Connecticut

AMERICAN GAMING ASSOCIATION®

Regulatory Oversight

TRIBAL GAMING

Governing Body: Connecticut has two compacted tribes: the Mashantucket Pequot Tribe and the Mohegan Tribe.

The Mohegan Tribe and the Mashantucket Pequot Tribe have both established tribal gaming councils to oversee all gaming operations on their reservations and to ensure regulatory integrity. Tribal inspectors and investigators are tasked with ensuring that all regulations are strictly followed and enforced.

The tribal gaming councils also interact with the Gaming Division of the Connecticut Department of Consumer Protection to ensure the proper licensing of all employees and to approve new games and policy changes.

Beyond slot machine operation, the tribes are authorized to operate all "lottery" games, including telephone betting on any lottery game. The tribes can also conduct pari-mutuel betting on dog races, horse races and jai alai conducted on tribal lands, as well as off-track pari-mutuel betting, including over the telephone, on simulcast races. Lastly, pursuant to a 2021 amendment to the tribes' compacts, the tribes may offer retail and online sports wagering, online casino gaming, and fantasy contests.

Under the terms of the compacts, the tribes may not enter into any management contract for the management of tribal gaming operations on the reservations without the approval of the National Indian Gaming Commission Chairman.

Both compacts remain in effect until terminated by written agreement of both parties. However, the 2021 agreement between the tribes and the state that authorized the tribes to offer sports wagering, online casino gaming and fantasy contests has an initial term of 10 years and may be renewed for an additional five years, provided that the renewal term is mutually consented to by the state and both tribes.

Each tribe operates just one casino; The Mohegan Tribe operates the Mohegan Sun while the Mashantucket Pequot Tribe operates the Foxwoods Resort Casino.

Licensing

TRIBAL GAMING

Operator: The Mohegan Tribe and the Mashantucket Pequot Tribe are each eligble to apply for a "master wagering license" for the right to offer sports wagering and online casino gaming. The tribes are not required to pay any initial licensing fee or renewal fees. However, under the compacts, both tribes must compensate the state for the cost of regulating gaming operations and conducting law enforcement investigations as required by the compacts.

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Gaming Service Enterprise: The compacts state that no enterprise may provide gaming services or gaming equipment to the tribe unless it has a valid gaming services registration issued by the state gaming agency.

Any enterprise filing an application for a gaming services registration must pay to the state gaming agency "a fee sufficient to compensate the state gaming agency for the costs of review." Both the Mohegan tribal-state gaming compact and the Mashantucket Pequot tribal-state gaming compact state that the fee may not be more than $1,500 for each applicant without prior approval of the tribal gaming agency.

The compacts define gaming services as:

[T]he providing of any goods or services to the tribe directly in connection with the operation of Class III gaming in a gaming facility, including maintenance or security services for the gaming facility, junket services, gaming schools, printing or manufacture of lottery or pari-mutuel betting tickets, laboratory testing of gaming equipment including video facsimile machines or lottery tickets, and manufacture, distribution, maintenance or repair of gaming equipment.

Taxation & Tribal Revenue Sharing

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Revenue Share: Under each of their respective compacts, the Mohegan Tribe and the Mashantucket Pequot Tribe have agreed to pay the state 25 percent of their gross slot machine revenue as long as no other person within the state lawfully operates any commercial casino games.

For online casino gambling, tribes are subject to an 18 percent gross gaming revenue tax on interactive slots and tables. After the first five years of operation, the tribes are required to share 20 percent of their online gambling revenue.

The tribes are required to pay a 13.75 percent tax on online sports betting revenues.

State Use of Revenue: All funds received by the state from the tribes pursuant to the revenue sharing agreement must be deposited in the General Fund. However, annually $135 million dollars received by the state from the tribes shall be transferred to the Mashantucket Pequot and Mohegan Fund and shall be distributed by the Connecticut Office of Policy and Management.

Tribal Use of Revenue: As required under IGRA, tribes must use tribal gaming funds:

- To fund tribal government operations or programs;
- To provide for the general welfare of the tribe and its members;
- To promote tribal economic development;
- To donate to charitable organizations; or
- To help fund operations of local government agencies.

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Promotional Credits' Effect on Revenue Sharing: Promotional credits do not affect revenue sharing in the state.

Withholding on Winnings: Federal law may require tribal casinos to issue a W-2G form to persons and may withhold winnings if certain conditions are met. For more information click here.



Responsible Gaming

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Statutory Funding Requirement: There are no statutory funding requirements in the tribal-state gaming compacts or tribal gaming ordinances.

Self-exclusion: The Connecticut Department of Consumer Protection must create and maintain a voluntary self-exclusion list for all gaming under the regulations. Any individual may have their name included on the self-exclusion list by submitting a request in the manner and form prescribed by the department. Online gaming operators must create a voluntary self-exclusion portal, incorporated into their electronic wagering platform and made conspicuously available through the internet website and mobile application, where individuals may request to be placed on the list.

The duration of self-exclusion may be one year, five years, or a lifetime.

Complimentary Alcoholic Drinks: Complimentary alcoholic drinks for active players are available at the tribal casinos in Connecticut.

Advertising Restrictions: Each licensee is responsible for the content and conduct of all advertising or marketing developed by, placed or disseminated on its behalf or to its benefit.

All advertising, marketing and other promotional materials published, aired, displayed, or disseminated by or on behalf of any licensee must:

- Include a prominent and clear responsible gaming message, which includes the message "If you or someone you know has a gambling problem and wants help, call (888) 789- 7777 or text "CTGAMB" to 53342";
- State that patrons must be 18 or 21 years of age or older, as applicable, to participate;
- Not contain images, symbols, celebrity or entertainer endorsements, or language designed to appeal specifically to those under 21 years of age, or if pertaining exclusively to keno, online lottery drawings and fantasy contests, individuals under 18 years of age;
- Not feature anyone who is, or appears to be, under 21 years of age , or if pertaining exclusively to keno, online lottery drawings and fantasy contests, individuals under 18 years of age;
- Not be published, aired, displayed, or disseminated in media outlets, including social media, that appeal primarily to individuals under 21 years of age, or, if pertaining exclusively to keno, online lottery drawings and fantasy contests, individuals under 18 years of age;

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- Not imply greater chances of winning versus other licensees;
- Not imply greater chances of winning based on wagering in greater quantity or amount;
- Not contain claims or representations that gaming will guarantee an individual's social, financial, or personal success;
- Not use any type, size, location, lighting, illustration, graphic, depiction or color resulting in the obscuring of any material fact; and
- If a direct advertising, marketing, or promotion, include a clear and conspicuous link that allows patrons to unsubscribe by clicking on one link.

Further, where videos are used to advertise an internet game's features, the online gaming operator must make it clear to consumers where footage has been edited for promotional purposes.

On-Premise Display Requirement: Operators must display on each mobile application:

- A link to a description of the provisions of the regulatory framework for sports wagering;
- A link to responsible gambling information;
- A toll-free phone number an individual may use to obtain information about problem gambling;
- A link to information about the voluntary self-exclusion process;
- A clear display of the amount of time an individual has spent on the operator's internet web site or mobile application;
- A means to initiate a break in play to discourage excessive play; and
- A clear display of the amount of money available in the individual's account.

Prevention of Underage Gambling: No person under the minimum age for purchase of alcoholic beverages under Connecticut law (21 years old) may be admitted into any gaming facility, nor be permitted to place any wager, directly or indirectly, other than on bazaar games.

Operation on Holidays: Tribal casinos in the state may operate 24 hours a day, seven days a week, including holidays.

Other Regulations

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Testing Requirements: The compacts require the tribes to engage an independent testing laboratory to test tickets used in a tribal lottery. The state gaming agency may perform tests on any online computer system, drawing equipment, or tickets used in a tribal lottery to verify the integrity of the systems.

AML requirements: Under federal U.S. law, commercial casino operators, tribal gaming operators and card clubs are required to comply with various statutes to prevent money laundering activities and other financial crimes, including terrorism.

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Further, according to Connecticut's sports wagering technical standards, the operator's internal controls must contain details on its risk management framework, including a description of anti-money (AML) laundering compliance standards such as procedures for detecting structuring to avoid reporting requirements.

Connecticut's online casino technical standards require operators to develop and implement AML procedures and policies that adequately address the risks posed by interactive gaming for the potential of money laundering and terrorist financing.

Shipping Requirements: Under federal U.S. law, all gambling devices and all packages containing gambling devices, when shipped or transported, must be plainly and clearly labeled and marked so that the name and address of the shipper and the consignee and the contents of the package may be readily ascertained on an inspection of the package.

Restrictions on Political Contributions: There are no compact restrictions on political contributions from parties with gaming interests. Under federal law, tribes are considered "persons" and are subject to regulation by the Federal Election Commission when making federal contributions.

Credit: Tribal casinos in Connecticut may offer credit to patrons.

Smoking Bans: State law does not provide for a smoking ban in casinos. However, Foxwoods Casino (operated by the Mashantucket Pequot Tribe) is a non-smoking casino. Mohegan Sun is also currently maintaining a non-smoking environment.

Cashless Gaming and Alternative Methods of Payment: Cashless gaming is permitted within Connecticut. However, cryptocurrency is not currently accepted as a form of payment for gambling transactions.

Sports Betting

Authorized Operators: Connecticut's two gaming tribes, the Mohegan and Mashantucket Pequot, and the Connecticut Lottery are authorized to offer sports betting.

Mobile/Online: Mobile sports betting is permitted. The enabling legislation grants each tribe one mobile skin to offer off-reservation mobile betting. The Connecticut Lottery may also offer its own mobile sports betting platform.

Taxes and Fees: The Mohegan Tribe, the Mashantucket Pequot Tribe and the Connecticut Lottery are all eligible to apply for a "master wagering license" for the right to offer sports betting. The Connecticut Lottery and the tribes are not required to pay any initial licensing fees or renewal fees.

Online gaming operators who provide services to a master wagering licensee or a licensed sports wagering retailer must apply for an online gaming operator license. Online gaming operators are defined as a person or business entity that operates an electronic wagering platform and contracts directly with a master wagering licensee to offer one or more internet games on behalf of the licensee or that offers retail sports wagering on behalf of such licensee at a facility. The initial license application fee is $250,000 with an annual renewal fee of $100,000.

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Any entity that contracts with the Connecticut Lottery to facilitate retail sports wagering must obtain a sports wagering retailer license. The initial application fee for a sports wagering retailer license is $20,000 with an annual renewal fee of $20,000.

The tribes are required to pay a 13.75% tax on off-reservation sports betting. As a state entity, the Connecticut Lottery does not pay taxes for the right to offer sports betting.

Amateur Restrictions: Operators may not accept bets on a collegiate sporting event or on any athletic game in a collegiate sporting event in which any team or athlete is from a university of college in Connecticut.

Additionally, an operator may not accept a bet on a high-school sporting event.

Tax on Promotional Credits: Yes. Under the IGRA, taxable net revenue includes gross revenues of an Indian gaming activity less amounts paid out as, or paid for, prizes and total operating expenses, excluding management fees.

Age Restrictions: An individual may only place a sports wager through retail sports wagering or online sports wagering outside the reservations of the Mashantucket Pequot Tribe and the Mohegan Tribe if the individual is at least 21 years of age.

Internet Gaming

Authorized Operators: Connecticut's two gaming tribes, the Mohegan and Mashantucket Pequot are authorized to offer online casino gaming off-reservation. Each of the tribes may also offer off-reservation mobile betting.

Licensing: The Mohegan Tribe and the Mashantucket Pequot Tribe are both eligible to apply for a "master wagering license" for the right to offer online casino games. The tribes are not required to pay any initial licensing fees or renewal fees.

Online Gaming Operator: Online gaming operators who provide services to a master wagering licensee must apply for an online gaming operator license. Online gaming operators are defined as a person or business entity that operates an electronic wagering platform and contracts directly with a master wagering licensee to offer one or more internet games on behalf of the licensee or that offers retail sports wagering on behalf of such licensee at a facility. The initial license application fee is $250,000 with an annual renewal fee of $100,000.

Online Gaming Service Provider: An "online gaming service provider" license is required for a person or business entity, other than an online gaming operator, that provides goods or services to, or otherwise transacts business related to internet games or retail sports wagering with, a master wagering licensee or a licensed online gaming operator, online gaming service provider or sports wagering retailer.

Business entities that are required to obtain an online gaming service provider license include: manufacturers of gaming equipment or software integral to internet games and retail sports wagering; suppliers or distributors of gaming equipment and software integral

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to gaming or internet games; servicers and repairers of electronic wagering platforms; suppliers of security services; geolocation services; age and identity verification; payment processors; vendors who monitor and audit electronic wagering platforms; and business entities providing other services including, but not limited to, operating live online casino games, testing of internet games and the electronic wagering platform and determining what wagers to accept or the betting lines or odds to be offered for a wager for an internet game.

The initial application fee for an online gaming service provider is $2,000 and must be renewed annually for a fee of $2,000.

Taxes and Fees: A master wagering licensee, if licensed to operate online casino gaming, must pay to the state for deposit in the general fund 18 percent of the gross gaming revenue (GGR) from online casino gaming for the first five years after commencement of operations. During the sixth year of operations and any succeeding year after, the tax rate increases to 20 percent GGR.

Games Available: The types of internet games that can be offered include online casino games such as slot machines and table games, as well as poker.