or direct the  
16 management and policies of a person or business organization;

17 (5) "Casino gaming facility" means any casino gaming facility  
18 authorized by any provision of the general statutes or a public or special  
19 act to conduct authorized games on its premises, but does not include  
20 any casino gaming facility located on Indian lands pursuant to the  
21 Indian Gaming Regulatory Act, P.L. 100-497, 25 USC 2701 et seq.;

22 (6) "Authorized game" means any game of chance specifically  
23 authorized to be conducted at a casino gaming facility by any provision  
24 of the general statutes or a public or special act; [and]

25 (7) "Gross gaming revenue" means the total of all sums actually  
26 received by a casino gaming facility from gaming operations less the  
27 total of all sums paid as winnings to patrons of the casino gaming  
28 facility, provided the total of all sums paid as winnings to such patrons  
29 shall not include the cash equivalent value of any merchandise or thing  
30 of value included in a jackpot or payout, and provided further the  
31 issuance to or wagering by such patrons of any promotional gaming  
32 credit shall not be included in the total of all sums actually received by  
33 a casino gaming facility for the purposes of determining gross gaming  
34 revenue; and

35 (8) "Guarantor" means a person who assumed joint and several  
36 liability with a lottery sales agent.

37 Sec. 2. Section 12-569 of the general statutes is repealed and the  
38 following is substituted in lieu thereof (*Effective October 1, 2023*):

39 (a) For purposes of this section, "delinquency assessment" means the  
40 principal amount due but unremitted as of the stated past settlement

41 date, the penalty imposed by the commissioner and the interest due and  
42 outstanding.

43 [(a)] (b) (1) If the president of the Connecticut Lottery Corporation  
44 determines that any lottery sales agent has breached such agent's  
45 fiduciary responsibility to the corporation in that the account of such  
46 lottery sales agent with respect to moneys received from the sale of  
47 lottery tickets has become delinquent [in accordance with regulations  
48 adopted under section 12-568a] by failure to remit all moneys due and  
49 owing upon the settlement date established by the Connecticut Lottery  
50 Corporation, the president shall notify the commissioner of the breach  
51 of fiduciary duty. [and the] The commissioner shall impose (A) a  
52 [delinquency assessment] penalty upon such delinquent account equal  
53 to ten per cent of the principal amount due but unremitted or ten dollars,  
54 whichever amount is greater, [plus] which shall be effective upon  
55 delivery of notice to the agent, and (B) simple interest at the rate of one  
56 and one-half per cent of such principal amount due but unremitted for  
57 each month or fraction of a month from the date such principal amount  
58 is due but unremitted to the date of payment.

59 (2) A lottery sales agent whose account was delinquent prior to July  
60 1, 2022, and whose delinquency assessment was subject to  
61 compounding interest on June 30, 2022, may apply to the commissioner  
62 on or after July 1, 2022, for a hardship waiver to reduce the amount of  
63 interest delinquent, outstanding and payable to an amount based on  
64 simple interest.

65 (3) A lottery sales agent whose account is delinquent on or after  
66 October 1, 2023, may file an application with the president of the  
67 Connecticut Lottery Corporation for a hardship waiver to reduce the  
68 amount of interest delinquent, outstanding and payable. Each lottery  
69 sales agent applying for a hardship waiver shall pay, with such  
70 application, the principal amount due but unremitted as of the stated  
71 past settlement date and the penalty imposed in accordance with  
72 subdivision (1) of this subsection, provided (A) if the president  
73 determines that an undue hardship exists which prevents such agent

74 from paying the principal amount due but unremitted and the penalty  
75 at the time of application for such hardship waiver, the president may  
76 enter into a payment schedule permitting an agent to pay the principal  
77 amount due but unremitted and the penalty over a period of time not to  
78 exceed one year from the date the hardship waiver is provisionally  
79 granted by the president, and (B) an agent who fails to pay the principal  
80 amount due but unremitted and the penalty within the period described  
81 in subparagraph (A) of this subdivision shall be ineligible for a hardship  
82 waiver pursuant to this subdivision. If the president determines that it  
83 would be beneficial to the state to do so, the president may reduce the  
84 amount of any interest delinquent, outstanding and payable by such  
85 agent. The president shall establish procedures to be published and  
86 maintained on the Internet web site of the Connecticut Lottery  
87 Corporation specifying requirements for hardship waiver applications  
88 and availability of payment plans. In no event shall a hardship waiver  
89 result in a refund or credit of any amount of money, penalty or interest  
90 previously paid by such agent.

91 [(3)] (4) Subject to the provisions of section 12-3a, the commissioner  
92 may waive all or part of the penalties provided under this subsection  
93 when it is proven to the commissioner's satisfaction that the failure to  
94 pay such moneys to the state within the time allowed was due to  
95 reasonable cause and was not intentional or due to neglect.

96 [(4)] (5) Any such delinquent lottery sales agent shall be notified of  
97 such delinquency assessment and shall be afforded an opportunity to  
98 contest the validity and amount of such assessment before the  
99 commissioner who may conduct such hearing.

100 (6) (A) Upon request of the president of the Connecticut Lottery  
101 Corporation, the commissioner may prepare and sign a warrant  
102 directed to any state marshal [, constable] or any collection agent  
103 employed by the Connecticut Lottery Corporation for distraint upon  
104 any property of such delinquent lottery sales agent within the state,  
105 whether personal or real property. An itemized bill shall be attached to  
106 the warrant certified by the commissioner as a true statement of the

107 amount due from such lottery sales agent. Such warrant shall have the  
108 same force and effect as an execution issued in accordance with chapter  
109 906. Such warrant [shall] may be levied on any real, personal, tangible  
110 or intangible property of such agent or any guarantor of such agent and  
111 sale made pursuant to such warrant in the same manner and with the  
112 same force and effect as a levy and sale pursuant to an execution.

113 (B) The amount of any such delinquency assessment shall be a lien,  
114 from the date of assessment for a period of twenty years or until  
115 discharged by payment, against any real, personal, tangible or  
116 intangible property of the lottery sales agent, including any guarantor  
117 of such lottery sales agent within the state. A certificate of such lien  
118 against any real estate signed by the commissioner, or the  
119 commissioner's authorized representative, may be filed for recording in  
120 the office of the clerk of any municipality in which such real estate is  
121 situated, provided no such lien shall be effective as against any bona  
122 fide purchaser or qualified encumbrancer of any interest in any such  
123 property. A certificate of such lien against any personal property,  
124 tangible or intangible, signed by the commissioner, or the  
125 commissioner's authorized representative, may be filed for recording in  
126 the office of the Secretary of the State, provided no such lien shall be  
127 effective as against any bona fide purchaser or qualified encumbrancer  
128 of any interest in any such property. When any delinquency assessment  
129 with respect to which a lien has been recorded under the provisions of  
130 this subparagraph has been satisfied, the commissioner, upon request  
131 of any interested party, shall issue a certificate discharging such lien,  
132 which certificate shall be recorded in the same office in which the lien  
133 was recorded. Any action for the foreclosure of such lien shall be  
134 brought by the Attorney General in the name of the state in the superior  
135 court for the judicial district in which the property subject to such lien is  
136 situated, or, if such property is located in two or more judicial districts,  
137 in the superior court for any one such judicial district, and the court may  
138 limit the time for redemption or order the sale of such property or pass  
139 such other further decree as it deems equitable. The commissioner, or  
140 the commissioner's authorized representative, may use an electronic  
141 signature, as defined in section 1-267, on any certificate of lien or

142 certificate discharging such lien. No town clerk shall refuse to record  
143 any such certificate because the commissioner, or the commissioner's  
144 authorized representative, has used an electronic signature thereon.

145 (C) The Connecticut Lottery Corporation may have the amount of the  
146 delinquency assessment withheld against any refund owed to such  
147 agent or guarantor of such agent by the Department of Revenue Services  
148 in accordance with subsection (c) of section 12-742, as amended by this  
149 act.

150 [(b)] (c) The commissioner shall adopt regulations in accordance with  
151 chapter 54 to carry out the purposes of this section.

152 Sec. 3. Section 12-742 of the general statutes is repealed and the  
153 following is substituted in lieu thereof (*Effective October 1, 2023*):

154 (a) In cases where any person or entity is due a refund of state income  
155 taxes, and that same person owes a debt or obligation for which the  
156 Commissioner of Administrative Services is seeking reimbursement, the  
157 Commissioner of Revenue Services, upon notification by the  
158 Commissioner of Administrative Services, shall withhold the payment  
159 of said refund to such person or entity to the extent of such debt or  
160 obligation, provided the Commissioner of Revenue Services shall notify  
161 such debtor that he or she has the right to a hearing before an officer  
162 designated by the Commissioner of Administrative Services if he or she  
163 contests the validity or amount of the Commissioner of Administrative  
164 Services' claim, except that where the debt or obligation is a debt  
165 resulting from failure to pay an order for child support, the  
166 administrative review process will be held in accordance with  
167 subsection (e) of section 52-362e. If the debtor fails to apply in writing to  
168 the Commissioner of Administrative Services for a hearing within sixty  
169 days of the issuance of notice of withholding, the Commissioner of  
170 Revenue Services shall remit the amount of the withheld refund to the  
171 Commissioner of Administrative Services. If the debtor elects an  
172 administrative hearing within this time, the Commissioner of Revenue  
173 Services shall remit the amount of the withheld refund in accordance  
174 with any decisions of the hearing officer or the court upon an appeal of

175 the hearing officer's decision.

176 (b) (1) In cases where any person or entity is due a refund of state  
177 income taxes, and that same person is in default of a student loan made  
178 or guaranteed by the Connecticut Student Loan Foundation or the  
179 Connecticut Higher Education Supplemental Loan Authority, the  
180 Connecticut Student Loan Foundation or the Connecticut Higher  
181 Education Supplemental Loan Authority, as appropriate, shall notify  
182 the Commissioner of Administrative Services of such default. The  
183 Commissioner of Revenue Services, upon notification by the  
184 Commissioner of Administrative Services, shall withhold the payment  
185 of said refund to such person to the extent of such default, provided the  
186 Commissioner of Revenue Services shall notify such person in default  
187 that he or she has the right to a hearing before an officer designated by  
188 the Commissioner of Administrative Services if he or she contests the  
189 validity or amount of the Commissioner of Administrative Services'  
190 claim. If the person in default fails to apply in writing to the  
191 Commissioner of Administrative Services for a hearing within sixty  
192 days of the issuance of notice of withholding, the Commissioner of  
193 Revenue Services shall remit the amount of the withheld refund to the  
194 Commissioner of Administrative Services, who in turn shall remit the  
195 amount of such withheld refund to the Connecticut Student Loan  
196 Foundation or the Connecticut Higher Education Supplemental Loan  
197 Authority, as appropriate. If the person in default elects an  
198 administrative hearing within this time, the Commissioner of Revenue  
199 Services shall remit the amount of the withheld refund in accordance  
200 with any decisions of the hearing officer or the court upon an appeal of  
201 the hearing officer's decision. If a person in default also owes a debt or  
202 obligation described in subsection (a) of this section, the refund shall be  
203 applied against such debt or obligation before being credited against the  
204 amount of the default.

205 (2) The Commissioner of Revenue Services, the Commissioner of  
206 Administrative Services, the president of the Connecticut Student Loan  
207 Foundation or the executive director of the Connecticut Higher  
208 Education Supplemental Loan Authority, as appropriate, on behalf of

209 such corporation, shall enter into an agreement for the crediting of  
210 income tax refunds against the amount a taxpayer is in default of a loan  
211 pursuant to subdivision (1) of this subsection. The agreement shall  
212 include procedures for the Connecticut Student Loan Foundation or the  
213 Connecticut Higher Education Supplemental Loan Authority, as  
214 appropriate, to (A) notify the Commissioner of Administrative Services  
215 of a default, and the amount of the default, and (B) reimburse the  
216 Department of Administrative Services and the Department of Revenue  
217 Services for any costs incurred by the departments in carrying out the  
218 provisions of this subsection.

219 (c) (1) In cases where any person is due a refund of state income taxes,  
220 and that same person is a delinquent lottery sales agent in accordance  
221 with subsection (a) of section 12-569, as amended by this act, or is the  
222 guarantor, as defined in section 12-557b, as amended by this act, of such  
223 delinquent lottery sales agent, the Connecticut Lottery Corporation  
224 shall notify the Commissioner of Administrative Services of such  
225 delinquency. The Commissioner of Revenue Services, upon notification  
226 by the Commissioner of Administrative Services, shall withhold the  
227 payment of said refund to such person to the extent of such delinquency  
228 assessment, provided the Commissioner of Revenue Services shall  
229 notify such person that he or she has the right to a hearing before an  
230 officer designated by the Commissioner of Administrative Services if he  
231 or she contests the validity or amount of the Commissioner of  
232 Administrative Service's claim. If such person fails to apply in writing  
233 to the Commissioner of Administrative Services for a hearing within  
234 sixty days of the issuance of notice of withholding, the Commissioner of  
235 Revenue Services shall remit the amount of the withheld refund to the  
236 Commissioner of Administrative Services, who in turn shall remit the  
237 amount of such withheld refund to the Connecticut Lottery  
238 Corporation. If such person elects an administrative hearing within this  
239 time, the Commissioner of Revenue Services shall remit the amount of  
240 the withheld refund in accordance with any decisions of the hearing  
241 officer or the court upon an appeal of the hearing officer's decision. If  
242 such person also owes a debt or obligation described in subsection (a) of  
243 this section or is in default on a student loan under subsection (b) of this



244 section, the refund shall be applied against such debt or obligation or  
245 such student loan default before being credited against the amount of  
246 the delinquency assessment.

247 (2) The Commissioner of Revenue Services, Commissioner of  
248 Administrative Services and the president of the Connecticut Lottery  
249 Corporation, on behalf of such corporation, shall enter into an  
250 agreement for the crediting of income tax refunds against the amount of  
251 a delinquency assessment owed by a taxpayer, pursuant to subdivision  
252 (1) of this subsection. The agreement shall include procedures for the  
253 Connecticut Lottery Corporation to notify the Commissioner of  
254 Administrative Services of a delinquency assessment, and the amount  
255 of such delinquency assessment.

256 Sec. 4. Section 12-802a of the general statutes is repealed and the  
257 following is substituted in lieu thereof (*Effective October 1, 2023*):

258 No person shall be employed by the Connecticut Lottery Corporation  
259 until such person has obtained an occupational license issued by the  
260 Commissioner of Consumer Protection in accordance with regulations  
261 adopted under section 12-568a. A key employee or occupational  
262 employee, as such terms are defined in section 12-850, who is employed  
263 by the Connecticut Lottery Corporation shall annually renew such key  
264 employee license, as required by subsection (d) of section 12-859, or such  
265 occupational employee license, as required by subsection (b) of section  
266 12-858, provided the annual renewal fee required by said subsections  
267 shall be waived.

268 Sec. 5. Section 12-810 of the general statutes is repealed and the  
269 following is substituted in lieu thereof (*Effective October 1, 2023*):

270 (a) The Freedom of Information Act, as defined in section 1-200, shall  
271 apply to all actions, meetings and records of the corporation, except (1)  
272 where otherwise limited by subsection (c) of this section as to new  
273 lottery games and serial numbers of unclaimed lottery tickets, (2) with  
274 respect to financial, credit and proprietary information submitted by  
275 any person to the corporation in connection with any proposal to

276 provide goods, services or professional advice to the corporation as  
277 provided in section 12-815, (3) with respect to any personally  
278 identifying, financial, credit or wagering information associated with  
279 any person's account for Internet games, as defined in section 12-850,  
280 [and] (4) where otherwise limited by subsection (f) of section 12-863, as  
281 amended by this act, and (5) with respect to the name and address of  
282 any person who redeems a winning lottery ticket, claims or is paid a  
283 winning wager from online sports wagering or retail sports wagering or  
284 is paid a prize from a fantasy contest.

285 (b) The records of proceedings as provided in subsection (a) of section  
286 12-805 shall be subject to disclosure pursuant to the provisions of  
287 subsection (a) of section 1-210.

288 (c) Any new lottery game and the procedures for such game, until the  
289 game is publicly announced by the corporation, and any serial number  
290 of an unclaimed lottery ticket shall not be deemed public records, as  
291 defined in section 1-200, and shall not be available to the public under  
292 the provisions of section 1-210. The president shall submit a fiscal note  
293 prepared by the corporation with respect to the procedures for a new  
294 lottery game to the joint standing committees of the General Assembly  
295 having cognizance of matters relating to finance, revenue, bonding and  
296 public safety after approval of such game by the board.

297 Sec. 6. Section 12-814 of the general statutes is repealed and the  
298 following is substituted in lieu thereof (*Effective October 1, 2023*):

299 (a) In each advertisement intended to promote the purchase of lottery  
300 tickets issued for games authorized under sections 12-563a, 12-800 to 12-  
301 818, inclusive, and 12-850 to 12-872, inclusive, the corporation shall  
302 include a prominent and clear statement of the average chances of  
303 winning per specific lottery ticket. A prominent and clear statement in  
304 any written digital or print advertising shall mean a type font no smaller  
305 than ten per cent of the largest font included in such advertisement,  
306 provided, for digital advertising posted in a physical retail location, the  
307 type font shall be no smaller than ten per cent of the largest font  
308 displayed that is applicable to the specific game to which the odds

309 apply.

310 (b) The provisions of subsection (a) of this section shall apply to (1)  
311 digital or print advertisements including, but not limited to, social  
312 media, electronic mail communications, newspapers, magazines and  
313 brochures and on posters, (2) video advertisements, and (3) audio-only  
314 advertisements, except those that are less than thirty seconds for (A) the  
315 sale of tickets for lottery draw games through the Internet, an online  
316 service or a mobile application, or (B) keno through the Internet, an  
317 online service or a mobile application.

318 (c) On or before October 1, 1999, the corporation shall implement a  
319 code of standards for all advertisements and other activities intended to  
320 promote the purchase of lottery tickets for games authorized pursuant  
321 to this chapter. The code of standards shall include the requirement that  
322 no advertisement or promotion shall denigrate the character or conduct  
323 of nonlottery players or praise the character or conduct of lottery  
324 players.

325 (d) The corporation shall not publish the name or address of any  
326 person who redeems a winning lottery ticket, claims or is paid a  
327 winning wager from online sports wagering or retail sports wagering or  
328 is paid a prize from a fantasy contest, or publish the photograph of any  
329 person who redeems a winning lottery ticket, claims or is paid a  
330 winning wager from online sports wagering or retail sports wagering or  
331 is paid a prize from a fantasy contest on the corporation's Internet web  
332 site, without the prior written consent of such person.

333 [(e) If a person who redeems a winning lottery ticket requests to be  
334 excluded from the list of winners published on the corporation's  
335 Internet web site, the corporation shall remove such person's name from  
336 such list not later than five days after receiving such request.]

337 Sec. 7. Subsection (f) of section 12-863 of the general statutes is  
338 repealed and the following is substituted in lieu thereof (*Effective October*  
339 *1, 2023*):

340 (f) The name and any personally identifying information of a person  
 341 who is participating or who has participated in the voluntary self-  
 342 exclusion process established pursuant to subdivision (5) of subsection  
 343 (c) of this section or established by the Department of Consumer  
 344 Protection in regulations adopted pursuant to subdivision (4) of section  
 345 12-865 shall not be deemed public records, as defined in section 1-200,  
 346 and shall not be available to the public under the provisions of the  
 347 Freedom of Information Act, as defined in section 1-200, except [:]

348 [(1) The] the Department of Consumer Protection or Connecticut  
 349 Lottery Corporation may disclose the name and personally identifying  
 350 information of such person to a master wagering licensee, licensed  
 351 online gaming operator, licensed online gaming service provider or  
 352 licensed sports wagering retailer as necessary to achieve the purposes  
 353 of the voluntary self-exclusion process established pursuant to  
 354 subdivision (5) of subsection (c) of this section or established by the  
 355 Department of Consumer Protection in regulations adopted pursuant to  
 356 subdivision (4) of section 12-865. [; and]

357 [(2) The Connecticut Lottery Corporation may disclose the name and  
 358 any relevant records of such person, other than records regarding such  
 359 person's participation in the voluntary self-exclusion process, if such  
 360 person claims a winning lottery ticket or if such person claims or is paid  
 361 a winning wager from online sports wagering or retail sports wagering  
 362 or is paid a prize from a fantasy contest.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2023	12-557b
Sec. 2	October 1, 2023	12-569
Sec. 3	October 1, 2023	12-742
Sec. 4	October 1, 2023	12-802a
Sec. 5	October 1, 2023	12-810
Sec. 6	October 1, 2023	12-814
Sec. 7	October 1, 2023	12-863(f)

**Statement of Legislative Commissioners:**

Section 7 was added to conform to the changes in section 5.

**PS**      *Joint Favorable Subst.*

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 24 \$	FY 25 \$
Resources of the General Fund	GF - Revenue Impact	See Below	See Below
Admin. Serv., Dept.	GF - Potential Cost	Minimal	Minimal

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill makes various changes to statutes concerning the Connecticut Lottery Corporation (CLC) resulting in the impact described below.

**Sections 1-3** expand the CLC's authority to collect delinquent lottery assessments resulting in a potential revenue gain to the state to the extent additional revenue is recovered. The bill allows the state to withhold the state income tax refund, assess a lien on delinquent lottery sales agent's real or personal property, and allows distraint (i.e. seizure) warrants to be levied against the property of a delinquent lottery sales agent guarantor. In FY 22 there were over 60 delinquent lottery sales agents who owed approximately \$1.6 million.

Section 3 will result in a minimal cost to the Department of Administrative Services to the extent they are required to help administer the collection of funds owed by delinquent lottery agents and are required to participate in administrative hearings concerning the validity of these cases.

**Section 4** requires key and occupational employees employed by the CLC to annually renew their license and waives the renewal fee resulting in a potential revenue loss to the state to the extent CLC employees apply for these licenses.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of delinquent lottery sales agents, licenses applied for, and inflation.

---

**OLR Bill Analysis****sSB 992*****AN ACT CONCERNING DELINQUENT LOTTERY SALES AGENTS, WAIVER OF LICENSE RENEWAL FEES FOR CERTAIN CONNECTICUT LOTTERY CORPORATION EMPLOYEES AND DISCLOSURE OF THE NAME AND ADDRESS OF LOTTERY AND SPORTS WAGERING WINNERS.*****SUMMARY**

This bill expands the Connecticut Lottery Corporation's (CLC) authority to collect delinquent lottery assessments. Specifically, the bill:

1. authorizes CLC to have the state withhold the state income tax refund of any taxpayer who (a) is a delinquent lottery sales agent or (b) assumed joint and several liability with the agent (i.e., "guarantor");
2. makes delinquency assessments a lien against the lottery sales agent's and guarantor's real or personal property; and
3. allows distraint (i.e., seizure) warrants to be levied against the property of delinquent lottery sales agents' guarantors.

The bill also expands eligibility for hardship waivers to include lottery sales agents with delinquent accounts on or after October 1, 2023, rather than just those whose delinquency assessments were subject to compounding interest and were outstanding on June 30, 2022.

The bill prohibits CLC from publishing the names, addresses, and photographs of lottery, sports gaming, and fantasy contest winners without their prior written consent and exempts these records from disclosure under the Freedom of Information Act (FOIA). Lastly, the bill explicitly requires key and occupational employees (see



BACKGROUND) employed by CLC to annually renew their employee licenses, as existing law requires, but waives their annual license renewal fees (§ 4).

EFFECTIVE DATE: October 1, 2023

## **§§ 1-3 — DELINQUENCY ASSESSMENT COLLECTION**

### ***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 CLC. The CLC president is responsible for making delinquency determinations and notifying the Department of Consumer Protection (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.

### ***Liens***

The bill makes delinquency assessments, as described above, a lien against the lottery sales agent's and guarantor's real or personal property (tangible or intangible). The lien applies for 20 years or until it is discharged by payment.

For liens against real property, the bill allows a lien certificate, signed by the commissioner or his or her representative, to be recorded on the land record in the town where the real property is located. For liens against personal property, the bill allows the lien certificate to be recorded in the secretary of the state's office. In either case, the lien is not effective against a bona fide purchaser or the interest of any

qualified encumbrancer.

When the delinquency assessment has been satisfied, if any interested party asks, the commissioner must file a certificate discharging the lien in the same office it was recorded. The commissioner, or his or her representative, may use an electronic signature on certificates filing or discharging these liens and town clerks must accept the signatures and record the certificates.

Under the bill, the attorney general can foreclose the lien by bringing an action in the Superior Court of the judicial district where the property is located. If it is located in two or more districts, the attorney general may file suit in either one. At the conclusion of the action the court can limit the redemption period, order the property sold, or issue any other equitable decree.

#### ***Withholding Income Tax Refunds***

Under the bill, CLC must notify the Department of Administrative Services (DAS) commissioner when a person entitled to a state income tax refund is a delinquent lottery sales agent or guarantor. The Department of Revenue Services (DRS) commissioner must withhold the delinquent agent's or guarantor's state income tax refund up to the delinquency assessment amount when notified by the DAS commissioner.

The DRS commissioner must notify the taxpayer that he or she has a right to a hearing before a DAS-designated officer if he or she contests the validity or amount of the DAS commissioner's claim. Unless the person applies to DAS for a hearing within 60 days after the DRS commissioner issues the withholding notice, the commissioner must send the withheld money to the DAS commissioner who must, in turn, send it to CLC. If the delinquent agent or guarantor requests an administrative hearing, the DRS commissioner must remit the tax refund according to the hearing officer's decision or, if the decision is appealed to court, according to the court decision.

Any debts the agent or guarantor owes to the state, Connecticut

Student Loan Foundation, or Connecticut Higher Education Student Loan Authority take priority over the lottery delinquency assessments, and tax refunds must be credited first against these debts.

The bill requires the DRS and DAS commissioners and CLC's president to make an agreement to credit income tax refunds against a lottery agent's delinquency assessments. The agreement must include procedures for CLC to notify the DAS commissioner about delinquencies and their amounts.

### ***Distraint Warrants***

Existing law authorizes the DCP commissioner, at the CLC president's request, to issue a distraint warrant against a delinquent lottery sales agent's real and personal property in the state. The bill allows the commissioner to also issue these warrants against the property owned by a delinquent lottery agent's guarantor. Existing lottery regulations already allow distraint warrants to be issued against property owned by the natural person guarantor of a delinquent lottery agent that is a business entity (Conn. Agencies Regs. § 12-568a-12(e)).

The bill also eliminates the authorization for constables to file these distraint warrants, thus limiting the officials who may do so to state marshals and CLC collection agents, which conforms to current CLC practice. It also makes a technical change.

## **§ 2 — HARDSHIP WAIVERS**

Under current law, only lottery sales agents whose delinquency assessments were subject to compounding interest and were outstanding on June 30, 2022, are eligible for hardship waivers. The law allows 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 October 1, 2023, 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; agents that fail to do so are ineligible for the waiver. 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 them over a period of up to one year from the date the waiver is provisionally granted.

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.

#### **§§ 5-7 — DISCLOSURE OF WINNERS' NAMES, ADDRESSES, AND PHOTOS**

The bill exempts from disclosure under FOIA the names and addresses of anyone who (1) redeems a winning lottery ticket, (2) claims or is paid a winning online or retail sports wager, or (3) is paid a fantasy contest prize. It also prohibits CLC from publishing these names and addresses on its website without the individual's prior written consent.

The law already prohibits CLC from publishing a lottery winner's photograph on its website without his or her prior written consent. The bill expands this prohibition to include the photograph of anyone who (1) claims or is paid a winning online or retail sports wager or (2) is paid a fantasy contest prize.

The bill also makes conforming changes, including eliminating a requirement that CLC remove a lottery winner's name from the list of winners published on its website within five days after receiving the person's request to be excluded.

#### **BACKGROUND**

##### ***Key and Occupational Employees***

By law, a "key employee" is an individual with a specified 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. It includes (1) the president or chief officer or financial or compliance manager and (2) anyone who exercises control over technical systems; has an ownership interest; or exercises enough control in, or over, a licensee as to require licensure in the DCP commissioner’s judgment.

By law, an “occupational employee” is an employee of a master wagering licensee or a licensed online gaming service provider, online gaming operator, or sports wagering retailer.

**Related Bill**

sSB 971, § 1, favorably reported by the Public Safety and Security Committee, extends the gaming law’s key employee licensure requirements to chief information officers and chief data security officers, and makes other minor changes.

**COMMITTEE ACTION**

Public Safety and Security Committee

Joint Favorable Substitute

Yea 25 Nay 0 (03/16/2023)