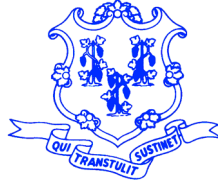


The Connecticut General Assembly

Legislative Commissioners' Office

Edwin J. Maley, Jr.
Commissioner
Leonard Fasano
Commissioner

Nicholas Bombace
Director



Legislative Office Building
Suite 5500
Hartford, Connecticut
06106-1591
(860) 240-8410
fax (860) 240-8414
e-mail: leo@cga.ct.gov

Memorandum

To: Legislative Regulation Review Committee
From: Legislative Commissioners' Office
Committee Meeting Date: January 25, 2022

Regulation No:	2021-24
Agency:	Department of Consumer Protection
Subject Matter:	Online Casino Gaming, Retail and Online Sports Wagering, Fantasy Contests, Keno and Online Sale of Lottery Tickets
Statutory Authority: (copy attached)	12-865

	Yes or No
Mandatory	Y
Federal Requirement	N
Permissive	N

For the Committee's Information:

1. The proposed regulations are intended to replace emergency regulations E2021-2, which were submitted to the committee by the Department of Consumer Protection for consideration at the August 31, 2021 meeting. The committee approved the emergency regulations at that meeting and they became effective when posted on the eRegulations system by the office of the Secretary of the State on September 7, 2021. The emergency

regulations remain in effect for a period not to exceed one hundred eighty days after such posting, which is March 7, 2022.

2. On January 6, 2022, the Department of Consumer Protection submitted substitute pages 1 to 84, inclusive. On January 18, 2022, the department submitted substitute pages 1 to 82, inclusive. This report is based in whole on the substitute pages submitted on January 18, 2022, and the Statement of Purpose, which was submitted on page 84 of the substitute pages submitted on January 6, 2022.
3. On page 9, in section 12-865-3(n), the proposed regulations permit the department to maintain a list of technical standards on the department's website regarding system requirements and patron account management standards. The department may update such technical standards by posting the updates on the department's website and providing written notice of the updates to all active online gaming operator licensees prior to implementation. Public Act 21-23 does not provide specific statutory authority for an additional process by which the department may maintain technical standards, which may be considered a regulation for purposes of the Uniform Administrative Procedure Act. Section 12-865 of the Connecticut General Statutes requires the regulations to address "[t]echnical standards, security features and testing applicable to gaming operations and systems, including wagering platforms" and "[a]ny other provisions deemed necessary by the commissioner to protect the public interest and the integrity of gaming".
4. On pages 11, 12 and 13, in sections 12-865-5(b), 12-865-6(d) and 12-865-7(b), the proposed regulations allow the department to permit certain license "applicants with comparable credentials in another state that has substantially similar license requirements to apply for reciprocal licensing based on the applicant's status as a licensee in good standing in such other state". Similar provisions for certain other licenses also appear on page 15 in section 12-865-8(a) and on page 16 in section 12-865-8(d). This applies to the initial one-year license and the licensee must provide all the information required of a non-reciprocal applicant prior to renewal. Public Act 21-23 does not explicitly authorize reciprocal licensing, but section 12-865 of the Connecticut General Statutes requires the department to adopt regulations on licensing requirements and any other provisions necessary to protect the public interest and the integrity of gaming.

Substantive Concerns:

Technical Corrections:

1. In the following provisions, "Section" should be "section", for proper form: page 20, in section 12-865-11(c)(4), in the second line; page 29, in section 12-865-13(x)(1), in the fifth line; on page 34, in section 12-865-13(gg)(1)(C); on page 39, in section 12-865-13(hh)(2)(H)(iv) and (v); on page 43, in section 12-865-15(a); on page 44, in section 12-865-15(m), in the first line; on page 57, in section 12-865-20(3)(D); on page 70, in

section 12-865-27(e); on page 74, in section 12-865-29(f); page 80, in section 12-865-33(b); and page 82, in section 12-865-34(d).

2. On page 1, the first caption, "**Section 1.** The Regulations of Connecticut State Agencies are amended by adding sections 12--1 to 12-XXX-34, inclusive, as follows:" should be deleted as duplicative.
3. On page 3, in section 12-865-1(39), in the final line, "Internet" should be "internet", for consistency.
4. On page 6, in section 12-865-1(88), clause designators "(i)" and "(ii)" should be subparagraph designators "(A)" and "(B)", for proper form; "age 18" should be "eighteen years of age", for consistency; "meets the definition of college sports or professional sports" should be "is a college sports or professional sports athletic event", for clarity; and "youth sports" should be "youth athletics", for consistency.
5. On page 6, in section 12-865-2(a), in the ninth line, "to12-865-34" should be "to 12-865-34" and insert a comma after "inclusive", for proper form.
6. On page 6, in section 12-865-3(a), "Section 12-865-11(a)" should be "section 12-865-11(a) of the Regulations of Connecticut State Agencies", for proper form.
7. On page 7, in section 12-865-3(h), on page 9, in section 12-865-3(o)(2), and on page 26, in section 12-865-13(g), in the second line of each, "12-865-34" should be "12-865-33", for accuracy.
8. On page 9, in section 12-865-3(o), "section 12-865-3(n) of the Regulations of Connecticut State Agencies" should be "subsection (n) of this section", for proper form.
9. On page 10, in section 12-865-4, the line space between subsection (a) and subdivision (1) should be deleted, for proper form.
10. On page 13, in section 12-865-6(e)(1), "licensed retail sports wagering licensees" should be "licensed sports wagering retailers", for accuracy.
11. On page 20, in section 12-865-11(c)(5), the comma after "and" should be deleted, for clarity.
12. On page 24, in section 12-865-11(y), in the sixth line, "; and" should be replaced with a period, for proper form.
13. On page 25, in section 12-865-12(e), "online lottery draw game tickets" should be "tickets for lottery draw games through the Internet or a mobile application", for clarity.
14. On page 26, in section 12-865-13(e), and on page 70, in section 12-865-27(e), in the second line of each, "Sections" should be "sections", for proper form.

15. On page 30, in section 12-865-13(z)(2), in the second line, "through" should be "to", for proper form.
16. On page 32, in section 12-865-13(dd)(1), in the fourth line, "Incompatible function means", should be 'For purposes of this subdivision, "incompatible function" means', for proper form.
17. On page 34, in section 12-865-13(ff)(5), in the fourth line, the first "of" should be deleted, for proper form.
18. On page 36, in section 12-865-13(hh)(2)(A)(vii), "12-865-1 through 12-865-34" should be "12-865-1 to 12-865-34, inclusive," for proper form.
19. On page 37, in section 12-865-13(hh)(2)(D), in the second line, the extra space before "communications" should be deleted, and on page 38, in the same section, the sentence beginning "Where communications..." should be moved to after "providers." , for proper form.
20. On page 41, in section 12-865-13(kk)(5)(C), "of the Regulations of Connecticut State Agencies" should be inserted after "12-865-34", for proper form.
21. On page 42, in section 12-865-14(f)(4), "Act" should be "act", for consistency, and "sections 12-865-1 to 12-865-34, inclusive, of" should be inserted after "and", for accuracy.
22. On page 45, in section 12-865-17, in the section catchline, a bolded period should be inserted after "**Section 12-865-17**", for proper form; and in section 12-865-17(b), "pools, liabilities;" should be "pools and liabilities,", for proper form.
23. On page 46, in section 12-865-18(f), "sections12-865-13" should be "sections 12-865-13", for proper form.
24. On page 47, in section 12-865-18(g)(1), in the third line, "use, which access shall" should be "use shall", for clarity.
25. On page 49, in section 12-865-18(m)(4), in the second line in two instances, "their" should be "the attendant's", for proper form.
26. On page 56, in section 12-865-19(c)(2), "12-865-9 to 12-865-18" should be "sections 12-865-9 to 12-865-18, inclusive,", for proper form.
27. On page 56, in section 12-865-20, in the section catchline, a bolded period should be inserted after "**Section 12-865-20**", for proper form.

28. On page 57, in section 12-865-20(3)(F), in the second line, "applicable" should be "applicable; and", for proper form; and in section 12-865-20(6), in the third line, "critical storage media" should be placed within quotation marks, for proper form.
29. On page 58, in section 12-865-21(i), in the second line, the comma after "and" should be deleted, for proper form.
30. On page 59, in section 12-865-21(t), "the" should be inserted before "CLC" and "games" should be deleted, for consistency.
31. On page 62, in section 12-865-23(d)(6), the space after "addresses" should be deleted, for proper form, and in section 12-865-23(g), in the fourth line, "sections 12-865-1 to 12-865-34, inclusive, of" should be inserted after "implement", for accuracy.
32. On pages 63 and 64, in sections 12-865-24(a)(1) and 12-865-24(b)(1), in the seventh line of each, "10" should be "ten", for consistency.
33. On page 63, in section 12-865-24(a)(3), "12-XXX865-11 and 12-XXX865-13" should be "12-865-11 and 12-865-13", for accuracy.
34. On page 66, in section 12-865-25(e)(2) and (4), "online lottery drawings" should be "online lottery", for consistency.
35. On page 69, in section 12-865-27(a)(9), in the first line, "Online" should be "An online", for proper form.
36. On page 70, in section 12-865-27(d)(7), "Online gaming operator's Procedures" should be "The online gaming operator's procedures", in 12-865-27(d)(8), "Online" should be "The online", and in 12-865-27(d)(9), "An online" should be "The online", for proper form.
37. On page 71, in section 12-865-28(e), a comma should be inserted after "subsection", and on page 73, in section 12-865-28(l), a comma should be inserted after "patrons", for proper form.
38. On page 73, in section 12-865-29(b), in the fifth line, "section 13 of the act" should be "section 12-862 of the Connecticut General Statutes", for accuracy; in section 12-865-29(e) and (h), "Chapter" should be "chapter", for proper form; and in section 12-865-29(h), in the last line, "general statutes" should be "Connecticut General Statutes", for proper form.
39. On page 75, in section 12-865-30, in the section catchline, a bolded period should be inserted after "**Section 12-865-30**", for proper form; and in section 12-865-30(b)(8), in the second line, "12- 865 -1 to 12-865 -34" should be "12-865-1 to 12-865-34", and in the fourth line, "to the" before "pursuant" should be deleted, for proper form.

40. On page 78, in section 12-865-32(b)(6), in the fourth line, "and" should be inserted before "destroying", for clarity.
41. On page 79, in section 12-865-32(f), in the fifth line, a comma should be inserted after "inclusive", for proper form; and in the sixth line, "patron" should be "a patron's", and in the seventh line, "patron's" should be "the patron's", for clarity; and on page 80, in the same section, in the fifth line, a comma should be inserted after "inclusive", for proper form; and in the seventh line, "their" should be "the patron's", for clarity.
42. On page 80, in section 12-865-33, in the section catchline, "**Section. 12-865-33**" should be "**Section 12-865-33.**", for proper form.
43. On page 82, in section 12-865-34, in the section catchline, "**Section. 12-865-34**" should be "**Section 12-865-34.**", for proper form.

Recommendation:

<input checked="" type="checkbox"/>	Approval in whole
<input checked="" type="checkbox"/>	with technical corrections with deletions
<input checked="" type="checkbox"/>	with substitute pages
	Disapproval in whole or in part
	Rejection without prejudice

Reviewed by: Chris Reinhart / Catriona Stratton

Date: January 21, 2022

Sec. 12-865. Regulations. The commissioner shall adopt regulations, in accordance with the provisions of chapter 54, to the extent not prohibited by federal law or any gaming agreement or procedure entered into pursuant to the Indian Gaming Regulatory Act, P.L. 100-497, 25 USC 2701 et seq., to implement the provisions of sections 12-852 to 12-864, inclusive. Notwithstanding the requirements of subdivision (1) of subsection (g) of section 4-168, the commissioner may adopt such regulations as emergency regulations without making the finding required under subparagraph (A) of subdivision (1) of subsection (g) of section 4-168, provided the Governor approves the need for such emergency regulations, and the other requirements of subsection (g) of section 4-168 shall apply. Such regulations shall address:

- (1) The operation of, and participation in, Internet games and retail sports wagering;
- (2) Licensing requirements, including criteria for determining when licensure as (A) an online gaming service provider is required; and (B) a key employee is not necessary in order to protect the integrity of gaming;
- (3) Designation of additional games that may be permitted as online casino gaming;
- (4) Voluntary self-exclusion programs for Internet games and retail sports wagering;
- (5) Technical standards, security features and testing applicable to gaming operations and systems, including electronic wagering platforms;
- (6) Game procedure approval;
- (7) Complaint resolution processes;
- (8) Enforcement actions;
- (9) Standards for age and location verification programs;
- (10) Revenue auditing and reporting standards, which shall include a requirement that all payments be accompanied by a detailed supporting report on a form approved by the commissioner;
- (11) Compliance reporting and disclosure requirements;
- (12) Marketing and advertising standards; and
- (13) Any other provisions deemed necessary by the commissioner to protect the public interest and the integrity of gaming.