



**Special Meeting
of the Legislative and Games Committee of the
Connecticut Lottery Corporation**

Held on
Tuesday, February 6, 2018 at 3:30 p.m.
at the
Connecticut Lottery Corporation
777 Brook Street
Rocky Hill, Connecticut 06067

Committee Members: Margaret Morton, Chairperson of the Legislative and Games Committee; and Meghan Culmo (via teleconference).

Staff Members: Chelsea Turner, Interim President and CEO; Matthew Stone; Kendra Eckhart; Theresa Scott; Andrew Walter; and Annmarie Daigle.

Call to Order: Ms. Morton called the meeting to order at 3:33 p.m.

I. Approval of Minutes:

This item was tabled to the next meeting due to lack of quorum.

II. Executive Session:

On a motion made by Ms. Culmo and seconded by Ms. Morton, the Committee moved into Executive Session at 3:34 p.m. Ms. Morton invited all staff members to stay for the Executive Session to review the Draft Legislative Agenda.

The Committee reconvened into regular session at approximately 4:16 p.m. Ms. Morton noted that no actions or votes were taken during Executive Session.

III. Sales Performance and Game Update:

Using sales charts, Ms. Theresa Scott, Interim Director of Sales, provided the following report for the period ended January 31. All sales figures are unaudited estimates.

- Regarding All Games, sales through January 31 were \$730.2 million, up 4.9% from last year.
- Regarding Connecticut Games:

- Instant Games sales through January 31 were \$415.8 million. This is \$0.6 million or .1% under budget. The fiscal year projection for Instant Games is \$730 million.
- Daily Numbers Games sales through January 31 were \$139.1 million. This is under budget by \$0.8 million or 0.6%. The fiscal year projection for these games is \$242 million.
- Draw Game sales through January 31 were \$80.2 million. This is below projections of \$83.6 million, a difference of \$3.4 million or 4%.
- Regarding Multi-State Games:
 - Powerball, Mega Millions and Lucky for Life had combined sales of \$92.9 million through January 31. This is ahead of a projected \$82.5 million for these games, putting sales \$10.5 million or 12.7% ahead of budget. The fiscal year projection for these games is \$140 million.
- Regarding Total Sales:
 - Total sales through January 31 were \$730.2 million. Projections for total sales were \$722.3 million, which puts total sales \$7.9 million or 1.1% ahead of budget. The fiscal year projection for all games is 1.253 billion.

Ms. Eckhart provided the Committee with the following Marketing and Games Update:

- Game performance continues to do well with \$9 million in sales in week 26. The Foxwoods High Roller ticket had the fastest sell out of a \$10 game. The CLC is currently exploring the option of collaborating with Foxwoods on another instant ticket in the future. A new \$30 game, \$5,000,000 Ultimate, is due to launch soon as well as CLC's first chocolate scented scratch game in late March.
- Recent promotions for the Cash5 game yielded an increase in sales of 3.7%
- Powerball Power Cruise was successful, with 25 winners taking part in the experiential prize. This promotion has increased sales of Powerball by approximately \$900,000.
- Focus group testing was recently used to gain consumer insight about potential enhancements to the Lotto game as soon as spring of 2019.
- New radio commercials have been developed for Valentine's Day; a suite of Lucky 7s new instant games; as well as a public service announcement in collaboration with the Department of Consumer Protection regarding lottery scams. Ms. Eckhart played the three radio commercials for the Committee.
- The CLC is currently underway with its Advertising RFP.
- The CLC is looking at ways to leverage new technologies in the industry. We are currently looking at Player Activated Terminals (PATs) to replace current Instant Ticket Vending Machines (ITVMs) in retail locations. PATs are able to sell both instant tickets and draw game tickets, which could be helpful in securing new Keno locations.
- The CLC is exploring the possibility of offering a Loyalty Club. The belief is that iLottery will be able to be launched successfully if a Loyalty Club is in place at the time of launch, because there is already a database of players established. CLC expects to issue an RFP for a Loyalty Club soon.
- Keno continues to perform well. The CLC is currently hosting Keno parties around the state at existing retail establishments, designed to engage players with the game and increase brand recognition.

This concluded the Sales Performance and Game Update.

IV. New Business:

Capitol Update:

Ms. Turner, provided the following Capitol update to the Committee:

The CLC is planning to request that an iLottery bill be introduced in the Public Safety and Security Committee.

There are currently four states selling lottery products online in varying capacities: Michigan, Illinois, Georgia and Kentucky. New Hampshire and Pennsylvania have also recently been authorized to sell online. Additionally, Virginia and North Carolina can offer subscriptions online. Other states, including Massachusetts and Rhode Island, are considering moving in this direction. In order for lotteries to stay relevant, and to be able to continue to maximize revenue returns for the good causes of their states, it is important that we continue to modernize and adapt to the new, consumer driven online and cashless world. This bill would allow our 12 draw games, including Keno, to be offered online using debit or credit and would provide \$25 million to the General Fund over five years.

The proposed bill also includes various responsible gambling provisions, including time and spend limits, and a voluntary self-exclusion program (VEP). The VEP would allow individuals to self-exclude from being able to claim winning tickets of \$5,000 and over. RG experts believe that this can be an important step in a problem gambler's recovery process. In order to ensure the success of a VEP, anonymity must be ensured, so we will need an exemption from FOIA. We have met with the FOI Commission about this and they indicated that our request seemed reasonable.

Additionally, sports betting is likely to be a major discussion at the legislature. Sports betting is illegal in the United States with very few exceptions (Nevada, Delaware, Oregon and Montana were grandfathered in). In Delaware, their lottery offers parlay betting on the NFL and it is very profitable. The United States Supreme Court recently heard a case challenging the federal law that prohibits sports wagering (PASPA), and indications are that they may strike down that law as early as March. Connecticut passed legislation last session requiring the DCP to adopt regulations regarding sports betting in the event that the federal law is overturned. In this event, CLC would like to be considered as one of the entities that offers these games.

The CLC continues to monitor various other bills including, but not limited to those relating to gaming, governance, our regulator, and our retail partners.

Lucky for Life Update:

CLC has been the lead director of the Lucky for Life game for about four years and has expressed interest in passing the baton on to another lottery at the end of the fiscal year. Two other New England states have expressed interest.

V. Adjournment:

On a motion made by Ms. Culmo and seconded by Ms. Morton, the meeting adjourned at 4:42 p.m.

Respectfully Submitted:

Matthew Stone
Corporate Secretary
Connecticut Lottery Corporation